Post Hearing Information Pack of

Redco Healthy Living Company Limited
力高健康生活有限公司

(the "**Company**")

(Incorporated in the Cayman Islands with limited liability)

WARNING

The publication of this Post Hearing Information Pack is required by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Securities and Futures Commission (the "**Commission**") solely for the purpose of providing information to the public in Hong Kong.

This Post Hearing Information Pack is in draft form. The information contained in it is incomplete and is subject to change which can be material. By viewing this document, you acknowledge, accept and agree with the Company, its sole sponsor, advisors or members of the underwriting syndicate that:

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(h) no application for the securities mentioned in this document should be made by any person nor would such application be accepted;

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If an offer or an invitation is made to the public in Hong Kong in due course, prospective investors are reminded to make their investment decisions solely based on the Company's prospectus registered with the Registrar of Companies in Hong Kong, copies of which will be made available to the public during the offer period.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

IMPORTANT

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

Redco Healthy Living Company Limited
力高健康生活有限公司

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] Shares (Subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] Shares (including [REDACTED] [REDACTED] under the [REDACTED]) (subject to reallocation and the [REDACTED])**
[REDACTED]	**:**	**Not more than HK$[REDACTED] per [REDACTED] and expected to be not less than HK$[REDACTED] per [REDACTED], plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and FRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**HK$0.1 per Share**
[REDACTED]	**:**	**[REDACTED]**

Sole Sponsor

農銀國際
ABC INTERNATIONAL

[REDACTED] and [REDACTED]

[REDACTED]

The final [REDACTED] is expected to be fixed by agreement between the [REDACTED] (for itself and on behalf of the [REDACTED]) and the Company on the [REDACTED], which is expected to be on or around [REDACTED] and in any event, not later than [REDACTED]. The [REDACTED] will be not more than HK$[REDACTED] per [REDACTED] and is currently expected to be not less than HK$[REDACTED]. If, for any reason, the final [REDACTED] is not agreed by [REDACTED] between the [REDACTED] (for itself and on behalf of the [REDACTED]) and the Company, the [REDACTED] will not proceed and will lapse.

The [REDACTED] 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 [REDACTED] are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S.

Applicants for [REDACTED] are required to pay, on application, the maximum [REDACTED] of HK$[REDACTED] for each [REDACTED] together with brokerage fee of 1%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.005% and FRC transaction levy of 0.00015%, subject to refund if the [REDACTED] as finally determined is less than HK$[REDACTED].

The [REDACTED] (for itself and on behalf of the [REDACTED]), and with our consent, may, where considered appropriate, reduces the number of [REDACTED] and/or the indicative [REDACTED] range below that is stated in this Document (which is HK$[REDACTED] to HK$[REDACTED]) at any time prior to the morning of the last day for lodging applications under the [REDACTED]. In such case, notices of the reduction in the number of [REDACTED] and/or the indicative [REDACTED] range will be published on the website of our Company at **www.redcohealthy.com** and on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** 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 [REDACTED]. Further details are set forth in "Structure of the [REDACTED]" and "How to Apply for [REDACTED] and [REDACTED]" in this Document.

The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the [REDACTED] (for itself and on behalf of the [REDACTED]) if certain grounds for termination arise prior to 8:00 a.m. on the [REDACTED]. Such grounds are set out in "[REDACTED] — [REDACTED] — Grounds for Termination".

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

ATTENTION

We have adopted a fully electronic application process for the [REDACTED]. We will not provide printed copies of this document or printed copies of any [REDACTED] to the public in relation to the [REDACTED]. This document is available on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.redcohealthy.com**. If you require a printed copy of this document, you may download and print from the website addresses above.

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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This Document is issued by Redco Healthy Living Company Limited solely in connection with the [REDACTED] and does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the [REDACTED] offered by this Document pursuant to the [REDACTED]. This Document 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 [REDACTED] of the [REDACTED] or the distribution of this Document in any jurisdiction other than Hong Kong. The distribution of this Document and the offering of the [REDACTED] 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 Document and the [REDACTED] 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 Document. Any information or representation not made in this Document must not be relied on as having been authorized by the Company, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of their respective directors, officers, representatives, employees, agents or professional advisors or any other person or party involved in the [REDACTED].

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This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to invest in the [REDACTED].

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

OVERVIEW

We are a property management service provider with a leading position in Jiangxi Province and a service network strategically covering core regions such as the Yangtze River Delta Region, the Greater Bay Area, the Bohai Rim Region and the Central China Region. We have been recognized as one of the Top 100 Property Management Companies in terms of overall strength[1] by CIA since 2018, and our ranking has risen from 68th in 2018 to 40th in 2021. According to CIA, our total GFA under management as of September 30, 2021 accounted for approximately 0.12% of the total GFA under management of all Top 100 Property Management Companies in 2021. As of September 30, 2021, we had a total of 91 projects under management with an aggregate GFA under management of 15.1 million sq.m., and had been contracted to manage 133 projects with an aggregate contracted GFA of 23.5 million sq.m. located in 28 cities across 11 provinces, municipalities and autonomous regions in China. The [REDACTED] will constitute a [REDACTED] from Redco Group.

We provide diversified services through three business lines, namely, property management services, value-added services to non-property owners and community value-added services. Our portfolio of managed properties comprises residential properties, and non-residential properties, primarily including commercial properties (such as office buildings and shopping street) and public facilities. We have maintained a long-standing strategic business relationship with Redco Group. During the Track Record Period, for each of our business lines, a significant portion of our revenue was derived from properties developed by Redco Group and its joint ventures or associates. In 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, 97.8%, 96.2%, 91.3%, 94.8% and 79.0% of our total revenue, respectively, was derived from properties developed by Redco Group and its joint ventures and associates. Specifically, for revenue from property management services, in 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, 96.7%, 93.4%, 91.3%, 92.4% and 70.4% of our revenue from property management services, respectively, was derived from properties developed by Redco Group and its joint ventures and associates. As of December 31, 2018, 2019 and 2020 and September 30, 2021, 85.8%, 83.2%, 56.8% and 57.1% of our GFA under management, respectively, was attributable to properties developed by Redco Group and its joint ventures and associates. Among all properties developed by Redco Group and its joint ventures and associates which were delivered during the Track Record Period, approximately 66.2% of the total GFA of such properties had been under our management as of September 30, 2021. While we expect to maintain our long-standing strategic collaboration with Redco Group going forward, we have been making continuing efforts to diversify the source of the properties we manage. See "Business — Our Strengths — Strategic business relationship with Redco Group and fast-growing business development capabilities."

We are committed to be a "dual butler" for our customers, namely, lifestyle butler and healthcare butler. Leveraging our intelligent and digitalized technology service platform, we continuously enhance our operating efficiency and customers' experience. We were awarded the 2020 Specialized Operational Leading Brand of China Property Service Companies and 2020 Property Management Companies with Outstanding Customized Services (Healthcare Services) by CIA.

Note:

(1) Each year, CIA publishes the ranking of the Top 100 Property Management Companies 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 refer to "Industry Overview — Background and Methodologies of CIA" for more details.

We achieved steady growth during the Track Record Period in terms of business scale. Our GFA under management increased from 5.9 million sq.m. as of December 31, 2018 to 7.4 million sq.m. as of December 31, 2019, to 13.5 million sq.m. as of December 31, 2020, and further to 15.1 million sq.m. as of September 30, 2021. Our contracted GFA increased from 9.9 million sq.m. as of December 31, 2018 to 13.4 million sq.m. as of December 31, 2019, to 20.1 million sq.m. as of December 31, 2020, and further to 23.5 million sq.m. as of September 30, 2021.

Our revenue increased from RMB124.3 million in 2018 to RMB180.8 million in 2019, and further to RMB221.6 million in 2020, representing a CAGR of 33.5%. Our revenue increased by 62.5% from RMB160.3 million for the nine months ended September 30, 2020 to RMB260.5 million for the same period in 2021. Our profit for the year increased from RMB11.1 million in 2018 to RMB29.8 million in 2019, and further to RMB44.0 million in 2020, representing a CAGR of 99.1%. Our profit for the period decreased by 16.2% from RMB32.8 million for the nine months ended September 30, 2020 to RMB27.5 million for the same period in 2021. The increase in our total revenue during the Track Record Period was primarily attributable to (i) an increase in revenue from property management services, which was primarily a result of the growth in the GFA under management of properties developed by Redco Group and its joint ventures and associates, which was 5.1 million sq.m., 6.2 million sq.m., 7.7 million sq.m. and 8.6 million sq.m. as of December 31, 2018, 2019 and 2020 and September 30, 2021, respectively; (ii) the fact that we acquired Wuhu Senlin on December 31, 2020, which added 25 projects with a total GFA under management of approximately 4.5 million sq.m. to our portfolio of projects under management as of December 31, 2020, and its financial performance as of and for the nine months ended September 30, 2021 was consolidated with our Group; and (iii) an increase in revenue from value-added services to non-property owners, which was generally in line with our business expansion, in particular, the services portfolio expansion, and the continuous growth in our GFA under management.

OUR BUSINESS MODEL

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

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

- *Value-added services to non-property owners*. We offer a wide spectrum of value-added services to non-property owners, mainly property developers. Our value-added services to non-property owners primarily consist of (i) pre-sale management services, (ii) pre-delivery services, which include inspection and cleaning at the pre-delivery stage, (iii) preliminary planning and design consultancy services and (iv) information technology services, where we develop smart software and hardware primarily applied in the property development and property management-related industries. We commenced our information technology services by acquiring 100% equity interest in Zhongtian Yunlian in December 2020. See "History, Reorganization and Corporate Structure — Reorganization — 1. Acquisition of Zhongtian Yunlian" for details of the acquisition. We derived revenue of RMB12.7 million from information technology services during the nine months ended September 30, 2021. See also "Risk Factors — Risks relating to our business and industry — Our information technology services may not grow as planned."

- *Community value-added services*. We aim to improve our property owners' and residents' quality of life by providing them with access to a wide range of community value-added services. Our community value-added services primarily consist of (i) common area management services, such as utility management, waste disposal services, public space leasing, carpark management and advertising services, (ii) carpark sales agency services, (iii) turnkey decoration and furnishing services (拎包入住服務), (iv) home-living services, which primarily include home repair and maintenance services and (v) community healthcare services provided through Yearning Health Centers (怡鄰健康中心), which primarily include medical services provided through general and specialty clinics and elderly care services. We commenced our community healthcare services by acquiring 100% equity interest in Weiye International in December 2020. See "History, Reorganization and Corporate Structure — Reorganization — 2. Acquisition of Weiye

International" for details of the acquisition. We derived revenue of RMB12.6 million from community healthcare services during the nine months ended September 30, 2021. See also "Risk Factors — Risks relating to our business and industry — Our Yearning Health Center business may not grow as planned. "

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

	For the year ended December 31,						For the nine months ended September 30,			
	2018		2019		2020		2020		2021	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (*Unaudited*)	%	RMB'000	%
Property management services										
Redco Group	7,080	5.6	8,720	4.8	3,954	1.8	3,394	2.1	5,466	2.1
Redco Group's joint ventures and associates	—	—	—	—	—	—	—	—	—	—
Independent Third Parties[1]	75,608	60.9	95,916	53.1	132,000	59.6	89,342	55.7	142,244	54.6
Subtotal	**82,688**	**66.5**	**104,636**	**57.9**	**135,954**	**61.4**	**92,736**	**57.8**	**147,710**	**56.7**
Value-added services to non-property owners										
Redco Group	20,714	16.7	46,482	25.7	53,656	24.2	45,689	28.5	63,755	24.5
Redco Group's joint ventures and associates	—	—	2,590	1.4	7,554	3.4	5,865	3.7	4,356	1.7
Independent Third Parties[1]	—	—	—	—	—	—	—	—	2,067	0.8
Subtotal	**20,714**	**16.7**	**49,072**	**27.1**	**61,210**	**27.6**	**51,554**	**32.2**	**70,178**	**27.0**
Community value-added services										
Redco Group	1,874	1.5	8,436	4.7	2,447	1.1	2,234	1.4	13,142	5.0
Redco Group's joint ventures and associates	—	—	—	—	—	—	—	—	40	0.0
Independent Third Parties[1]	18,975	15.3	18,631	10.3	21,999	9.9	13,743	8.6	29,389	11.3
Subtotal	**20,849**	**16.8**	**27,067**	**15.0**	**24,446**	**11.0**	**15,977**	**10.0**	**42,571**	**16.3**
Total	**124,251**	**100.0**	**180,775**	**100.0**	**221,610**	**100.0**	**160,267**	**100.0**	**260,459**	**100.0**

Note:

(1) For property management services and community value-added services, these Independent Third Parties were primarily property owners and residents of the property projects under our management, who paid us property management fees and fees for various community value-added services. For value-added services to non-property owners, Independent Third Parties represented independent-third-party property developers for whom we provided such services.

The table below sets forth a breakdown of our number of projects under management, GFA under management and contracted GFA as of the dates, and revenue from property management services for the periods indicated by type of property developer:

	As of or for the year ended December 31,															As of or for the nine months ended September 30,									
	2018					2019					2020					2020					2021				
	Number of projects	GFA under management	Contracted GFA	Revenue		Number of projects	GFA under management	Contracted GFA	Revenue		Number of projects	GFA under management	Contracted GFA	Revenue		Number of projects	GFA under management	Contracted GFA	Revenue		Number of projects	GFA under management	Contracted GFA	Revenue	
		sq.m.'000	sq.m.'000	RMB'000	%		sq.m.'000	sq.m.'000	RMB'000	%		sq.m.'000	sq.m.'000	RMB'000	%		sq.m.'000	sq.m.'000	RMB'000 (Unaudited)	%		sq.m.'000	sq.m.'000	RMB'000	%
Properties developed by Redco Group	26	5,105	8,821	79,937	96.7	34	6,165	11,611	97,781	93.4	43	7,526	13,307	122,863	90.4	40	7,069	12,331	84,811	91.5	46	8,474	15,360	102,023	69.1
Properties developed by Redco Group's joint ventures and associates	—	—	126	—	—	—	—	126	—	—	1	126	346	1,306	1.0	1	126	126	840	0.9	1	126	800	1,901	1.3
Properties developed by Independent Third Parties (1)	13	844	972	2,751	3.3	16	1,248	1,656	6,855	6.6	42	5,827	6,441	11,785	8.7	16	1,248	1,723	7,084	7.6	44	6,463	7,388	43,785	29.6
Total	**39**	**5,949**	**9,919**	**82,688**	**100.0**	**50**	**7,413**	**13,393**	**104,636**	**100.0**	**86**	**13,479**	**20,094**	**135,954**	**100.0**	**57**	**8,443**	**14,179**	**92,736**	**100.0**	**91**	**15,063**	**23,548**	**147,710**	**100.0**

Note:

(1) Properties developed by Independent Third Parties refer to properties solely developed by third-party property developers independent from Redco Group. We acquired Wuhu Senlin on December 31, 2020, which added 25 projects with a total GFA under management of approximately 4.5 million sq.m. to our existing GFA under management and made it reach approximately 13.5 million sq.m. as of December 31, 2020. The financial performance and cash flows of Wuhu Senlin as of and for the nine months ended September 30, 2021 was included in our Group's consolidated financial statements.

To facilitate our management, we divide our geographic coverage into four major regions in China, namely, the Yangtze River Delta Region, the Central China Region, the Greater Bay Area Region and the Bohai Rim Region. The table below sets forth a breakdown of our total GFA under management as of the dates, revenue from property management services and gross profit margin for the periods indicated by geographic region:

	As of or for the year ended December 31,												As of or for the nine months ended September 30,							
	2018				2019				2020				2020				2021			
	GFA under management	Revenue		Gross Profit Margin	GFA under management	Revenue		Gross Profit Margin	GFA under management	Revenue		Gross Profit Margin	GFA under management	Revenue		Gross Profit Margin	GFA under management	Revenue		Gross Profit Margin
	sq.m.'000	RMB'000	%	%	sq.m.'000	RMB'000	%	%	sq.m.'000	RMB'000	%	%	sq.m.'000	RMB'000	%	%	sq.m.'000	RMB'000	%	%
														(Unaudited)						
Yangtze River Delta Region(1)	1,204	15,049	18.2	6.2	1,272	16,159	15.4	19.9	6,278	17,897	13.2	17.7	1,628	13,134	14.2	18.5	6,998	48,019	32.5	20.1
Central China Region(2)	2,362	36,091	43.6	14.0	2,989	43,637	41.7	16.3	3,385	53,808	39.6	22.1	3,348	39,664	42.8	24.1	3,626	45,379	30.7	25.9
Greater Bay Area Region(3)	191	6,406	7.8	8.3	281	8,652	8.3	16.9	366	12,463	9.2	21.7	366	9,570	10.3	23.4	366	9,574	6.5	26.3
Bohai Rim Region(4)	2,192	25,142	30.4	23.8	2,871	36,189	34.6	31.0	3,450	51,786	38.0	39.5	3,101	30,368	32.7	39.0	4,073	44,738	30.3	28.2
Total	**5,949**	**82,688**	**100.0**	**15.1**	**7,413**	**104,636**	**100.0**	**22.0**	**13,479**	**135,954**	**100.0**	**28.1**	**8,443**	**92,736**	**100.0**	**28.3**	**15,063**	**147,710**	**100.0**	**24.7**

Notes:

(1) Including Hefei, Quanzhou and Wuhu. We acquired Wuhu Senlin on December 31, 2020, which added 25 projects with a total GFA under management of approximately 4.5 million sq.m. to our existing GFA under management and made it reach approximately 13.5 million sq.m. as of December 31, 2020. The financial performance and cash flows of Wuhu Senlin as of and for the nine months ended September 30, 2021 was included in our Group's consolidated financial statements.

(2) Including Xianyang, Wuhan, Nanchang and Fengchang.

(3) Including Shenzhen and Zhongshan.

(4) Including Tianjin, Jinan and Yantai.

The gross profit margins for certain geographic areas fluctuated during certain periods of the Track Record Period. Our gross profit margin for Yangtze River Delta increased from 2018 to 2019, because we only had two projects under management in 2018 in this region, whereas we grew our business in this region in 2019, which allowed us to benefit from economies of scale and improved our operational efficiency. Our gross profit margin for Central China Region increased from 2019 to 2020 primarily because we received a one-off exemption from making a portion of social insurance contributions pursuant to local governments' supporting policies in response to the COVID-19 outbreak in 2020. Our gross profit margin for Central China Region increased from the nine months ended September 30, 2020 to the same period in 2021, primarily because two projects delivered during the nine months ended September 30, 2021 were managed by the existing project management teams instead of staffing additional teams, which helped us to enhance our operational efficiency. Our gross profit margin for Bohai Rim Region was relatively lower in 2018 primarily because we incurred more operating costs in the early stage of operations to improve service quality after our acquisition of Yantai Zhongtai in 2016, which held most of our projects within the Bohai Rim Region. Our gross profit margin for Bohai Rim Region decreased from the nine months ended September 30, 2020 to the same period in 2021 because Yantai Zhongtai engaged a quality subcontractor for greening and cleaning services during the nine months ended September 30, 2021, aiming to further enhance the service quality for the property projects under management located in these areas. This led to an increase in cost of sales, and thus, lower gross profit margin in the nine months ended September 30, 2021. Our gross profit margin for Greater Bay Area Region increased from 2018 to 2019 primarily because we began to charge fees for the management of carparks in this region in 2019.

We experienced steady increases in the number of projects and GFA under our management, as well as contracted GFA during the Track Record Period. The following table sets forth the number of properties and GFA under our management, as well as the number of properties we were contracted to manage and corresponding contracted GFA as of the dates indicated:

	As of December 31,			As of September 30, 2021
	2018	2019	2020	
Number of properties under management(1)	39	50	86	91
Number of properties we were contracted to manage(2)	61	74	117	133
GFA under management *(sq.m. '000)*	5,949	7,413	13,479	15,063
Contracted GFA *(sq.m. '000)*	9,919	13,393	20,095	23,548

Notes:

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

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

The table below sets forth a breakdown of our GFA under management as of the dates indicated, revenue from property management services and gross profit margin for the periods indicated, by type of property :

	As of or for the year ended December 31,												As of or for the nine months ended September 30,							
	2018				2019				2020				2020				2021			
	GFA under management	Revenue		Gross Profit Margin	GFA under management	Revenue		Gross Profit Margin	GFA under management	Revenue		Gross Profit Margin	GFA under management	Revenue		Gross Profit Margin	GFA under management	Revenue		Gross Profit Margin
	sq.m.'000	RMB'000	%	%	sq.m.'000	RMB'000	%	%	sq.m.'000	RMB'000	%	%	sq.m.'000	RMB'000	%	%	sq.m.'000	RMB'000	%	%
														(Unaudited)						
Residential properties	5,845	78,264	94.6	15.3	7,310	98,341	94.0	22.2	13,022	127,880	94.1	28.4	8,190	87,176	94.0	28.7	14,606	137,410	93.0	24.6
Non-residential properties	103	4,424	5.4	12.2	103	6,295	6.0	19.3	457	8,074	5.9	23.7	253	5,559	6.0	21.3	457	10,299	7.0	26.9
Total	**5,949**	**82,688**	**100.0**	**15.1**	**7,413**	**104,636**	**100.0**	**22.0**	**13,479**	**135,954**	**100.0**	**28.1**	**8,443**	**92,736**	**100.0**	**28.3**	**15,063**	**147,710**	**100.0**	**24.7**

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

	For the year ended December 31,			For the nine months ended September 30,	
	2018	2019	2020	2020	2021
	RMB per sq.m. per month				
Properties developed by Redco Group	**1.7**	**1.7**	**1.7**	**1.7**	**1.7**
Yangtze River Delta Region	1.3	1.3	1.3	1.3	1.3
Central China Region	1.6	1.6	1.6	1.6	1.6
Greater Bay Area Region	3.8	3.7	3.2	3.2	3.2
Bohai Rim Region	1.9	1.9	2.0	2.0	2.0
Properties developed by Redco Group's joint ventures and associates	**—**	**—**	**2.8**	**2.6**	**2.9**
Yangtze River Delta Region	—	—	—	—	—
Central China Region	—	—	2.8	2.6	2.9
Greater Bay Area Region	—	—	—	—	—
Bohai Rim Region	—	—	—	—	—
Properties developed by Independent Third Parties	**1.2**	**1.2**	**1.2**	**1.1**	**1.0**
Yangtze River Delta Region	—	—	—	—	0.9
Central China Region	—	1.0	1.1	1.1	1.3
Greater Bay Area Region	—	—	—	—	—
Bohai Rim Region	1.2	1.2	1.2	1.2	1.2
Overall average property management fee	**1.6**	**1.6**	**1.7**	**1.6**	**1.4**

The average property management fee of residential properties developed by Redco Group was generally higher than those of residential properties developed by Independent Third Parties during the Track Record Period, mainly because residential properties developed by Redco Group included more high-end projects, such as villas or projects with optimal locations. For example, Redco Sunshine Beach (力高陽光海岸), a high-end residential project under our management developed by Redco Group, is located near the coastline in Tianjin and features spacious floor plans and ocean view. For such high-end projects, we charged higher residential property management fees as they required more labor input and followed higher service standards, which directly drove up the average property management fees of residential properties developed by Redco Group. In addition, properties developed by Redco Group were relatively newer and were more concentrated in first-and second-tier cities, whereas properties developed by Independent Third Parties were more concentrated in second- and third-tier cities. Also, properties developed by Independent Third Parties comprised certain government resettlement housing projects, for which the property management fees were relatively lower.

As advised by CIA, our average property management fees for residential projects developed by Redco Group and Independent Third Parties were generally in line with average market rates in the Yangtze River Delta Region, the Central China Region and the Bohai Rim Region for 2018, 2019 and 2020. Our average property management fees for residential projects developed by Redco Group in the Greater Bay Area Region were slightly higher than the average market rate in the Greater Bay Area Region for 2018, 2019 and 2020, primarily because the majority of revenue in the Greater Bay Area Region during such years was primarily contributed by Shenzhen Junyu Garden (深圳君御花園), a project located in Shenzhen, a first-tier city, which commended higher property management fees than the average market rate in the Greater Bay Area Region. As advised by CIA, our average property management fees for such project in Shenzhen was generally in line with the average market rate for first-tier cities in the PRC for 2018, 2019 and 2020.

We had one residential property project, Yujing Tiancheng (御景天城) in Nanchang, developed by Redco Group's joint venture and managed by us since 2020. The project commanded higher property management fees than the market average as it was a newly developed project (with ground shops) in close proximity to a transportation hub and a top-tier school.

A detailed comparison between our average property management fees and the market average rate by geographic region is set forth below:

	For the year ended December 31,			For the nine months ended September 30, 2021
	2018	2019	2020	
	RMB per sq.m. per month			
Yangtze River Delta Region				
Average property management fee for projects under our management	1.3	1.3	1.3	1.0
Market average rate [1]	1.3	1.3	1.3	N/A[2]
Central China Region				
Average property management fee for projects under our management	1.6	1.6	1.6	1.7
Market average rate [1]	1.6	1.6	1.6	N/A[2]
Bohai Rim Region				
Average property management fee for projects under our management	1.7	1.7	1.8	1.7
Market average rate [1]	1.6	1.7	1.7	N/A[2]
Greater Bay Area Region				
Average property management fee for projects under our management	3.8	3.7	3.2	3.2
Market average rate[1]	2.6	2.6	2.6	N/A[2]

Notes:

(1) The market average rates are average property management fees provided by CIA for provinces or cities where we have substantial GFA under management. According to CIA, such data represents the market rates charged for properties of similar attributes and age within the vicinity of our projects under management.

(2) CIA analyzes market average property management fees on an annual basis, and therefore the market average property management fees for the respective regions in the nine months ended September 30, 2021 is not available.

Accordingly, CIA is of the view, and the Sole Sponsor concurs, that our average property management fees charged for residential properties during the Track Record Period were comparable to those for residential properties in the same geographic regions. Please see "Industry Overview — The PRC Property Management Industry — Major Fee Models in the PRC Property Management Industry" and "Business — Property Management Services — Property Management Fees" for the market average property management fees for the four major regions where we provide property management services and the average property management fees for first, second and third-tier cities in China.

A majority of the non-residential properties that were under our management during the Track Record Period, such as public facilities, were charged on a fixed annual contract amount. The property management fees charged under such agreements did not directly correspond to the actual GFA under our management, as they mainly reflected key factors such as service standards required for the type of property.

During the Track Record Period, we recorded rapid growth in revenue from value-added services to non-property owners, primarily driven by (i) the increase in revenue from our pre-sale management services and pre-delivery services as a result of the increased projects of Redco Group and Redco

Group's joint ventures and associates; and (ii) the commencement of information technology services since 2021 upon our acquisition of Zhongtian Yunlian in December 2020. The following table sets forth a breakdown of our revenue from value-added services to non-property owners for the periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2018		2019		2020		2020		2021	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 *(Unaudited)*	%	RMB'000	%
Pre-sale management services	14,635	70.7	38,316	78.1	49,508	80.9	41,611	80.7	53,347	76.0
Pre-delivery services	4,748	22.9	4,979	10.1	6,149	10.0	5,026	9.8	2,563	3.7
Preliminary planning and design consultancy services	1,331	6.4	5,777	11.8	5,553	9.1	4,918	9.5	1,610	2.3
Information technology services [(1)]	—	—	—	—	—	—	—	—	12,658	18.0
Total	**20,714**	**100.0**	**49,072**	**100.0**	**61,210**	**100.0**	**51,554**	**100.0**	**70,178**	**100.0**

Note:

(1) Under our information technology services segment, we develop smart software and hardware primarily applied in the property development and property management-related industries.

The revenue from community value-added services fluctuated during the Track Record Period, primarily reflected (i) the fluctuations of revenue from carpark sales agency services, which was affected by the number of carparks that we assisted in their sales and (ii) the commencement of community healthcare services since 2021 upon our acquisition of Weiye International in December 2020. The following table sets forth a breakdown of our revenue from community value-added services for the periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2018		2019		2020		2020		2021	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 *(Unaudited)*	%	RMB'000	%
Common area management services	18,685	89.6	18,271	67.5	21,097	86.3	13,088	81.9	26,646	62.6
Carpark sales agency services	1,874	9.0	8,436	31.2	2,447	10.0	2,234	14.0	1,946	4.6
Turnkey decoration and furnishing services	169	0.8	322	1.2	650	2.7	473	3.0	680	1.6
Home-living services	122	0.6	38	0.1	252	1.0	183	1.1	716	1.7
Community healthcare services [(1)]	—	—	—	—	—	—	—	—	12,584	29.6
Total	**20,849**	**100.0**	**27,067**	**100.0**	**24,446**	**100.0**	**15,977**	**100.0**	**42,571**	**100.0**

Note:

(1) We provide community healthcare services through Yearning Health Centers (怡鄰健康中心), which primarily include medical services provided through general and specialty clinics and elderly care services.

For details, see "— Summary of Historical Financial Information" below and "Financial Information."

OUR CUSTOMERS AND SUPPLIERS

Our customer base primarily consists of property developers, property owners and residents. We assess prospective customers by evaluating key factors such as the nature, size, revenue, profitability as well as the type of properties. In 2018, 2019, 2020 and the nine months ended September 30, 2021, revenue from our five largest customers in each period during the Track Record Period amounted to RMB32.1 million, RMB70.1 million, RMB71.5 million and RMB90.2 million, respectively, accounting for 25.9%, 38.8%, 32.3% and 34.6% of our total revenue for the same periods, respectively. During the Track Record Period, our largest customer was Redco Group and its associates and joint ventures, to whom we provided property management services and value-added services to non-property owners. In 2018, 2019, 2020 and the nine months ended September 30, 2021, revenue generated from our services provided to Redco Group and its associates and joint ventures amounted to RMB29.7 million, RMB66.2 million, RMB67.6 million and RMB86.8 million, respectively, accounting for 23.9%, 36.6%, 30.5% and 33.3% of our total revenue, respectively. During the Track Record Period, our suppliers primarily included (i) subcontractors providing engineering, cleaning, security, greening and gardening, and repair and maintenance services and (ii) vendors of materials needed for our daily operations. We have established stable business relationships with most of our major suppliers. All of our five largest suppliers in each period during the Track Record Period were subcontractors that were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their respective close associates or our Shareholders who, to the best knowledge of our Directors, owned more than 5% of the total number of issued Shares held any interest in any of our five largest suppliers in each period during the Track Record Period. In 2018, 2019, 2020 and the nine months ended September 30, 2021, purchases from our five largest suppliers in each period during the Track Record Period amounted to RMB8.4 million, RMB12.4 million, RMB12.6 million and RMB10.4 million, respectively, accounting for 8.6%, 9.9%, 8.7% and 6.0% of our total purchase for the same periods, respectively. See "Business — Customers" and "Business — Suppliers."

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed and will continue to contribute to our success: (i) a comprehensive, nationally renowned property management service provider with a leading position in Jiangxi Province and a service network strategically covering core regions such as the Yangtze River Delta region, the Greater Bay Area, the Bohai Rim Region and the Central China Region; (ii) strategic business relationship with Redco Group and fast-growing business development capabilities; (iii) "lifestyle + healthcare" dual butler system, standardized operation management system and high-quality service capabilities; (iv) intelligent and digitalized information technology improves our operational efficiency; (v) integrated community healthcare services leveraging the solid customer base established from property management services; and (vi) experienced and stable management team with strong execution capability and in-depth knowledge of our industry.

OUR BUSINESS STRATEGIES

We are committed to becoming a leading provider of comprehensive quality property management services in the PRC. We intend to pursue the following strategies to achieve this goal: (i) reinforce our market position in economically developed regions and further expand our project portfolio through organic growth, strategic acquisitions and collaboration with third-party property developers; (ii) continue to provide high-quality, dual-butler community value-added services and improve our brand value and customer experience; (iii) further promote our information technology services and upgrade our information technology platform to maximize cost efficiency and enhance our service standards; (iv) we aim to provide community healthcare services for customers of different ages and healthcare needs, and further enhance our healthcare management capabilities; (v) we strive to attract, retain and motivate talented personnel through career development opportunities and training programs.

CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

Immediately upon completion of the [REDACTED] Issue and the [REDACTED] and without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED], TGI will hold [REDACTED]% of the issued share capital of our Company. TGI is wholly-owned by Redco Holdings, which in turn is directly wholly-owned by Redco Properties. As of the Latest Practicable Date, Redco Properties was owned as to approximately 39.76% by Global Universe and 0.33% by Global Investment, which in turn are wholly-owned by Mr. Wong, approximately 26.66% by Times International, which in turn is wholly-owned by the Honour Family Trust, a discretionary trust of which Mr. Huang is the settlor and Mr. Huang and his family members are beneficiaries and approximately 3.16% by Times Properties, which in turn is wholly-owned by Mr. Huang. Mr. Wong is the brother of Mr. Huang and both Mr. Wong and Mr. Huang have agreed to act in concert with each other. Accordingly, Mr. Wong, Mr. Huang, Global Universe, Global Investment, Times International, Times Properties, Redco Properties, Redco Holdings and TGI constitute a group of our Controlling Shareholders under the Listing Rules.

Upon the [REDACTED], Mr. Tang Chengyong will hold positions as our executive Director and executive director of Redco Properties, while Mr. Huang will hold positions as our non-executive Director and executive director and president of Redco Properties. In addition, our remaining two executive Directors, namely Ms. Wong Yin Man and Ms. Huang Yanqi, have family relationships with the executive directors of Redco Properties, namely Mr. Wong Yeuk Hung and Mr. Huang Ruoqing. Despite the close relationships of the Directors with Redco Properties, our Directors' are of the view that our Group is capable of managing our business independently from our Controlling Shareholders and their respective close associates. See "Relationship with Controlling Shareholders — Independence from our Controlling Shareholders and their close associates" for details.

We have entered into certain transactions with our connected persons which will constitute continuing connected transactions for our Company under the Listing Rules after [REDACTED]. See "Connected Transactions."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Consolidated Statement of Profit or Loss

	For the year ended December 31,			For the nine months ended September 30,	
	2018	2019	2020	2020	2021
			RMB'000		
				(unaudited)	
Revenue	124,251	180,775	221,610	160,267	260,459
Cost of sales	(98,139)	(124,870)	(144,808)	(102,772)	(173,756)
Gross profit	26,112	55,905	76,802	57,495	86,703
Other gains, net	804	2,290	3,465	1,023	3,900
Selling and marketing expenses	—	(1,011)	(2,111)	(1,531)	(3,211)
Administrative expenses	(11,936)	(16,807)	(19,858)	(13,184)	(43,637)
Net reversal of/(provision for) impairment losses of financial assets	185	165	(1,441)	(796)	(3,245)
Operating profit	15,165	40,542	56,857	43,007	40,510
Finance income	74	195	151	127	233
Finance costs	—	—	—	—	(507)
Finance income/(costs), net	74	195	151	127	(274)
Share of profit of investments accounted for using the equity method	24	72	913	665	1,576
Profit before income tax	15,263	40,809	57,921	43,799	41,812
Income tax expense	(4,141)	(11,005)	(13,911)	(10,977)	(14,277)
Profit for the year/period	11,122	29,804	44,010	32,822	27,535
Profit for the year/period attributable to					
Owners of the Company	10,586	27,903	39,612	30,563	22,266
Non-controlling interests	536	1,901	4,398	2,259	5,269
	11,122	29,804	44,010	32,822	27,535

The growth in our total revenue during the Track Record Period was primarily attributable to a general increase in revenue from all of our three business lines. Our revenue from property management services increased from 2018 to 2020, mainly driven by the increases in our total GFA under management, which increased from 5.9 million sq.m. as of December 31, 2018 to 7.4 million sq.m. as of December 31, 2019, and further to 13.5 million sq.m. (which includes the GFA under management of 4.5 million sq.m. upon acquisition of Wuhu Senlin in December 2020) as of December 31, 2020 as a result of our business expansion and also driven, to a lesser extent, by the increase in our average property management fee, which increased from RMB1.6 per sq.m. per month in 2019 to RMB1.7 per sq.m. per month in 2020. We acquired Wuhu Senlin on December 31, 2020. The revenue and net profit after tax contributed by Wuhu Senlin in 2020 were minimal as this acquisition was completed in proximity to the end of 2020. As a result, the profit and loss and cash flow of Wuhu Senlin was not consolidated with our Group in 2020, and its balance sheet was consolidated. The increase in revenue from the nine months ended September 30, 2020 to the same period in 2021 was primarily driven by (i) the expansion of property projects developed by Independent Third Parties upon our acquisition of Wuhu Senlin in December 2020; and (ii) we started to generate revenue from our information technology service and community healthcare service business lines upon our acquisition of Zhongtian Yunlian and Weiye International in December 2020. During the Track Record Period, the increase in our value-added services to non-property owners was generally in line with our business expansion and the continuous growth in our GFA under management. Revenue from community value-added services fluctuated during the Track Record Period, primarily a result of (i) the fluctuations of revenue from carpark sales agency services, which was affected by the number of carparks that we assisted in their sales, and (ii) the commencement of community healthcare services since 2021 upon our acquisition of Weiye International in December 2020.

The following table sets forth a breakdown of our gross profit and gross profit margin by business line and property developer for the periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2018		2019		2020		2020		2021	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Property management services	**12,487**	**15.1**	**22,997**	**22.0**	**38,211**	**28.1**	**26,221**	**28.3**	**36,554**	**24.7**
Properties developed by Redco Group	13,473	16.9	21,889	22.4	35,624	29.0	24,454	28.8	26,797	26.3
Central China Region	5,900	16.4	6,736	15.7	12,111	25.1	9,284	26.0	10,442	26.2
Yangtze River Delta Region	926	6.2	3,213	19.9	3,174	17.7	2,426	18.5	3,027	17.9
Bohai Rim Region	6,972	31.1	10,478	34.9	17,638	39.8	10,500	39.7	10,810	30.3
Greater Bay Area Region	(324)	(5.1)	1,462	16.9	2,700	21.7	2,244	23.5	2,518	26.3
Properties developed by Redco Group's joint ventures and associates	—	—	—	—	726	55.6	461	54.8	994	52.3
Central China Region	—	—	—	—	726	55.6	461	54.8	994	52.3
Properties developed by Independent Third Parties	(986)	(35.8)	1,108	16.2	1,862	15.8	1,306	18.4	8,763	20.0
Value-added services to non-property owners	**5,835**	**28.2**	**21,169**	**43.1**	**27,341**	**44.7**	**23,515**	**45.6**	**29,685**	**42.3**
Properties developed by Redco Group	5,835	28.2	20,392	43.9	23,564	43.9	20,641	45.2	22,668	42.4
Properties developed by Redco Group's joint ventures and associates	—	—	777	30.0	3,777	50.0	2,874	49.0	1,876	45.4
Properties developed by Independent Third Parties	—	—	—	—	—	—	—	—	390	32.9
Community value-added services	**7,790**	**37.4**	**11,739**	**43.4**	**11,250**	**46.0**	**7,758**	**48.6**	**20,464**	**48.1**
Properties developed by Redco Group	7,784	37.4	11,619	43.5	10,533	46.5	7,299	48.9	16,733	50.0
Properties developed by Redco Group's joint ventures and associates	—	—	112	34.8	28	35.0	17	35.2	39	35.1
Properties developed by Independent Third Parties	6	50.0	9	50.0	689	40.0	442	43.7	3,691	41.2
Total	**26,112**	**21.0**	**55,905**	**30.9**	**76,802**	**34.7**	**57,495**	**35.9**	**86,703**	**33.3**

The fluctuation in our overall gross profit margin during the Track Record Period mainly reflected (i) the economies of scale as a result of continuous expansion of our services portfolio which drove the increase of the concentration of our projects in certain cities or regions, and further allowed us to consolidate our resources, optimize our labor resources and reduce our costs for employee deployment and costs for new employee recruiting and training, which in turn, enabled us to benefit from project synergies; (ii) our implementation of cost effective measures, such as the installation of integrated intelligent management system to reduce needs of manpower in areas such as patrol, fee collection and customer services, and therefore reduced our labor costs and improved operational efficiency. Our efforts in process standardization, centralized procurement at regional level and streamlining decision making process also contributed to the increase in our profit margin; and (iii) a change in business mix affected by the services under the relevant business line.

The general increase in gross profit margin for our property management services from 2018 to 2020 was primarily attributable to implementation of cost control measures, the economies of scale, and an increase in average property management fee from RMB1.6 per sq.m. per month in 2019 to RMB1.7 per sq.m. per month in 2020. Our gross profit margin for property management services decreased from the nine months ended September 30, 2020 to the same period in 2021, primarily due to the increase in proportion of revenue derived from properties developed by Independent Third Parties for the nine months ended September 30, 2021 which had a lower gross profit margin. Such increase in proportion of revenue from properties developed by Independent Third Parties was primarily due to our acquisition of Wuhu Senlin in December 2020 which added 25 properties developed by Independent Third Parties under our management. The projects that Wuhu Senlin managed had relatively lower property management fees, as (1) such projects were relatively older and the fee level had not been raised at such extent to fully reflect the increases in costs, and (2) some projects managed by Wuhu Senlin were government resettlement houses for which the property management fees were typically at a low level.

The general increase in gross profit margin for our value-added services to non-property owners from 2018 to 2020 was primarily driven by (i) the greater economies of scale, which further contributed to an increase in the concentration of the projects under our management in certain cities and regions. This allowed us to optimize the deployment of our operating teams and have greater bargaining power through centralized procurement at regional level; and (ii) the increased contribution from pre-delivery services and preliminary planning and design consultancy services, which commanded relatively higher gross profit margin than that of pre-sale management services, which require more manpower and thus incur more staff costs. The gross profit margin for our value-added services to non-property owners slightly decreased from the nine months ended September 30, 2020 to the same period in 2021 as we were exempted from making a portion of social insurance contributions during the nine months ended September 30, 2020 pursuant to local governments' supportive policies in response to the COVID-19 outbreak. We did not receive such exemptions during the same period in 2021.

The general increase in gross profit margin for our community value-added services during the Track Record Period was affected by the services mix under this business line. Typically carpark sales agency services, common area management services and community healthcare services, which are less labor intensive, command relatively higher gross profit margin than other community value-added services.

For our property management services, our gross profit margins for services provided to properties developed by Redco Group and properties developed by Redco Group's joint ventures and associates were higher than those of services provided to properties developed by Independent Third Parties during the Track Record Period, primarily because (i) the average property management fees for properties developed by Redco Group and its joint ventures or associates were higher than that of properties developed by Independent Third Parties, during the Track Record Period for the reasons as elaborated in "Business — Property Management Services — Property Management Fees" above; and (ii) we incurred more operating costs in the early stage of operations to improve service quality subsequent to our acquisition of Yantai Zhongtai in 2016, whose properties under management were mainly developed by Independent Third Parties, resulting in a negative gross profit margin for properties developed by Independent Third Parties in 2018. In addition, as we are more familiar with the particular needs and requirements of Redco Group or its joint venture and associates, we are able to provide our property management service more cost effectively as compared to services provided to properties developed by Independent Third Parties. For our value-added services to non-property owners and community value-added services, substantially all of such services were provided to properties developed by Redco Group and its joint ventures and associates during the Track Record Period.

For details, see "Financial Information—Description of Certain Consolidated Statements of Profit or Loss Items—Gross profit and gross profit margin."

Our profit for the period decreased from RMB32.8 million in the nine months ended September 30, 2020 to RMB27.5 million in the nine months ended September 30, 2021, primarily attributable to (i) we incurred [REDACTED] expenses of RMB[REDACTED] during the nine months ended September 30, 2021 but did not incur such expense during the same period of 2020; and (ii) we received one-off exemption of RMB3.4 million from making a portion of social insurance contributions during the nine months ended September 30, 2020 pursuant to local governments' supportive policies in response to the COVID-19 outbreak. We did not receive such exemptions during the same period in 2021.

Selected Items of Consolidated Balance Sheets

	As of December 31,			As of September 30,
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	2,671	3,530	82,400	87,642
Current assets	100,840	157,764	278,751	245,823
Trade, prepayments and other receivables	25,361	49,698	108,895	155,936
Amounts due from related parties	2,039	9,804	18,696	—
Amounts due from joint ventures	831	920	—	—
Amounts due from non-controlling interest	3,305	7,727	13,821	16,054
Cash and cash equivalents	69,304	89,615	137,339	73,833
Non-current liabilities	—	—	14,814	17,234
Current liabilities	73,606	101,138	226,241	165,611
Trade payables	4,513	6,423	9,790	22,410
Accruals and other payables	32,269	31,674	62,923	49,973
Contract liabilities.	22,809	36,836	61,937	51,549
Borrowings	—	—	400	400
Lease liabilities	—	—	—	359
Amounts due to related parties	8,538	12,951	67,370	24,407
Current income tax liabilities	5,477	13,254	23,821	16,513
Equity	29,905	60,156	120,096	150,620
– Non-controlling interests	3,059	5,450	25,189	30,868
Net current assets	27,234	56,626	52,510	80,212

Our net current assets increased by RMB29.4 million from RMB27.2 million as of December 31, 2018 to RMB56.6 million as of December 31, 2019, mainly attributable to an increase in our trade and other receivables and cash and cash equivalents, which was partially offset by an increase in contract liabilities. Our net current assets slightly decreased by RMB4.1 million from RMB56.6 million as of December 31, 2019 to RMB52.5 million as of December 31, 2020, mainly attributable to an increase in amounts due to related parties, and an increase in accruals and other payables, partially offset by an increase in trade and other receivables and cash and cash equivalents. Our net current assets increased by RMB27.7 million from RMB52.5 million as of December 31, 2020 to RMB80.2 million as of September 30, 2021, mainly attributable to an increase in trade and other receivables and prepayments and a decrease in amounts due to related parties, which was partially offset by a decrease in cash and cash equivalents.

Our net assets increased from RMB29.9 million as of December 31, 2018 to RMB60.2 million as of December 31, 2019, RMB120.1 million as of December 31, 2020 and RMB150.6 million as of September 30, 2021. Such increase was primarily because of (i) the increase of our profit for the year from 2018 to 2020, partially offset by a decrease of our profit for the period from the nine months ended September 30, 2020 to the same period of 2021; (ii) capital injection from non-controlling interests of RMB0.5 million and RMB0.8 million in 2019 and 2020, respectively; (iii) non-controlling interest arising from acquisitions and step acquisition of subsidiaries of RMB15.2 million in 2020; and (iv) an increase in change in ownership interest in subsidiaries without change of control of RMB2.8 million in the nine months ended September 30, 2021.

For more details, please refer to "Financial Information—Description of Certain Consolidated Statement of Financial Position Items—Current Assets and Current Liabilities."

Selected Items of Consolidated Cash Flow Statements

	Year ended December 31,			Nine months ended September 30,	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Operating cash flows before changes in working capital	15,630	41,189	57,535	44,482	51,075
Changes in working capital	103	(8,772)	(10,933)	(39,314)	(41,021)
Interest received	74	195	151	127	233
Income tax paid	(1,864)	(3,186)	(6,496)	(6,259)	(24,139)
Net cash flows from/(used in) operating activities	13,943	29,426	40,257	(964)	(13,852)
Net cash flows (used in)/from investing activities	(7,028)	(13,976)	2,255	(41,666)	(10,401)
Net cash flows from/(used in) financing activities	68	4,903	5,215	3,719	(39,406)
Net increase/(decrease) in cash and cash equivalents	6,983	20,353	47,727	(38,911)	(63,659)
Cash and cash equivalents at beginning of year/period	62,391	69,304	89,615	89,615	137,339
Cash and cash equivalents at end of year/period	69,304	89,615	137,339	50,743	73,833

During the nine months ended September 30, 2021, we recorded negative cash flows from operating activities of RMB13.9 million, which was primarily due to profit before income tax of RMB41.8 million, as adjusted by (1) an RMB46.6 million increase in trade receivables, prepayments and other receivables, primarily attributable to the expansion of our business scale with an increase in our GFA under management and upon acquisitions of Wuhu Senlin in December 2020, and (2) an income tax paid of RMB24.1 million, which included historical underpaid tax resulted from different accounting treatments for all of our relevant PRC subsidiaries and branch companies during our 2020 annual filing in May 2021. See "Risk Factors — Risks Relating to Our Business and Industry — We had negative operating cash flow in the nine months ended September 30, 2021." We plan to enhance our cash outflow position by the following measures: (i) continuing to enhance the implementation of our cost control measures, such as further utilizing our integrated intelligent management system to reduce needs of manpower in areas such as patrol, fee collection and customer services, to reduce our labor costs and improve our operational efficiency. We will also continue our efforts in process standardization, centralized procurement at regional level and streamlining decision making process; (ii) we will continue to implement a prudent strategy in business expansion and liquidity management, and we will further diversify our financing channels and optimize our financing structure; (iii) we will continue to enhance our efforts in the collection of trade receivables; and (iv) we will further grow our new business areas in information technology services and community healthcare services, which are expected to bring us strong cash flow as they develop into more advanced stages.

For more details, please refer to "Financial Information—Description of Certain Consolidated Statement of Financial Position Items—Liquidity and Capital Resources—Cash Flow."

Summary of Key Financial Ratios

	As of or for the year ended December 31,			As of or for the nine months ended September 30,
	2018	2019	2020	2021
Return on equity (%)	37.2	49.5	36.6	18.3
Return on total assets (%)	10.7	18.5	12.2	8.3
Current ratio (times)	1.4	1.6	1.2	1.5
Gearing ratio (%) [(1)]	N/A	N/A	3.8	2.9

Note:

(1) Gearing ratio is calculated based on the sum of interest-bearing borrowings as of the respective dates divided by total equity as of the same dates and multiplied by 100%.

See "Financial Information—Key Financial Ratios" for the definitions and analysis of key financial ratios set forth in the table above.

The unaudited preliminary financial information as of and for the year ended December 31, 2021 in Appendix IIB to this document was agreed by the Company's reporting accountant, PricewaterhouseCoopers, to the amounts set out in the Group's unaudited consolidated financial statements for the year ended December 31, 2021 in accordance with Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results".

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that: (i) the [REDACTED] is completed and [REDACTED] Shares are issued and sold in the [REDACTED]; (ii) the [REDACTED] is not exercised; and (iii) [REDACTED] Shares are issued and outstanding upon completion of the [REDACTED].

	Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]	**Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]**
Market capitalization of our Shares	HK$[REDACTED]	HK$[REDACTED]
Unaudited pro forma adjusted net tangible asset value per Share(1)	HK$[REDACTED]	HK$[REDACTED]

Note:

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

DIVIDEND POLICY

Our Company did not declare any dividends during the Track Record Period and does not have a fixed dividend payout policy. Any declaration of dividends is subject to our results of operations, working capital and cash position, future business and earnings, capital requirement, among other things. The payment and the amount of any future dividends, if any, will be at the sole discretion of our Board of Directors and will also depend on above-mentioned factors and various other factors that our Board of Directors deem relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. Any future declarations and payments of dividends will be at the discretion of our Directors and may require the approval of our Shareholders.

[REDACTED]

We estimate the [REDACTED] of the [REDACTED] which we will receive, assuming an [REDACTED] of HK$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range stated in this document), will be approximately HK$[REDACTED], after deduction of [REDACTED] fees and [REDACTED] and estimated expenses payable by us in connection with the [REDACTED] and assuming the [REDACTED] is not exercised.

We intend to use the [REDACTED] of the [REDACTED] for the following purposes assuming the [REDACTED] is fixed at HK$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] Range).

- Approximately [REDACTED]% or HK$[REDACTED], will be used to pursue selective strategic investment and acquisition opportunities to further expand our business scale and geographic coverage and broaden our service offerings;
- Approximately [REDACTED]% or HK$[REDACTED], will be used to upgrade our information technology infrastructure and promote smart community management;
- Approximately [REDACTED]% or HK$[REDACTED], will be used to improve our services as the Lifestyle Butler to improve our customers' experience and satisfaction;
- Approximately [REDACTED]% or HK$[REDACTED], will be used to expand our community healthcare services as the Healthcare Butler; and

- Approximately [REDACTED]% or HK$[REDACTED], will be used for general business purpose and working capital as we continue to expand our scope and scale of business.

For further details, please refer to the section entitled "Future Plans and [REDACTED]" in this document.

According to CIA, with more than 1,500 property management companies in the Yangtze River Delta Region, Central China Region, Greater Bay Area Region and Bohai Rim Region, each with a GFA under management of 1.0 million sq.m. to 5.0 million sq.m. and revenue of RMB10 million to RMB100 million, there should be a sufficient number of suitable targets available that match our criteria for strategic acquisitions and investments. We plan to acquire majority interests in any one or more of such property management companies. As advised by CIA, our Directors believe that our selection criteria are in line with industry practice and there are a rich variety of potential targets available for our consideration in such a fragmented property management service industry.

As many of our peers listed on the Stock Exchange are looking to acquire other property management companies in the PRC actively, it is possible that we may not be able to materialize our plan to acquire independent third-party property management companies in the PRC with geographical influence and similar market positioning. See "Risk Factors — Risks Relating to Our Business and Industry — Our future acquisitions may not be successful and we may face difficulties in integrating acquired operations with our existing operations." Our Directors confirm that the unused [REDACTED] from the [REDACTED] will be placed in short-term demand deposits with licensed financial institutions.

REASONS FOR THE [REDACTED]

The board of directors of Redco Properties considers that the [REDACTED] is in the interests of Redco Properties and the shareholders of Redco Properties as a whole based on the following reasons: (i) allowing Redco Properties and its shareholders an opportunity to realize the value of investment in our Group under a separate standalone platform for our business; (ii) enabling our Group to build our identity as a separately [REDACTED] group, to have a separate fund-raising platform and to broaden our investor base through the [REDACTED]; (iii) enabling us to enhance our corporate profile, thereby increasing our ability to attract strategic investors for making investment in and forming strategic partnerships directly with us, which could provide synergy for our Group; (iv) enabling a more focused development, strategic planning and better allocation of resources for Redco Properties and our Group with respect to our respective businesses; (v) strengthening our reputation, thus leading to potentially better operational performance and better realization of our value; and (vi) improving our operational and financial transparency, which would enable investors to better appraise our operation results and financial conditions on a standalone basis, which in turn may enhance the overall value. For more information, see "History, Reorganization and Corporate Structure — Reasons for the [REDACTED]" in this Document.

[REDACTED] EXPENSES

The total amount of [REDACTED] expenses that will be borne by us in connection with the [REDACTED], including [REDACTED] commissions for the [REDACTED], is estimated to be RMB[REDACTED] (HK$[REDACTED]), accounting for approximately [REDACTED]% of the [REDACTED] from the [REDACTED] (based on the mid-point of the indicative [REDACTED] range, before the exercise of the [REDACTED]). Of our total [REDACTED] expenses, RMB[REDACTED] (HK$[REDACTED]) is [REDACTED] expenses and RMB[REDACTED] (HK$[REDACTED]) is [REDACTED] expenses (including RMB[REDACTED] (HK$[REDACTED]) is expenses of legal advisors and accountants, RMB[REDACTED] (HK$[REDACTED]) is other fees and expenses). Of our total [REDACTED] expenses, RMB[REDACTED] (HK$[REDACTED]) is expected to be accounted for as a deduction from equity upon completion of the [REDACTED]. The fees and expenses of RMB[REDACTED] (HK$[REDACTED]) were recognized and charged to our consolidated statement of comprehensive income for the nine months ended September 30, 2021. After September 30, 2021 and upon completion of the [REDACTED], approximately RMB[REDACTED] (equivalent to HK$[REDACTED]) is expected to be charged to our statement of comprehensive income. The professional fees and/or other expenses related to the preparation of [REDACTED] are currently in estimates for reference only and the actual amount to be recognized is subject to adjustments based on audit and the then changes in variables and assumptions. Our Directors expect that our [REDACTED] expenses will have an adverse impact on our financial performance for the year ended December 31, 2021.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Recent Development of Our Business Operations and Financial Performance

We continued to expand our property portfolio after September 30, 2021. Subsequent to September 30, 2021 and up to the Latest Practicable Date, we entered into six new preliminary property management agreements with a contracted GFA in aggregate of 1.1 million sq.m, among which five projects are developed by Redco Group and its joint ventures and associates with a contracted GFA in aggregate of 1.09 million sq.m and one project is developed by an Independent Third Party with a contracted GFA of 0.01 million sq.m. We also entered into one new property management agreement for a new project developed by an Independent Third Party with a contracted GFA of 3,637 sq.m.

We expect our profit for the year ended December 31, 2021 to decrease as compared to the profit for the year ended December 31, 2020, primarily due to the [REDACTED] expenses incurred in 2021.

The Outbreak of the COVID-19 Pandemic

An outbreak of respiratory illness caused by a novel coronavirus, which has been named as COVID-19 by the World Health Organization ("WHO"), was reported in December 2019 and continued to spread across China and globally in early 2020. On March 11, 2020, the WHO declared COVID-19 outbreak a pandemic. The outbreak of the COVID-19 pandemic had an adverse impact on the livelihood of the people in and the economy of the PRC. Since the outbreak of COVID-19 and up to the Latest Practicable Date, we had not encountered any prolonged and material disruption to the services provided by our subcontractors and utilities service providers and the supply of materials from our suppliers. And there had been no reported cases of COVID-19 infection of the residents, tenants or our staff of properties we managed in the PRC and none of our staff was subject to the mandatory quarantine requirements and thus failed to report to duties. In view of the nature of our business, our Directors do not expect that we will encounter any prolonged and material disruptions of our supply chain given our diversified locations throughout the PRC and that we do not rely on any particular service subcontractors or material suppliers and there are many other readily available subcontractors and suppliers in the market as back-up. In view of the foregoing, our Directors are confident that our Group can continue to provide our services and discharge our obligations under existing contracts. Since the outbreak of COVID-19 and up to the Latest Practicable Date, no project contracted to us for property management services experienced any delay in delivery from their originally planned delivery date, and there has not been any material delay in the receipt of the property management fees or other services fee due to us from our customers, including our related parties and Independent Third Parties. See "Business — Effects of the COVID-19 Pandemic — Effects of the COVID-19 Pandemic on Our Business Operations" for more information.

The actual impact caused by the outbreak of COVID-19 will depend on its subsequent development; therefore, it is a possibility that such impact to our Group may be out of our Director's control and beyond our estimation and assessment. Please refer to "Risk Factors — Risks Relating to Our Business and Industry — Risks relating to natural disasters, epidemics, acts of terrorism or war in the PRC and globally may materially and adversely affect our business" in this document about risks related to COVID-19 pandemic.

Proposed PBOC Standards in Controlling the Scale of Interest-Bearing Debts of Property Developers

The PBOC and the Ministry of Construction started to control the scale of interest-bearing debts of property developers in China by applying a newly proposed standard in the assessment of the debt burden of property developers since January 1, 2021. In particular, under such new standard, for a property developer, (i) the pro forma liability asset ratio (calculated as total liabilities less contract liabilities divided by total assets less contract liabilities), shall not exceed 70%; (ii) the net gearing ratio (calculated as total interest-bearing liabilities less cash and bank balances divided by total equity) shall not exceed 100%; and (iii) the cash to short-term borrowing ratio (calculated as cash and bank balances divided by short-term interest bearing liabilities) shall not be lower than 1.0. The PBOC standard further stipulates that (i) for property developers which comply with all the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 15% annually; (ii) for property developers which only comply with two of the above-mentioned three limits, their size of interest bearing liabilities shall increase by less than 10% annually; (iii) for property developers which only comply with one of the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 5% annually; and (iv) for property developers which fail to comply with any of the above-mentioned three limits, their size of interest-bearing liabilities shall not increase at all.

As of September 30, 2021, based on the unaudited accounts of Redco Group, using the above-mentioned calculation methods, Redco Group's pro forma liability asset ratio would be 76.9%; net gearing ratio would be 52.1%; and cash to short-term borrowing ratio would be 1.23. As such, in the event that the above-mentioned standard mentioned comes into effect, Redco Group may fail to comply with one of the above-mentioned three limits and Redco Group's ability to obtain additional financing may be materially adversely affected. Failure to secure sufficient external financing may hinder Redco Group's ability to implement its business strategies, acquire land parcels and complete the development of our property projects. In addition, if Redco Group were to be prohibited from increasing the aggregate size of interest-bearing liabilities, it may not be able to draw down on credit facilities before it repays existing debts, and may need to slow down its land acquisition activities to ensure it would have sufficient cash to complete the existing property projects. If this risk materializes, Redco Group's business, financial condition and results of operations may be materially adversely affected. Given that a vast majority portion of our revenue from property management services and substantially all of our revenue from value-added services to non-property owners during the Track Record Period was generated from services we provided to properties developed by Redco Group and its joint ventures and associates, our business, financial condition and results of operations may be materially adversely affected as well. As of the Latest Practicable Date, our Directors are of the view and the Sole Sponsor concurs, that the proposed policy to limit the growth rate of real estate developers' interest-bearing liabilities will have limited impact on our financial and operational performance, primarily because: (i) Redco Group has been on track of deleveraging and optimizing financial stability in light of the failure to comply with one of the above mentioned three financial ratio limits, as manifested by the decrease in pro forma asset liability ratio from 79.5% in 2019 to 76.9% in the first nine months of 2021; (ii) based on our discussions with Redco Group, Redco Group has been prudent on land acquisition and will continue to diversify its financing channels and optimize its financial structure. For example, to further optimize its financial structure, in November 2021, Redco Group repurchased certain of its senior notes in the aggregate principal amount of US$68.4 million before they become due; (iii) we have been actively expanding our services provided to third-party property developers to reduce overall reliance on Redco Group. In particular, our GFA under management for properties developed by Independent Third Parties increased from approximately 0.8 million sq.m. as of December 31, 2018 to 6.5 million sq.m. as of September 30, 2021. The proportion of revenue from property management services contributed by providing property management services to properties developed by Independent Third Parties also grew correspondingly from 3.3% for the year ended December 31, 2018 to 29.6% for the nine months ended September 30, 2021 of our total revenue generated from property management; and (iv) we also actively expand our services to industries less closely associated with the property development industry.

Recent Changes in Provision of Mortgage Loans to Purchasers of New and Second-Hand Properties

On December 28, 2020, PBOC and CBIRC jointly promulgated the Notice on Establishing a Centralization Management System for Real Estate Loans of Banking Financial Institutions (《關於建立銀行業金融機構房地產貸款集中度管理制度的通知》), which put forward certain limitation for the proportion of real estate loans and the personal housing loans to all RMB loans in banking financial institutions (excluding overseas branches). On March 26, 2021, the General Office of CBIRC, the General Office of MOHURD and the General Office of PBOC jointly promulgated the Notice on Preventing the Illegal Flow of Business Loans into Real Estate Market (《關於防止經營用途貸款違規流入房地產領域的通知》), which requires the local counterparts of CBIRC, MOHURD and PBOC to strengthen supervisory inspection on the illegal flow of business loans into real estate market, enhance non-compliance complaint mechanism, and promptly share and jointly investigate clues on such violations. Also, relevant authorities shall consider illegal flow of business loans into real estate market and other related issues as important content of various inspections, strictly enforce relevant obligations in accordance with laws, strengthen joint punishment, and promptly include the information on relevant administrative penalties on enterprises and individuals in the credit reporting system.

On July 13, 2021, the MOHURD and other seven departments jointly promulgated the Notice on Continuous Rectification and Regulation of Real Estate Market Order (《關於持續整治規範房地產市場秩序的通知》), which prohibits arbitrage of or assistance on arbitrage of non-housing loans like business loans or consumer loans to use them on purchasing properties.

On September 24, 2021, the Monetary Policy Committee of PBOC held the third quarterly meeting of 2021 (its 94th meeting), which said that PBOC will keep the real estate market stable and protect the legitimate rights and interests of property purchasers. See "Regulatory Overview — PRC Laws and Regulations Relating to Property Management Services — Recent Changes in Provision of Mortgage Loans to Purchasers of New and Second-Hand Properties" for details. Our Directors confirm that, to the best of their information, knowledge and belief, as of the Latest Practicable Date, the completion and delivery schedule of properties developed by Redco Group was not adversely affected by the relevant regulations on provision of personal housing loans to purchasers of new and second-hand properties. Accordingly, neither Redco Group or the Company had experienced material adverse effect to their results of operation or financial conditions as a result of such regulations.

Recent Changes in Property Management Service Regulations

As China has entered into a new stage of urbanization, with a view to improving the service standards of property management industry and responding to the requirements of the newly revised national regulations on property management and PRC Civil Code, recently several local authorities have made amendments to the property management regulations successively. In addition, on July 13, 2021, the MOHURD and other seven departments jointly promulgated the Notice on Continuous Rectification and Regulation of Real Estate Market Order (《關於持續整治規範房地產市場秩序的通知》) ("**Regulatory Notice**"), requiring the implementation of policies to highlight the key rectification points and focus on the rectification of real estate development, housing sales, housing leasing and property services. See "Regulatory Overview — PRC Laws and Regulations Relating to Property Management Services — Recent Changes in Property Management Service Regulations" for details. Considering that (i) as of the Latest Practicable Date, we had no pending litigation of more than RMB500,000 in consideration related to the performance of property management service contracts; (ii) during the Track Record Period, we had not been imposed any material administrative penalties in relation to our provision of property management services; (iii) as of the Latest Practicable Date, we had not received any investigation or notice relating to the Regulatory Notice from any competent governmental authorities under the Regulatory Notice, nor received any complaint or report from clients or property owners based on the Regulatory Notice; (iv) 29 of our PRC subsidiaries and branches engaging in property management services have obtained the written confirmations from competent governmental authorities. The 29 subsidiaries recorded a total revenue of RMB96.5 million, RMB138.9 million, RMB168.8 million and RMB191.4 million in 2018, 2019, 2020 and the nine months ended September 30, 2021, representing 77.6%, 76.8%, 76.2% and 73.5% of our total revenue during the same periods, respectively. The confirmation letters were obtained through December 2021 to January 2022. The confirmation letters confirmed that: (a) the subsidiary and/or branch was in compliance with the requirements in relation to the laws and regulations of property management services and/or (b) no relevant material administrative penalty was imposed by them; and (v) we have also established internal rules to ensure that there will be no material violations of the above recent laws and regulations and the Regulatory Notice in our future operations and will make timely improvement plans based on any future new regulatory developments. Based on the foregoing, our PRC Legal Advisors are of the view that there is no violation of the above recent laws and regulations and the Regulatory Notice in all material aspects. Our Directors are of the view that the above recent laws and regulations and the Regulatory Notice did not and will not have a material adverse impact on our business operation and financial performance.

Recent Changes in Real Estate Tax Reform

On October 23, 2021, the 31st Session of the Standing Committee of the 13th National People's Congress adopted the Decision of the Standing Committee of the National People's Congress on Authorizing the State Council to Carry out a Pilot Program of Real Estate Tax Reform in Certain Areas (the "**Decision**"), authorizing the State Council to carry out a pilot program of real estate tax reform in certain areas. The Decision clarifies that the taxation objects of real estate tax are various types of real estate for residential use and non-residential use in urban areas, and that the property owners are taxpayers of the real estate tax. The Decision authorizes the State Council to formulate specific measures for the real estate tax pilot program, and determine the list of cities for the pilot program and file the record with the Standing Committee of the National People's Congress. The Decision also authorizes the people's governments of pilot areas to formulate specific implementing rules.

According to the Decision, the period for the real estate tax pilot program shall be five years from the date when the measures for the pilot program are officially issued by the State Council. Up to now, it is not clear when the detailed measures for the real estate tax pilot program and the list of the real estate tax pilot cities will be formally introduced. As such, our Directors, the Sole Sponsor and the PRC Legal Advisors is of the view that there is no material adverse impact on the Group's business operations or financial performance.

According to relevant researches and predictions, priority will be given to the selection of the pilot program from first or second tier cities with hot real estate markets, such as Beijing, Shanghai, Shenzhen, Chongqing, Hangzhou, Ningbo, Nanjing, Suzhou, and Hainan. In the abovementioned cities, we had two projects under management in Shenzhen during the Track Record Period. The total GFA under management of the two projects was 190,721 sq.m. as of September 30, 2021, representing 1.3% of our total GFA under management as of September 30, 2021. We derived a total revenue of RMB8.3 million, RMB9.6 million, RMB10.1 million and RMB7.8 million in 2018, 2019, 2020 and the nine months ended September 30, 2021, respectively, from these two projects, representing 6.7%, 5.3%, 4.6% and 3.0% of our total revenue during the relevant period, respectively. As of September 30, 2021, we were also contracted to manage two projects in Ningbo with a total contracted GFA of 203,332 sq.m. We did not derive revenue from these projects in Ningbo during the Track Record Period. Given that we only had a limited number of projects under management or contracted projects in the abovementioned cities and such projects only contributed a small proportion of revenue during the Track Record Period, our Directors believe, and the Sole Sponsor concurs, that the recent changes in real estate tax reform is unlikely to have any significant impact on our Group in the abovementioned cities.

There are several reasons for the levying of the real estate tax: as the main tax of a local government, it is conducive to raise local fiscal revenue and is directly used for providing basic social public services to local residents; as a property tax, it can adjust the fair distribution of real estate wealth and promote common prosperity; under the background of high domestic real estate market and rising house prices, it is conducive to the stable and healthy development of the real estate market and the return of real estate to housing attribute.

The real estate tax in Shanghai and Chongqing has been levied for ten years, but its scope and tax rate are very limited, which has no significant impact on the real estate market and the fair distribution of social wealth. The pilot reform of the real estate tax will be carried out in various cities according to the further implementation rules, and on the basis of summing up the pilot experience, the final law will be enacted and implemented nationwide. There is no official channel to say that the new pilot measures will be based on the current regulations in Shanghai and Chongqing.

Recent Changes in Cybersecurity Regulations

On December 28, 2021, thirteen government departments including the Cyberspace Administration of China ("**CAC**") jointly issued the Cybersecurity Review Measures (網絡安全審查辦法) (the "**Revised Cybersecurity Review Measures**") which came into effect on February 15, 2022. The Revised Cybersecurity Review Measures, among other things, provide that the purchase of network products and services by a critical information infrastructure operator (關鍵信息基礎設施運營者) and the data processing activities of a network platform operator (網絡平臺運營者) that affect or may affect national security shall be subject to the cybersecurity review.

On November 14, 2021, the CAC released the Administration of Cyber Data Security (Draft for Comments) (網絡數據安全管理條例(徵求意見稿)) (the "**Draft Data Security Regulations**"). The Draft Data Security Regulations, among other things, provide that data processors seeking a public listing in Hong Kong that affect or may affect national security must apply to the CAC for a cybersecurity review. Specifically, as advised by our PRC Legal Advisors, Article 13 of the Draft Data Security Regulations has made distinction between "listing in a foreign country" and "listing in Hong Kong". The issuer will be subject to a cybersecurity review if (i) it is a data processor with personal information data of more than 1 million users seeking a public listing in a foreign country; or (ii) it is a data processor seeking a public listing in Hong Kong which affects or may affect national security.

Considering the nature of our business, we are not a critical information infrastructure operator, network platform operator or a data processor whose purchase of network products and services or data processing activities affect or may affect national security. Given that (i) we mainly provide property management service, value-added services to non-property owners and community value-added services to residents and property developers of residential communities, and do not possess or gather or keep substantial information relating to national security, economic development and public interests. As of March 2, 2022, our mini-mobile application for our community healthcare services ("AI health management box") had a total of 110,500 users and our mobile application for our property management services had a total of 16,537 users. As such, we believe the total user number of both mobile applications is unlikely to exceed 1 million in the near and mid-term future; (ii) as of the date of this Document, we have not been notified by any authorities of being involved in any cybersecurity review or received any investigation, inquiry, notice, warning or sanctions made by the CAC; and (iii) pursuant to oral consultation with the CAC on March 2, 2022, the replying personnel opines that under the Revised Cybersecurity Review Measures, cybersecurity review process will not apply to public listings in Hong Kong. As such, our PRC Legal Advisors is of the view, and the Sole Sponsor concurs, that the [REDACTED] will not be subject to the cybersecurity review process under the abovementioned cybersecurity regulations (assuming to be implemented in their current form).

No Material Adverse Change

After due and careful consideration, our Directors confirm that, up to the date of this Document, there has been no material and adverse change in our financial and trading position or prospects since September 30, 2021, and there is no event since September 30, 2021 that would materially affect the information shown in the Accountant's Report, the text of which is set forth in Appendix I to this Document.

RISK FACTORS

Our operations involve certain risks, some of which are beyond our control. Some of the risks generally associated with our business and industry include the following: (i) A meaningful portion of our revenue from property management services and substantially all of our revenue from value-added services to non-property owners during the Track Record Period was generated from services we provided in relation to properties developed by Redco Group; (ii) We may not be able to maintain our historical growth rate and our future growth may not materialize as planned; (iii) We cannot assure you that we can secure new or renew our existing property management service contracts on favorable terms, or at all; (iv) Our profitability may be negatively affected in the future as we increase the proportion of property management services provided to properties developed by Independent Third Parties to that provided to the overall projects under our management; (v) a substantial portion of our operations is concentrated in the Central China and Bohai Rim Regions, and our business could be adversely affected in the event of any adverse development in government policies or business environment in these regions; (vi) we recorded intangible assets, primarily including goodwill and other intangible assets, on our consolidated statements of financial position in connection with the acquisitions of certain companies during the Track Record Period and any recognition of impairment losses on such intangible assets would adversely affect our financial results.

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 document and, in particular, should evaluate the specific risks set forth in "Risk Factors" in deciding whether to invest in our Shares.

DEFINITIONS

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

"Accountant's Report"	the accountant's report of our Company, the text of which is set out in Appendix I to this document
[REDACTED]	[REDACTED]
"Articles of Association" or "Articles"	The amended and restated articles of association of the Company, conditionally adopted on March 14, 2022 and which will come into effect upon [REDACTED], a summary of which is set out in "Appendix III — Summary of the Constitution of the Company and Cayman Islands Company Law" of this Document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Board" or "Board of Directors"	the board of directors of the Company
"business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
"BVI"	the British Virgin Islands

"CAGR"	compound annual growth rate, representing the year over year growth rate for a multi-period of time, calculating by computing the nth root of the ending value over beginning value then minus one, where n equals to the total number of periods minus one
[REDACTED]	[REDACTED]
"Cayman Islands Companies Act'" or "Cayman Companies Act"	the Companies Act Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands
"CBIRC"	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員)
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"China" or "PRC"	the People's Republic of China, but for the purpose of this Document and for geographical reference only and except where the context requires, references in this Document to "China" or 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" or "Hong Kong Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (WUMP) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Redco Healthy Living Company Limited (力高健康生活有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability on February 10, 2021.
"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, collectively refers to Mr. Wong, Mr. Huang, Global Universe, Global Investment, Times International, Times Properties, Redco Properties, Redco Holdings and TGI
"core connected person"	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
"COVID-19"	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus 2
"Deed of Indemnity"	the deed of indemnity dated March 14, 2022 entered into by Mr. Wong, Mr. Huang and Redco Properties with and in favor of the Company (for itself and as trustee for each of its subsidiaries) with particulars set out in "Appendix IV — Statutory and General Information — D. Other Information — 1. Tax and Other Indemnities"
"Deed of Non-Competition"	the deed of non-competition dated March 14, 2022 entered into by Mr. Wong, Mr. Huang and Redco Properties with and in favor of our Company (for itself and as trustee for each of its subsidiaries) with particulars set out in "Relationship with Controlling Shareholders — Deed of Non-Competition"

"Director(s)"	director(s) of our Company
"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 by the NPC, effective from January 1, 2008 and amended on February 24, 2017 and December 29, 2018 by the SCNPC
"EIT Rules"	the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例) promulgated by the State Council on December 6, 2007 and effective from January 1, 2008 and amended on April 23, 2019 by the State Council
”Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the Government of Hong Kong
"Fame Step"	Fame Step International Investment Limited (達榮國際投資有限公司), a company incorporated in Hong Kong with limited liability on January 13, 2011 and an indirect wholly-owned subsidiary of our Company
"FRC"	Financial Reporting Council
"GDP"	gross domestic product
"Global Investment"	Global Investment International Company Limited (環宇投資國際有限公司), a company incorporated in the BVI with limited liability on April 17, 2020 and owned as to 100% by Mr. Wong and is one of our Controlling Shareholders
[REDACTED]	[REDACTED]
"Global Universe"	Global Universe International Holdings Limited (環宇國際控股有限公司), a company incorporated in the BVI with limited liability on June 23, 2008 and owned as to 100% by Mr. Wong and is one of our Controlling Shareholders
[REDACTED]	[REDACTED]
"Group," "our Group," "we," "our" or "us"	our 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 our Company at that time
"HKAS(s)"	Hong Kong Accounting Standards

"HKFRS(s)"	Hong Kong Financial Reporting Standard(s) (including HKASs and Interpretations) issued by the HKICPA
"HKICPA"	Hong Kong Institute of Certified Public Accountants
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"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
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Hong Lee"	Hong Lee Investment (International) Company Limited (康利投資(國際)有限公司), a company incorporated in Hong Kong with limited liability on August 26, 2013 and an indirect wholly-owned subsidiary of our Company
"Honour Family"	Honour Family Holdings Limited

"Honour Family Trust"	Honour Family Trust, a discretionary trust established by Mr. Huang as the settlor and UBS Trustees (B.V.I.) Limited as the trustee of the Honour Family Trust for the benefit of Mr. Huang and his family
"Independent Third Party(ies)"	an individual(s) or company(ies) who or which is/are to the best of our Director's knowledge, information and belief, having made all reasonable enquiries, is/are not our connected persons as defined under the Listing Rules
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Jiangxi Dingmei"	Jiangxi Dingmei Property Management Co., Ltd. (江西省鼎美物業服務有限公司), a company established in the PRC with limited liability on February 24, 2020, and owned as to 51% by Nanchang Yujing, 24.5% by Lu Wenhong (盧文紅) and 24.5% by Sun Shuyan (孫淑燕), each an Independent Third Party
"Jiangmen Yujia"	Jiangmen Yujia Property Service Co., Ltd.(江門市御嘉物業服務有限公司), a company established in the PRC with limited liability on November 23, 2020, and owned as to 70% by Shenzhen Yugao and 30% by Dongguan Jiarun Property Management Co., Ltd (東莞市嘉潤物業服務有限公司), an Independent Third Party

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Latest Practicable Date"	March 13, 2022, being the latest practicable date for the purpose of ascertaining certain information in this Document prior to its publication
"Lilan Design"	Shenzhen Lilan Design Consultancy Co., Ltd. (深圳市力藍設計顧問有限公司), a company established in the PRC with limited liability on May 28, 2020 and an indirect wholly-owned subsidiary of Redco Properties upon the completion of the Reorganization
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"M&A Rules"	the Rules on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定), jointly issued by the State-owned Assets Supervision and Administration Commission (國務院國有資產監督管理委員會), the MOFCOM, the SAT, the SAIC, the CSRC and the SAFE on August 8, 2006 and re-issued by 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 Growth Enterprise Market of the Hong Kong Stock Exchange

"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of the Company, conditionally adopted on March 14, 2022, a summary of which is set out in Appendix III of this Document
"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. Wong"	Mr. Wong Yeuk Hung (黃若虹), one of our Controlling Shareholders
"Mr. Huang"	Mr. Huang Ruoqing (黃若青), our non-executive Director and one of our Controlling Shareholders
"Nanchang Junyu"	Nanchang Junyu Meijia Property Service Co., Ltd. (南昌君譽美家物業服務有限公司), a company established in the PRC with limited liability on May 27, 2019 and owned as to 35% by UG Management, 33% by Haijin Holdings Group Co., Ltd. (海錦控股集團有限公司) and 32% by Jiangxi Shengyu Property Management Co., Ltd. (江西盛裕物業管理有限公司), both of which are an Independent Third Party
"Nanchang Yujing"	Nanchang Yujing Helian Property Management Co., Ltd. (南昌御景合聯物業服務有限公司), a company established in the PRC with limited liability on June 26, 2019 and an indirect wholly-owned subsidiary of our Company
"Nanchang Yonghu"	Nanchang Yonghu Lirui Property Management Co., Ltd. (南昌雍湖力瑞物業服務有限公司), a company established in the PRC with limited liability on May 22, 2019, and owned as to 51% by UG Management and 49% by Jiangxi Changda Ruifeng Technology development Co., Ltd. (江西昌大瑞豐科技發展有限公司), an Independent Third Party
"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)

[REDACTED]	[REDACTED]
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"PBOC"	People's Bank of China (中國人民銀行), the central bank of the PRC
"PBOC Benchmark Rate"	the exchange rate for foreign exchange transactions set daily by the PBOC based on the previous day's PRC inter-bank foreign exchange rates and with reference to prevailing exchange rates on the world financial markets
"PRC Company Law"	the PRC Company Law (中華人民共和國公司法)
"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"	JunHe LLP, legal advisors to our Company on PRC laws in connection with the [REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Document"	this document issued in connection with the [REDACTED]
"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
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Redco Group"	Redco Properties and its subsidiaries, excluding our Group
"Redco Healthy Holdings"	Redco Healthy Living Investments Holdings Limited (力高健康生活投資控股有限公司), a company incorporated in the BVI with limited liability on May 26, 2021, and a direct wholly-owned subsidiary of our Company upon completion of the Reorganization

"Redco Holdings"	Redco Properties Holdings Limited (力高地產控股有限公司), a company incorporated in the BVI with limited liability on June 23, 2008, and one of our Controlling Shareholders
"Redco Properties"	Redco Properties Group Limited (力高地產集團有限公司) (stock code: 1622), a company incorporated in the Cayman Islands as an exempted company with limited liability on July 14, 2008, the shares of which are listed on the Main Board of Hong Kong Stock Exchange, and one of our Controlling Shareholders
"Redco Shareholders"	holders of Redco Shares
"Redco Shares"	ordinary shares of HK0.10 each in the share capital of Redco Properties
"Regulation S"	Regulation S under the U.S. Securities Act
[REDACTED]	[REDACTED]
"Renminbi" or "RMB"	the lawful currency of the PRC
"Reorganization"	the reorganization of our Group as described in "History, Reorganization and Corporate Structure — Reorganization"
[REDACTED]	[REDACTED]
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAFE Circular No. 37"	Notice of the SAFE on Issues Concerning Foreign Exchange Administration of the Overseas Investment and Financing and the Round-Tripping Investment Made by Domestic Residents through Special-Purpose Companies (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》)

"SAIC"	the State Administration for Industry and Commerce of the PRC (中國國家工商行政管理總局), including, as the context may require, its local counterparts, which was merged into the State Administration of Market Regulation (中國國家市場監督管理總局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"SCNPC"	the Standing Committee of the NPC (中華人民共和國全國人民代表大會常務委員會)
"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$0.1 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)
"Shenzhen Redco Health"	Shenzhen Redco Healthcare & Nutrition Holding Co., Ltd. (深圳力高健康醫養控股有限公司), a company established in the PRC with limited liability on July 5, 2017 and an indirect subsidiary of our Company upon completion of the Restructuring, which is owned as to approximately 69.93% by Weiye (HK) and as to 30.07% by an Independent Third Party
"Shenzhen Redco Weili"	Shenzhen Redco Weili Industrial Development Co., Ltd. (深圳力高偉力實業發展有限公司), a company established in the PRC with limited liability on June 13, 2016 and an indirect wholly-owned subsidiary of Redco Properties
"Shenzhen Youju"	Shenzhen Youju Meijia Property Management Co., Ltd.(深圳優居美家物業服務有限公司), a company established in the PRC with limited liability on January 12, 2016 and an indirect wholly-owned subsidiary of our Company
"Shenzhen Yugao"	Shenzhen Yugao Property Management Co., Ltd (深圳市御高物業管理有限公司), a company established in the PRC with limited liability on June 24, 2014 and an indirect wholly-owned subsidiary of our Company

[REDACTED]	[REDACTED]
"Sole Sponsor"	ABCI Capital Limited
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"State Council"	the State Council of the PRC (中華人民共和國國務院)
[REDACTED]	[REDACTED]
"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
"Times International"	Times International Development Company Limited (時代國際發展有限公司), a company incorporated in the BVI with limited liability on June 23, 2008 and owned as to 100% by Mr. Huang, one of our Controlling Shareholders.
"Times Properties"	Times Properties Holdings Limited (時代置業控股有限公司) a company incorporated in the BVI with limited liability on January 13, 2020 and owned as to 100% by Mr. Huang, one of our Controlling Shareholders
"TGI"	Top Glory International Holdings Limited, a company established in the BVI with limited liability on September 24, 2012 and one of our Controlling Shareholders
"Track Record Period"	the period comprising the financial years ended December 31, 2018, 2019, 2020 and the nine months ended September 30, 2021

"UG Management"	UG Property Management Co., Ltd (優居美家物業服務有限責任公司)(formerly known as Jiangxi Hengfenghang Property Management Company Limited (江西恒豐行物業服務有限公司) and Jiangxi UG Property Management Company Limited (江西優居美家物業服務有限公司)), a company established in the PRC with limited liability on April 16, 2008 and an indirect wholly-owned subsidiary of our Company
"U.S. Securities Act"	the United States Securities Act of 1933, as amended
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"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
"Weiye (HK)"	Hong Kong Weiye Holdings Company Limited (香港偉業控股有限公司), a company incorporated in Hong Kong with limited liability on May 17, 2017 and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganization
"Weiye International"	Weiye International Investments Company Limited, a company incorporated in the BVI with limited liability on May 2, 2017 and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganization
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

"Wuhu Senlin"	Wuhu Senlin Property Management Co., Ltd (蕪湖市森林物業管理有限公司), a company established in the PRC with limited liability on February 16, 2004 and an indirect non-wholly owned subsidiary of our Company and was owned as to 51% by Shenzhen Yugao, 39% by Wuhu Linjuli Property Management Co., Ltd. (蕪湖市鄰距離物業管理有限公司), and 10% by Chen Minglong (陳明龍), both of which are Independent Third Parties
"Xianyang Yugao"	Xianyang Yugao Shijia Property Management Co., Ltd. (咸陽御高世家物業服務有限公司), company established in the PRC with limited liability on April 23, 2019, and owned as to 60% by UG Management and 40% by Zhou Qingmin (周清敏), an Independent Third Party
"Yantai Zhongtai"	Yantai Zhongtai Property Management Co., Ltd (煙台市中泰物業管理有限公司), a company established in the PRC with limited liability on May 8, 2003, and owned as to 60% by Shenzhen Youju and 40% by Zeng Huanming (曾煥明), brother-in-law of Mr. Huang
"Yujian Consultancy"	Shenzhen Yujian Youju Property Consultancy Co., Ltd. (深圳遇見優居置業諮詢有限公司), a company established in the PRC with limited liability on November 23, 2020 and an indirect wholly-owned subsidiary of Redco Properties upon the completion of the Reorganization
"Zhanjiang Yigao"	Zhanjiang Yigao Property Service Co., Ltd. (湛江市怡高物業服務有限公司), company established in the PRC with limited liability on September 2, 2020, and owned as to 60% by Shenzhen Yugao and 40% by Zhanjiang Yihong Property Service Co., Ltd. (湛江市怡弘物業服務有限公司), an Independent Third Party
"Zhongtian Yunlian"	Shenzhen Zhongtian Yunlian Technology Development Co., Ltd. (深圳中天雲聯科技發展有限公司), a company established in the PRC with limited liability on February 27, 2019 and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganization

The English translation of PRC entities, enterprises, nationals, facilities and regulations in Chinese or another language in this Document 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 Document, unless the context otherwise requires, explanation and definitions of certain technical terms used in this Document 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)"	calculated as the sum of the property management fees recognized on an accrual basis during a specified period divided by the average revenue-bearing GFA managed during the same period, excluding package price projects
"Bohai Rim Region"	an economic region in China encompassing Tianjin municipality and Shandong province, for the purpose of this Document
"CAGR"	compound annual growth rate
"Central China Region"	an economic region in China encompassing Shaanxi province, Hubei province, Hunan province and Jiangxi province, for the purpose of this Document
"commercial property(ies)"	for purposes of this document, property(ies) designated for commercial use
"commission basis"	a revenue-generating model whereby we retain a percentage of the total amount or the amount of fees received as our service fees, the rest of which shall be exclusively used on the items as stipulated in the property management service agreement, and property owners shall enjoy or assume the surplus or deficit
"communal/common area(s)"	shared areas in residential properties such as lobbies, hallways, stairways, car parks, elevators and gardens, among others
"contracted GFA"	GFA managed or to be managed by us under contracts entered into between property developers or other relevant entities with us, including both delivered and undelivered GFA
"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 [REDACTED]
"GDP"	gross domestic product
"GFA"	gross floor area

"GFA under management"	contracted GFA of properties that have been delivered, or are ready to be delivered, for which we have started to provide property management services and are entitled to collect the relevant property management fees as at the relevant date
"Greater Bay Area Region"	an economic region in China encompassing Guangdong province, for the purpose of this Document
"lump sum basis"	a revenue-generating model for our property management business line whereby we charge a pre-determined property management fee per sq.m. for all units (whether sold or unsold) on a monthly basis which represents the "all-inclusive" fees for all of the property management services provided by our employees and subcontractors. Property developers, public entities, property owners and residents will be responsible for paying our property management fees for the sold and unsold units respectively on a monthly basis
"package price projects"	property management projects for which we charge a package price on a per project basis without reference to any GFA
"preliminary property management service agreement(s)"	agreements entered into between property developers and us in respect of our property management services for contracted GFA
"properties developed by Independent Third Parties"	properties solely developed by third-party property developers independent from Redco Group
"properties developed by Redco Group"	properties developed by Redco Group through its wholly-owned subsidiaries or properties in which Redco Group held a controlling interest
"properties developed by Redco Group's joint ventures and associates"	properties developed by Redco Group's joint ventures or associates, in which Redco Group did not hold a controlling interest
"property management service agreement(s)"	agreements entered into between property developers or property owners and us in respect of our property management services for contracted GFA
"renewal rate"	the number of property management service agreements successfully renewed through the signing of new agreements during the relevant year divided by the total number of property management service agreements expired during the same year

"residential communities" or "residential properties"	properties which are purely residential or mixed-use properties containing residential units and ancillary facilities that are non-residential in nature such as commercial or office units but excluding pure commercial properties
"retention rate"	the number of our property management service agreements that were effective (which correspond to the total number of our contracted projects) as of the end of the period divided by the aggregate number of our property management service agreements that existed (which correspond to the total number of contracted projects plus the number of projects we ceased to manage) during the same period
"revenue-bearing GFA"	the GFA under management with reference to which we charge property management fees, which excludes (i) the GFA under management of certain common areas, such as facility rooms, management offices, club houses and swimming pools, and (ii) the GFA under management of package price projects
"sq.m."	square meter(s)
"Top 100 Property Management Companies"	an annual ranking of China-based property management companies by overall strengths published by CIA solely or jointly with other institution(s) based on a number of key indicators, including management scale, operational performance, service quality, growth potential and social responsibility of such companies in the preceding year.
"Yangtze River Delta Region"	an economic region in China encompassing Jiangsu province, Anhui province, Fujian province and Zhejiang province, for the purpose of this Document

FORWARD-LOOKING STATEMENTS

This Document 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 Document, 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 Document. 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;
- development and effect of the COVID-19 pandemic;
- 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 Document with respect to trends in prices, volumes, operations, margins, overall market trends, risk management and exchange rates; and

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

This Document 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 Document 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 Document. You should read this Document 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 Document 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 Document, 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 Document 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 Document are qualified by reference to the cautionary statements in this section.

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

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

A meaningful portion of our revenue from property management services and substantially all of our revenue from value-added services to non-property owners during the Track Record Period was generated from services we provided in relation to properties developed by Redco Group.

During the Track Record Period, a meaningful portion of our revenue from property management services was generated from services provided in relation to properties developed by Redco Group. In 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, revenue generated from property management services provided in relation to the properties developed by Redco Group amounted to RMB79.9 million, RMB97.8 million, RMB122.9 million, RMB84.8 million and RMB102.0 million, respectively, accounting for 96.7%, 93.4%, 90.4%, 91.5% and 69.1%, respectively, of our revenue generated from property management services. During the same periods, we also derived approximately RMB20.7 million, RMB46.5 million, RMB53.7 million, RMB45.7 million and RMB63.8 million, respectively, of revenue from value-added services to non-property owners from Redco Group as customer, accounting for approximately 100.0%, 94.7%, 87.7%, 88.6% and 90.8%, respectively, of our revenue from value-added services to non-property owners in the same periods.

Our business scaled up in concert with the expansion of Redco Group. During the Track Record Period, we generally went through competitive tender process to procure new property management service contracts for properties developed by Redco Group and our tender success rate with respect to such properties was 100.0%. However, our tender success rate with respect to properties developed by Redco Group may drop in the future. There is also no assurance that all of our property management service contracts with Redco Group or in relation to properties developed by Redco Group will be renewed successfully upon their expiration. Further, we do not have control over the Redco Group's management strategy. Any measures that the PRC government may adopt to further regulate the real estate market, for example, tightened control over real estate financing or the macro-economic or other factors may affect the business operations and prospects of Redco Group. Any adverse development in the business, financial condition or prospects of Redco Group or its ability to develop and complete new properties may affect our success in procuring the relevant new service contracts for property management services and value-added services to non-property owners. We endeavor to procure more property management service contracts from Independent Third Parties. However, there is no assurance that we will be able to procure property management service contracts from Independent Third Parties (including third party developers) to make up for any lost business opportunities with respect to properties developed by Redco Group in a timely manner or on similar or commercially acceptable terms. We also cannot assure you that we will be successful in any effort to compete with other property management companies to obtain property projects developed by third-party developers. Should any of these events occur, we may experience a material adverse effect on our results of operations, financial position and growth prospects.

We may not be able to maintain our historical growth rate and our future growth may not materialize as planned.

We experienced stable revenue and business growth during the Track Record Period, primarily attributable to our continuous efforts to expand our customer base and diversify property or service types under management. Going forward, we intend to continue to expand our existing business through scaling and organic growth, strategic investment and acquisition, as well as exploring new segments in non-residential properties to expand our project portfolio and obtain larger market shares. Our revenue increased from RMB124.3 million in 2018 to RMB221.6 million in 2020, representing a CAGR of 33.5%. Our revenue increased by 62.5% from RMB160.3 million for the nine months ended September 30, 2020 to RMB260.5 million for the same period in 2021. Our contracted GFA increased from 9.9 million sq.m. as of December 31, 2018 to 13.4 million sq.m., as of December 31, 2019, to 20.1 million sq.m. as of December 31, 2020, and further to 23.5 million sq.m. as of September 30, 2021. However, we base our expansion plans on our assessment of market prospects, thus we cannot assure you that our assessment will prove to be correct or that our business will grow as planned. Our expansion plans may be affected by a number of factors, most of which are beyond our control. Such factors include but are not limited to:

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

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

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

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

In addition, we may not be able to successfully carry out our strategic plans. Our strategic plans, including business expansion and development of our value-added services, require substantial capital, personnel and technological support. These initiatives 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.

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

We cannot assure you that we can secure new or renew our existing property management service contracts on favorable terms, or at all.

We believe that our ability to retain and 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, pricing level and operational history of the property management company. Further, we cannot guarantee that new contracts, including those with independent third parties, will be concluded on as favorable terms as our existing contracts, and our profitability may suffer as a result. 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. We cannot assure you that we will be able to renew existing property management service agreements or procure new property management service agreements on favorable terms, or at all.

We generally enter into preliminary management service agreements with property developers during the construction and pre-delivery stage of property development. There is no assurance that we will be able to maintain the high bidding success rate in winning the preliminary property management services contracts in relation to property projects developed by Redco Group and others in the future. In addition, preliminary management service agreements are transitional in nature and facilitate the transfer of legal and actual control of the properties from property developers to property owners. Preliminary property management service agreements typically expire when property owners' associations are established or new property management service agreements are entered into. Please refer to "Business — Property Management Services — Property Management Service Agreements — Key Terms of Dealing with Property Developers" in this document. To continue managing the property, we would have to enter into new property management service agreements with the property owners' associations. There is no guarantee that property owners' associations will enter into new property management service agreements with us instead of our competitors. We may therefore bear the risk of losing existing projects to competitors as a result of the set-up of property owners' associations. Our customers select property management service providers based on parameters such as quality and cost, and we cannot assure you that we will always be able to balance these parameters and reach consensus with our customers. To retain the business we may be required to accept less favorable terms than our existing contracts, and our profitability may be reduced as a result. 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 with cause. In such cases, we would no longer be able to provide property management services and community value-added services to residential communities who have terminated our engagements.

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

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

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

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

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

- potential ongoing financial obligations and unforeseen or hidden liabilities;
- inability to apply our business model or standardized operational processes on the acquisition targets;
- difficulties in integrating acquired operations with our existing business;
- failure to achieve the intended objectives, benefits or revenue-enhancing opportunities;
- 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 [REDACTED]%, or HK$[REDACTED], of the [REDACTED] raised from the [REDACTED] will be used to pursue selective strategic investment and acquisition opportunities to further expand our business scale and geographic coverage and broaden our service offerings. As of the date of this document, we have not identified or committed to any acquisition targets for our use of [REDACTED] from the [REDACTED]. Please refer to "Future Plans and [REDACTED]" in this document 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 [REDACTED] from the [REDACTED] may not be effectively used.

A substantial portion of our operations is concentrated in the Central China and Bohai Rim Regions, 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 a substantial portion of our operations are concentrated in the Central China and Bohai Rim Regions. As of December 31, 2018, 2019 and 2020 and September 30, 2021, we managed an aggregate GFA of approximately 4.6 million sq.m., 5.9 million sq.m., 6.8 million sq.m. and 7.7 million sq.m. of properties in the Central China and Bohai Rim Regions, respectively, which in aggregate accounted for approximately 76.6%, 79.1%, 50.7%, and 51.1% of our total GFA of properties under management as of such dates, respectively. Our revenue generated from property management services in the Central China and Bohai Rim Regions accounted for approximately 74.1%, 76.3%, 77.7%, 75.5% and 61.0% of our total revenue generated from property management services in 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, respectively. Given such concentration, any material adverse social, economic or political development in or any natural disaster, epidemic or pandemic affecting the Central China and Bohai Rim Regions 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 employee benefit cost and subcontracting costs could harm our business and reduce our profitability.

The property management industry in the PRC is labor intensive. In 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, our employee benefit expenses amounted to RMB48.6 million, RMB68.5 million, RMB80.1 million, RMB56.3 million and RMB93.9 million, respectively, accounting for 49.5%, 54.8%, 55.3%, 54.7% and 54.0% of our total cost of sales, respectively. In addition, we delegate certain labor-intensive services such as cleaning services and security services to independent third-party subcontractors. In 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, our subcontracting costs represented 22.2%, 16.4%, 16.4%, 16.4% and 15.8% 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 wages in the regions where we operate have 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*. There is usually a time gap 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.

A majority of our contracted projects are subject to government guidance price, which may negatively affect our pricing capability and profitability.

Certain of our contracted projects are subject to government guidance price. See "Business—Property Management Services—Our Pricing Policy" for details. The fees that property management companies may charge in connection with property management services are subject to regulation and supervision by relevant regulatory authorities in the PRC. For example, the relevant price administration department and construction administration department of the State Council are jointly responsible for the supervision over and administration of fees charged in relation to property management services for preliminary property management service contracts and such fees may need to follow PRC government guidance prices. Although government-imposed price controls on property management fees may continue to relax over time pursuant to the Circular of the NDRC on the Opinion of Liberalizing Price Controls in Certain Services (國家發展改革委關於放開部分服務價格意見的通知)(發改價格[2014]2755號), which became effective on December 17, 2014, the property management fees we charge, such as those for preliminary property management service contracts, may still need to follow guidance prices imposed by local governments in different regions in China.

Although the price controls have not had any material adverse impact on our business, financial position or results of operations during the Track Record Period, we cannot guarantee that the government-imposed limits on fees would not negatively affect our profitability and future growth. We may experience diminished profit margins should our labor and other operating costs increase but we are unable to raise property management fees accordingly.

In addition, if the property management fees we charge are not ratified by the relevant PRC authorities or otherwise not in compliance with the relevant requirements for government guidance prices, we may be subject to applicable administrative penalties and our property management fees in excess of the guidance price may be confiscated by the relevant PRC authorities. As we expand our business operations into new geographic regions and broaden the range of services we perform, we are subject to an increasing number of provincial and local rules and regulations for various aspects of our business operations. As the size and scope of our operations had increased during the Track Record Period, the difficulty of ensuring compliance with the various local property management regulations and the potential for loss resulting from non-compliance have increased. If we fail to comply with the related local regulations, we may be subject to penalties by the competent PRC authorities. The laws and regulations applicable to our business, whether national, provincial or local, may also change in ways that materially increase our costs of compliance, and any failure to comply could result in significant financial penalties which could have a material adverse effect on our reputation, business, financial position and results of operations.

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

We delegate certain property management services, such as cleaning services and security services, to independent third-party subcontractors. In 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, our subcontracting costs amounted to approximately RMB21.8 million, RMB20.5 million, RMB23.7 million, RMB16.8 million and RMB27.4 million, respectively, representing approximately 22.2%, 16.4%, 16.4%, 16.4% and 15.8% of our total cost of sales for the same periods, respectively. We select our third-party subcontractors based on factors such as their qualifications, industry reputation, credibility, service quality and price competitiveness. We also impose internal quality control measures on our subcontractors such as routine internal examination, independent third-party assessment and customer feedback assessment. Please refer to "Business — Quality Control — Quality Control of Subcontractors" in this document. 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 independent 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 may be subject to losses and decreased profit margins if we fail to effectively anticipate or control our costs in providing our property management services, as we generally charge our customers on a lump sum basis.

In 2018, 2019, 2020 and the nine months ended September 30, 2021, we generated substantially all the revenue from our property management services under the lump-sum fee model, which amounted for 93.0%, 93.8%, 95.0% and 97.1%, respectively, of our revenue from property management services. On a lump sum basis, we charge property management fees at a monthly, quarterly, semi-annually or annually pre-determined fixed lump sum price per sq.m., representing "all-inclusive" fees for the property management services provided. When total costs and expenses incurred exceed the amount of property management fees we receive, we will bear the shortfall and may not charge additional fees to property developers, property owners or residents during the term of our property management agreement. In 2018, 2019, 2020 and the nine months ended September 30, 2021, we incurred gross loss of RMB0.4 million, RMB1.2 million, RMB0.4 million and RMB0.2 million, respectively, with respect to three, six, three and two property projects under our management, respectively. Such losses in 2018, 2019, 2020 and the nine months ended September 30, 2021 were primarily because the amount of property management fees we received was insufficient to cover the service costs incurred to offer quality property management services. Our revenue from such properties was RMB3.0 million, RMB6.4 million, RMB6.8 million and RMB2.0 million, respectively, in 2018, 2019, 2020 and the nine months ended September 30, 2021, representing 2.4%, 3.5%, 3.1% and 0.8%, respectively, of our total revenue for the same periods. Please refer to "Business — Property Management Services — Property Management Fees — Fee Models" and "Financial Information — Significant Accounting Policies, Judgments and Estimates — Revenue recognition" for details.

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

If we are unable to raise property management fee rates and there is a shortfall of working capital after deducting the property management costs, we would cut costs to reduce the shortfall. However, our ability to mitigate 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 had negative operating cash flow in the nine months ended September 30, 2021.

We recorded negative cash flow from operating activities of RMB13.9 million in the nine months ended September 30, 2021, primarily due to profit before income tax of RMB41.8 million, as adjusted by (1) an RMB46.6 million increase in trade receivables, prepayments and other receivables, primarily attributable to the expansion of our business scale with an increase in our GFA under management and upon acquisitions of Wuhu Senlin in December 2020, and (2) an income tax paid of RMB24.1 million, which included historical underpaid tax due to different accounting treatments for all of our relevant PRC subsidiaries and branch companies during our 2020 annual filing in May 2021. For details, please refer to "Financial Information — Description of Certain Consolidated Statements of Profit or Loss Items — Income Tax Expenses" in this document. Such payment for underpaid income tax was one-off, but we cannot assure you that we will not experience negative net cash flows in the future. Negative net operating cash flows may require us to obtain sufficient liquidity to meet our financial needs and obligations. If we are unable to do so, we may be in default of our payment obligations and may not be able to develop our business as planned or meet our capital expenditure requirements. As a result, our business, financial position and results of operations may be materially and adversely affected.

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

The PRC property management industry and our operations are affected by the relevant regulatory environment and measures. In particular, the fees that property management companies may charge in connection with property management services are strictly regulated and supervised by relevant PRC authorities. We seek to comply with the regulatory regime of the property management service in conducting our business operations. In December 2014, the NDRC issued the Circular of NDRC on the Opinion on Liberalizing Price Controls in Certain Services (《國家發展改革委員會關於放開部分服務價格意見的通知》) (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. Please refer to "Regulatory Overview — PRC Laws and Regulations Relating to Property Management Services — Property Services Charges" in this document.

The government-imposed limits on fees, coupled with rising labor and other operating costs, could have a negative impact on our revenue. If a property is managed on a lump sum basis, we may experience a decrease in profit margin. We cannot assure you that the PRC Government will not reverse its policy and reimpose limits on property management fees. In such event, our profit margins may reduce as our labor, subcontracting and other associated costs increase. We also cannot assure you that we would be able to respond to such changes in a timely manner and effectively by implementing our cost-saving measures, nor that we would be able to pass the additional costs to our customers. The PRC Government may also unexpectedly promulgate new laws and regulations that have potential adverse impact on our business. This could increase our compliance and operational costs, thereby materially and adversely affect our business, financial condition and results of operations.

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

For example, the PBOC and the Ministry of Construction started to control the scale of interest-bearing debts of property developers in China by applying a newly proposed standard in the assessment of the debt burden of property developers since January 1, 2021. In particular, under such new standard, for a property developer, (i) the liability asset ratio (calculated as total liabilities less contract liabilities divided by total assets less contract liabilities), shall not exceed 70%; (ii) the net gearing ratio (calculated as total interest-bearing liabilities less cash and bank balances divided by total equity) shall not exceed 100%; and (iii) the cash to short-term borrowing ratio (calculated as cash and bank balances divided by short-term interest bearing liabilities) shall not be lower than 1.0. The PBOC standard further stipulates that (i) for property developers which comply with all the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 15% annually; (ii) for property developers which only comply with two of the above-mentioned three limits, their size of interest bearing liabilities shall increase by less than 10% annually; (iii) for property developers which only comply with one of the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 5% annually; and (iv) for property developers which fail to comply with any of the above-mentioned three limits, their size of interest-bearing liabilities shall not increase at all.

As of September 30, 2021, based on the unaudited accounts of Redco Group, using the above-mentioned calculation methods, Redco Group's pro forma liability asset ratio would be 76.9%; net gearing ratio would be 52.1%; and cash to short-term borrowing ratio would be 1.23. As such, in the event that the above-mentioned standard mentioned comes into effect, Redco Group may fail to comply with one of the above-mentioned three limits and Redco Group's ability to obtain additional financing may be materially adversely affected. Failure to secure sufficient external financing may hinder Redco Group's ability to implement its business strategies, acquire land parcels and complete the development of our property projects. In addition, if Redco Group were to be prohibited from increasing the aggregate size of interest-bearing liabilities, it may not be able to draw down on credit facilities before it repays existing debts, and may need to slow down its land acquisition activities to ensure it would have sufficient cash to complete the existing property projects. If this risk materializes, Redco Group's business, financial condition and results of operations may be materially adversely affected. Given that a vast majority portion of our revenue from property management services and substantially all of our revenue from value-added services to non-property owners during the Track Record Period was generated from services we provided to properties developed by Redco Group and its joint ventures and associates, our business, financial condition and results of operations may be materially adversely affected as well.

The PRC Government may, from time to time, promulgate new laws and regulations in relation to the PRC real estate industry based on macroeconomic considerations. For example, on December 28, 2020, PBOC and China Banking and Insurance Regulatory Commission (the "CBIRC") jointly promulgated the Notice of PBOC and CBIRC on Establishing a Centralization Management System for Real Estate Loans of Banking Financial Institutions (《中國人民銀行、中國銀行保險監督管理委員會關於建立銀行業金融機構房地產貸款集中度管理制度的通知》), which requires a PRC banking financial institution (excluding its overseas branches) to limit the amount of real estate loans and personal housing mortgage loans it lends to a proportion calculated based on the total amount of RMB loans extended by such banking financial institution. A relevant banking financial institution will have a transition period of two years or four years to comply with the requirements depending on whether such banking financial institution exceeded 2% of the legal proportion based on the statistical data relating to such banking financial institution as of December 31, 2020. Under the notice, PBOC and CBIRC will have the authority to take measures such as, among other things, imposing additional capital requirements on and reallocating the weight adjustments relating to the risk of real estate assets for banking financial institutions that fail to rectify the proportion requirements within a certain period.

On March 26, 2021, the General Office of CBIRC, the General Office of MOHURD and the General Office of PBOC jointly promulgated the Notice on Preventing the Illegal Flow of Business Loans into Real Estate Market (《關於防止經營用途貸款違規流入房地產領域的通知》), which requires the local counterparts of CBIRC, MOHURD and PBOC to strengthen supervisory inspection on the illegal flow of business loans into real estate market, enhance non-compliance complaint mechanism, and promptly share and jointly investigate clues on such violations. Also, relevant authorities shall consider illegal flow of business loans into real estate market and other related issues as important content of various inspections, strictly enforce relevant obligations in accordance with laws, strengthen joint punishment, and promptly include the information on relevant administrative penalties on enterprises and individuals in the credit reporting system.

Any such governmental regulations and measures may affect the PRC real estate industry, which, in turn, may limit our business growth and result in a material adverse effect on our business, financial position and results of operations. In particular, the PRC government may introduce other initiatives or implement more stringent measures in the future, such as setting caps on certain debt ratios, with a view to controlling the increase of the debt levels in the real estate sector. Such potential initiatives or measures, once in place, may further limit property developers' access to capital and slow down the overall growth of the real estate sector and expansion of property developers, including Redco

Group, which may in turn negatively impact the growth of the property management industry and the supply of new properties for management by property management companies like us. 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 may not be able to collect property management fees from property owners, residents and property developers and could incur impairment losses on trade receivables.

We may encounter difficulties in collecting property management fees from property owners and residents especially in communities with relatively high vacancy rates. We cannot assure you that our collection measures will be effective or enable us to accurately predict our future collection rates. Before allowance for impairment of trade receivables, our trade receivables were RMB24.1 million, RMB48.4 million, RMB94.3 million and RMB143.0 million, respectively, as of December 31, 2018, 2019 and 2020 and September 30, 2021, respectively. The increase of our trade and note receivables during the Track Record Period was primarily due to our business expansion. In 2018, 2019, 2020 and the nine months ended September 30, 2021, we recorded average trade receivable turnover days of 64 days, 73 days, 117 days and 124 days, respectively. In 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, 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 83.0%, 81.6%, 81.3%, 68.1% and 65.7%, respectively. We had lower collection rates for the nine months ended September 30, 2020 and 2021 primarily due to seasonal fluctuations, which we believe reflects some of our customers' tendency to pay their outstanding property management fee balances at the year-end out of payment preference and convenience. See "— The collection of our property management fees is subject to seasonal fluctuations" below and "Financial Information — Trade Receivables" in this document for more details. Even though we seek to collect overdue property management fees through a number of collection measures, we cannot assure you that such measures will be effective or enable us to accurately predict our future collection rates.

As of December 31, 2018, 2019 and 2020 and September 30, 2021, our allowance for impairment of trade receivables amounted to approximately RMB2.7 million, RMB2.5 million, RMB3.7 million and RMB7.0 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 refer to "Financial Information — Description of Certain Consolidated Statements of Financial Position Items — Trade Receivables" and "Financial Information — Description of Consolidated Statements of Financial Position Items — Prepayment and Other Receivables" in this document. 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.

We may not be able to collect our trade receivables from related parties and we may be materially and adversely impacted if the financial condition of Redco Group deteriorates.

A substantial proportion of our trade receivables were due from related parties. In 2018, 2019, 2020 and the nine months ended September 30, 2021, we incurred trade receivables of RMB24.1 million, RMB48.4 million, RMB94.3 million and RMB143.0 million, among which RMB11.3 million, RMB28.0 million, RMB53.9 million and RMB63.9 million were trade receivables due from related parties, representing 46.9%, 57.9%, 57.2% and 44.7% of our total trade receivables in the respective period, respectively. Our trade receivables due from related parties primarily include trade receivables arising from both value-added services to non-property owners and property management services provided to Redco Group, as a substantial proportion of the projects under our management were developed by Redco Group. According to Redco Group's annual reports, the contracted sales area of Redco Group and its associated companies in 2018 and 2019 were approximately 2.5 million sq.m. and 2.6 million sq.m., respectively and the contracted sale area of Redco Group in 2020 was approximately 4.8 million sq.m. As of June 30, 2021, Redco Group had a total land bank of approximately 23.7 million sq.m.

As a result, any adverse development in the business or financial positions of Redco Group may negatively affect Redco Group's respective ability to develop and maintain properties, which in turn will negatively affect our ability to collect trade receivables due from Redco Group, and further materially and adversely affect our business and financial positions. For example, any measures that the PRC government may adopt to further regulate the real estate market, for example, tightened control over real estate financing or the macro-economic or other factors may affect the business operations and prospects of Redco Group. In particular, as of September 30, 2021, based on the unaudited accounts of Redco Group, using the above-mentioned calculation methods, Redco Group's pro forma liability asset ratio would be 76.9%; net gearing ratio would be 52.1%; and cash to short-term borrowing ratio would be 1.23. As such, in the event that the PBOC standard mentioned comes into effect, Redco Group may fail to comply with one of the above-mentioned three limits and Redco Group's ability to obtain additional financing may be materially adversely affected. See " — We and Redco Group are susceptible to changes in regulatory landscapes of the PRC property management and PRC real estate industries" for details. Further, any adverse development in the business, financial condition or prospects of Redco Group or its ability to develop and complete new properties may affect our success in procuring the relevant new service contracts for property management services and value-added services to non-property owners. See also " — A meaningful portion of our revenue from property management services and substantially all of our revenue from value-added services to non-property owners during the Track Record Period was generated from services we provided in relation to properties developed by Redco Group" and "A majority of our revenue is generated from providing services to Redco Group and its joint ventures and associates. Any adverse development in the business or financial positions of Redco Group or their respective ability to develop and maintain properties may materially and adversely affect our business and financial positions. Our profitability may be negatively affected in the future as we increase the proportion of property management services provided to properties developed by Independent Third Parties to that provided to the overall projects under our management". As such, if any of the abovementioned events occurs, Redco Group's financial condition may deteriorate, and we may not be able to collect trade receivables due from Redco Group and our business and financial performance may be materially and adversely affected.

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

We experienced seasonal fluctuations in the collection of property management fees during the Track Record Period and expect to continue experiencing such seasonal fluctuations going forward. In general, our trade receivable amounts arising out of unpaid property management fees increase throughout the year and decrease toward the end of the year when some of our customers tend to pay their outstanding property management fee balances at the year-end out of payment preference and convenience. Consequently, a comparison of our outstanding trade receivables and collection rates between different points in time within a single financial year with that of a full financial year may not be necessarily meaningful and should not be relied upon as indicators of our financial performance. Seasonal fluctuations in our collection rates require that we manage our liquidity carefully so as to provide our business with adequate cash for operations. Any inability to ensure adequate liquidity could cause us to incur higher financing costs and hamper our ability to expand and grow our operations, which could in turn materially and adversely affect our business, financial ·position and results of operations.

We recorded intangible assets, primarily including goodwill and other intangible assets, on our consolidated statements of financial position in connection with the acquisitions of certain companies during the Track Record Period and any recognition of impairment losses on such intangible assets would adversely affect our financial results.

We did not record intangible assets in 2018 and 2019. We recorded intangible assets of RMB50.1 million and RMB47.4 million in 2020 and nine months ended September 30, 2021, respectively, which mainly represented goodwill and other intangible assets. There was no goodwill as of December 31, 2018 and 2019, but RMB24.2 million as of December 31, 2020 and September 30, 2021, which primarily arose from our acquisition of Wuhu Senlin, Zhongtian Yunlian and Weiye International in December 2020. See "History, Reorganization and Corporate Structure" for details. Such goodwill recorded reflected the excess of the total acquisition consideration and the amount of non-controlling interest in the acquired companies over the total fair value of identifiable net assets of the companies we acquired.

If we fail to achieve our desired objectives or if any unforeseeable circumstances decrease the expected cash flows from acquired assets, the recoverable amount can be lower than the carrying amount on our consolidated financial statements with respect to such intangible assets. Under such circumstances, we may need to recognize the impairments losses to intangible assets in our consolidated financial statements, which may reduce our assets and adversely affect our financial results.

If we fail to fulfill our obligations under our contracts with customers, our results of operations and financial condition may be adversely affected.

As of December 31, 2018, 2019 and 2020 and September 30, 2021, our contract liabilities amounted to RMB22.8 million, RMB36.8 million, RMB61.9 million and RMB51.5 million, respectively. Our contract liabilities primarily arise from the advance payments made by customers while the underlying services are yet to be provided. See "Financial Information — Description of Certain Items in the Consolidated Statement of Financial Position — Contract Liabilities." If we fail to fulfill our obligations under our contracts with customers, we may not be able to convert such contract liabilities into revenue, and our customers may also require us to refund the property management fees we have received, which may adversely affect our cash flow and liquidity condition, our ability to meet our working capital requirements and our results of operations and financial condition. In addition, if we fail to fulfill our obligations under our contracts with customers, it may adversely affect our relationship with such customers, which may also affect our reputation and results of operations in the future.

A majority of our revenue is generated from providing services to Redco Group and its joint ventures and associates. Any adverse development in the business or financial positions of Redco Group or their respective ability to develop and maintain properties may materially and adversely affect our business and financial positions. Our profitability may be negatively affected in the future as we increase the proportion of property management services provided to properties developed by Independent Third Parties to that provided to the overall projects under our management.

During the Track Record Period, for each of our business lines, a significant portion of our revenue was derived from properties developed by Redco Group and its joint ventures or associates. In 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, 97.8%, 96.2%, 91.3%, 94.8% and 79.0% of our total revenue, respectively, was derived from properties developed by Redco Group and its joint ventures and associates. Specifically, for revenue from property management services, in 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, 96.7%, 93.4%, 91.3%, 92.4% and 70.4% of our revenue from property management services, respectively, was derived from properties developed by Redco Group and its joint ventures and associates.

However, we do not have control over the management strategy of Redco Group, any measures that the PRC government may adopt to further regulate the property market, or the macroeconomic or other factors that affect Redco Group's business operations, financial positions and prospects. Any adverse development in the business or financial positions of Redco Group or their respective ability to develop and maintain properties may materially and adversely affect our ability to obtaining new service agreements and/or result in a delay in the delivery of new properties developed by Redco Group to be managed by us, which may materially and adversely affect the growth of our GFA under development. As a result, we cannot assure you that we will be able to procure service agreements from alternative sources to make up the shortfall in a timely manner or on favorable terms, or at all, which could materially and adversely affect our business, financial conditions and results of operations.

Our average property management fee from property management services charged to residential properties developed by Redco Group and its joint ventures and associates were generally higher than that charged to residential properties developed by Independent Third Parties during the Track Record Period. See "Business — Property Management Services — Property Management Fees" in this document for more details. Our gross profit margins from property management services provided to properties developed by Redco Group and properties developed by Redco Group's joint ventures and associates were generally slightly higher than that provided to properties developed by Independent Third Parties during the Track Record Period. See "Financial Information — Description of Certain

Consolidated Statements of Comprehensive Income Items — Gross Profit and Gross Profit Margin" in this document for more details. There is no guarantee that the average property management fee charged by us for, or our gross profit margin from, property management services provided for properties developed by Independent Third Parties will increase in the future.

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

Our value-added services may not develop and succeed as planned, and therefore our overall growth strategy may not work as expected.

We have diversified our services by providing various value-added services, such as information technology services and community healthcare services, to meet the evolving needs of our customers, whether they are property owners or non-property owners. Please refer to "Business — Our Business Model" in this document. 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 diversified services depends on our ability to continue to attract new users as well as to increase the spending and repeat purchase rates of existing users. We may fail to cater for various consumer preferences, or anticipate product trends that will appeal to existing potential customers. We may also be unfamiliar with the new business operations in new markets, and fail to effectively promote our new services to new markets. New products and services, or entrance into new markets, may also require substantial time, resources and capital, and profitability targets. We 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 value-added services 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 value-added services may be subject to PRC laws and regulations governing license approval and renewal. Please refer to "Regulatory Overview — PRC Laws and Regulations Relating to Internet Information Services" and "Regulatory Overview — PRC Laws and Regulations Relating to Healthcare Services" in this document. 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 prospects and customer preferences, 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.

Our information technology services may not grow as planned.

We are developing information technology services with the goals of increasing our efficiency and service standards, and of marketing some of those products to third parties. For further details, please refer to the section headed "Business — Value-Added Services to Non-Property Owners — Information Technology Services." However, our information technology services are relatively new and still evolving and we cannot assure you that we will be able to grow our information technology services revenue as planned. The future growth of our information technology services depends on our ability not only to develop stable and useful software and hardware products, but also to attract new customers and anticipate and understand their needs and preferences. New products and services, entry into new markets, and development and rollout of patches and updates, may require substantial time, resources and capital, and profitability targets may not be achieved. We cannot assure you our investment in information technology services can be recovered in a timely manner, or at all, or that our rate of return from those products will be comparable to other business activities.

As some of these products are intended to be sold business-to-business, we may need to accurately estimate product and service trends which will drive those businesses' needs for software solutions. If those customers and potential customers cannot find products within our information technology services portfolio to meet those needs, they may not choose to license our products, which could materially adversely affect our business, financial condition and results of operations.

We may also encounter technical problems, security issues, regulatory changes, or logistical issues that may prevent our information technology services products from functioning properly and our users from receiving desired services. There may also be loss of functionality, data breaches, or other occurrences which could cause damage or generate negative perceptions about our products or company. In addition, we may not be able to recruit sufficient qualified personnel to support the development and growth of our information technology services products. Our future development of and investment in our information technology services products may be subject to PRC laws and regulations governing license approval and renewal and we cannot assure you that we can obtain or renew our licenses on time, if at all. Any of the foregoing could adversely affect our reputation, business, financial condition and results of operations.

Our Yearning Health Center business may not grow as planned.

We currently have two Yearning Health Center in operation, and are planning on opening twenty-one more healthcare centers by 2023. For further details, please refer to "Business — Community Value-Added Services — Community Healthcare Services." Our Yearning Health Center business is thus relatively new and still evolving and we cannot assure you that we will be able to grow our community healthcare service revenue as planned.

Growth of our Yearning Health Center business will turn on our ability to open new healthcare centers and provide high quality and attractive clinic services. This may be affected by a number of factors, such as our ability to generate new property management engagement that enlarges our customer base and support the opening of new healthcare centers, our ability to recruit sufficient quality personnel to develop and run those clinics, and our ability to anticipate and understand the needs of our patients. We cannot assure you that owners, residents, and other potential customers will use our clinics. Further, the healthcare market in China is attracting a variety of new players and we cannot guarantee we will be able to compete with those players, at a profit or at all. Developing new clinics, especially in new markets, may require substantial time, resources and capital, and profitability targets may not be achieved. We cannot assure you our investment in community healthcare services can be recovered in a timely manner, or at all, or that our rate of return from those products will be comparable to other business activities.

Healthcare is also a highly regulated industry in China and we cannot guarantee that new developments will not make it harder for us to provide these services in the future, or require us to make changes that reduce the attractiveness or viability of our clinics. They may be subject to PRC laws and regulations governing license approval and renewal and we cannot assure you that we can obtain or renew our licenses on time, if at all. We may also encounter technical problems, operational issues, or logistical issues that may prevent customers from receiving desired services. There may also be incidents, such as medical malpractice complaints, data breaches, or other occurrences which could cause damage or generate negative perceptions about our products or company. Any of the foregoing could adversely affect our reputation, business, financial condition and results of operations.

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

Natural disasters, epidemics, pandemics, 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, epidemics or pandemics such as Ebola, SARS, H1N1, H5N1, H7N9 or, most recently, the novel coronavirus named COVID-19 by the WHO. Any of such events could result in tremendous proprietary damages and losses, personnel injuries and live losses, as well as disruption or destruction of our business operations.

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

- 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.

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

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

According to CIA, the PRC property management industry is intensely competitive and highly fragmented. Please refer to "Industry Overview — Competition" in this document on the competitive landscape. Our major competitors include large national, regional and local property management companies that may have stronger capital resources, longer operating histories, better track records, greater brand or better name recognition, greater expertise and experience in regional and local markets as well as richer financial, technical, marketing and public relation resources than we do. We believe that we compete with our competitors on a number of factors, primarily including business scale, brand recognition, financial resources, price and service quality. Such competitors may be able to devote more resources to the development, promotion, sale, and support of their services, and therefore they may be better positioned than we are to compete for customers, financing, skilled management and labor resources. In addition to competition from established companies, emerging companies may 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 are exposed to inherent risks of patient complaints, disputes, and legal proceedings arising from our community healthcare services. Any complaints from our patients or any claims or accusations of malpractice, medical negligence or misconduct could result in significant costs, and may adversely affect our reputation, business, financial condition, results of operations and prospects.

As a provider of community healthcare services, we are exposed to the inherent risks of complaints against us and claims on account of malpractice, medical negligence or misconduct, deficiencies in the services and products provided by us and human, machine or equipment errors. We may not be able to avoid such complaints and claims. We are especially exposed to these risks from the treatment of medical conditions that cannot be guaranteed with positive outcomes. In addition, there are inherent risks associated with our clinical activities, which may result in unfavorable medical outcomes that are not caused by our clinical decisions or conducts.

We cannot guarantee we will not be subject to patient complaints, medical disputes or legal proceedings, or that we can successfully prevent or address all such complaints, disputes or legal proceedings in the future. Any complaint, dispute or legal proceeding, regardless of merit, if widely disseminated, could affect our reputation in the industry. In addition, any legal proceeding which may be brought against us could divert management resources and cause us to incur extra costs to handle these proceedings and any possible judgment made against us. A settlement or successful claim against us can also result in legal costs, damages, compensation and reputational damage to us and may adversely affect our business, results of operations, financial condition and prospects.

There is no assurance that we will receive government grants in the future.

Our business benefits from government grants, which are non-recurring in nature. For the years ended December 31, 2018, 2019 and 2020 and nine months ended September 30, 2021, the government grants awarded to us amounted to RMB0.04 million, RMB2.0 million, RMB1.4 million and RMB3.2 million, respectively. Please refer to "Financial Information — Description of Certain Consolidated Statements of Comprehensive Income Items — Other Income" in this document.

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

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

There could be from time to time negative publicity about us, our Shareholders and affiliates, our brand, management, vendors as well as products and services provided by us. Negative reviews on the properties managed by us, products and services provided by us, our 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 services may also be subject to negative publicity for quality of their products and services, or may suffer other public relations incidents, which may adversely affect the sales of their products or services through our platforms 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.

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

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

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

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

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

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

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

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

We rely on our information technology systems to manage key operational functions. We operate under an integrated system where information related to human resources and financials is processed automatically. However, we cannot guarantee that damages or interruptions caused by power outages, computer viruses, hardware and software failures, telecommunication failures, fires, natural disasters, security breaches and other similar occurrences relating to our information technology systems will not occur in the future. If we fail to detect any system error or malfunction, to continue to upgrade our information technology systems and network infrastructure, or to take other measures to improve the efficiency of our information technology systems, system interruptions or delays could occur, which could adversely affect our operating results. In addition, occasional system interruptions and delays may occur to our computer 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 cause losses to our customers who may bring legal proceedings against us. Moreover, we may incur significant costs in restoring any damaged information technology systems or to comply with any relevant data protection requirements under the relevant PRC laws and regulations. Failures in or disruptions to our information technology systems and loss or leakage of confidential information could cause transaction errors, processing inefficiencies and the loss of customers and sales. We may thus experience material adverse effects on our business and results of operations.

We accept payments via various payment methods, including but not limited to online payments through third-party payment platforms. These online payments involve the transmission of confidential information such as credit card numbers, personal information and billing addresses over public networks. A secured transmission of confidential information would be essential to maintain consumer confidence. As the prevalence of using online payment methods increases, associated online crimes will likely increase as well. We have no control over the security measures taken by providers of our third-party platforms. In the event that the security and integrity of these third-party platforms are compromised, we may experience material adverse effects on our ability to process our revenue derived from our services. 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.

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

Our continued success is partially dependent upon the efforts of our Directors, senior management and other qualified employees who are experienced in property management and related industries. We believe their professional skills and high status in the industry will make us more competent and outstanding. If a material number of our qualified employees leaves and we are unable to promptly hire and integrate a suitable replacement, our business, financial position and results of operations may be materially and adversely affected. In addition, the future growth of our business will depend, in part, on our ability to attract and retain qualified personnel in all aspects of our business, including corporate management and property management personnel. If we are unable to attract and retain these qualified personnel, our growth may be limited and our business, financial position and operating results could be materially and adversely affected. Please refer to "Directors and Senior Management" in this document.

We may fail to recover all payments made on behalf of property owners and residents of the properties managed on a commission basis.

In 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, revenue generated from our property management services on a commission basis accounted for 7.0%, 6.2%, 5.0%, 4.5% and 2.9%, respectively, of our revenue from property management services. When we are contracted to manage communities on a commission basis, we essentially act as an agent of the property owners. As of the end of a period, if the working capital of a project accumulated is insufficient to cover the expenses such project incurs to arrange for property management services, the shortfall will be recognized as receivables subject to impairment. Our management will then make estimates on whether we have the ability to settle the payments made on behalf of residents. For the balances that our management believes may not be recovered within a reasonable time, we will write such balances off as an impairment of trade receivables.

Although our management's estimates will be made in accordance with currently available information, such estimates may not be accurate. In the event that the actual recoverability is lower than expected, or that our past allowance on bad debt is deemed insufficient in light of new information, we may need to make more allowance on bad debt, which in turn may materially and adversely affect our business, financial position and results of operations.

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

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

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

On June 10, 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》), which has come into effect on September 1, 2021. The PRC Data Security Law provides for data security obligations on entities and individuals carrying out data processing activities, introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used, and provides for a national security review procedure for those data processing activities which may affect national security and imposes export restrictions on certain data and information. These and other similar legal and regulatory developments could lead to legal and economic uncertainties. We may incur substantial costs to comply with such laws and regulations, to meet the demands of our customers relating to their own compliance with applicable laws and regulations and to establish and maintain internal compliance policies.

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

Our intellectual properties are our crucial business assets, which are key to our customer loyalty and essential to our future growth. The success of our business depends substantially upon our continued ability to use our trade names and trademarks to increase brand recognition and to develop our business brands. Please refer to "Business — Intellectual Property" in this document. 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 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.

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

We may become subject to claims from competitors or third parties alleging intellectual property infringement in our ordinary course of business from time to time. For example, our information technology services involve developing software solutions. which may in turn be alleged to infringe the rights of other software developers, of patent holders or others. Modern software packages often include licensed modules and code, and we may be alleged to have exceeded our license or engaged in non-permitted use of those modules and code. Further, the information hosted on those systems, such as articles and other content on a patient portal, may be alleged to be protected intellectual property belonging to others. 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.

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

We are required to obtain certain governmental approvals in the form of permits, licenses and certificates or other approvals and filings in order to provide our services. 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 or expansion, possibly leading to material adverse effects on our business and results of operations.

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

Under applicable PRC laws and regulations, residential property developers shall hire qualified property management service providers through a tender and bidding process. According to the applicable PRC laws and regulations, a residential property developer may be required to take rectification measures within a prescribed period and pay fines if it fails to comply with such tender and bidding requirement. During the Track Record Period, certain residential projects under our management had been engaged without the required tender and bidding process under applicable PRC laws and regulations. Please refer to "Business — Tender Process" in this document. The lack of a tender and bidding process for the selection of property management service provider for the aforementioned projects was not caused by us, because the process should be organized by the relevant property developer pursuant to the applicable PRC laws and regulations. Our PRC Legal Advisor has advised that we would not be subject to any administrative penalties in relation to such lack of tender process. However, judicial practices vary in the PRC and the abovementioned contracts executed without a tender and bidding process may be determined invalid by relevant local judicial authorities. If this occurs, we may lose a portion of our revenue accrued under such property management contracts. In addition, the relevant property developer may need to organize a tender and bidding process to select a property management service provider for their developed projects. In the case that we do not win the tender and bidding, we may not continue our property management services for the relevant projects and, as a result, our revenue and business may be negatively impacted. Please refer to "Business — Tender Process" in this document.

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

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

Pursuant to relevant PRC regulations, parties to a lease agreement are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. During the Track Record Period, we leased certain properties mainly for our office premises and staff dormitory. As of the Latest Practicable Date, we failed to register 45 lease agreements under which we are the tenants. The failure to register the lease agreements does not affect the validity of the lease agreements under the relevant PRC laws and regulations, or our rights or entitlements to lease out the investment properties to tenants. However, we may be required by relevant government authorities to file the lease agreements to complete the registration formalities and may be subject to a fine for non-registration within the prescribed time limit, which may range from RMB1,000 to RMB10,000 per lease agreement. The imposition of the above fines could require us to make additional efforts and/or incur additional expenses, any of which could materially and adversely impact our business, financial condition and results of operations. We cannot assure you that the other parties to our lease agreements will be cooperative and that we can complete the registration of these lease agreements and any other lease agreements that we may enter into in the future. Please refer to "Business — Properties" in this document.

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

We have failed to register for and/or fully contribute to social insurance and housing provident funds for some of our employees.

In accordance with applicable PRC laws and regulations, we are obliged to contribute to social insurance and housing provident funds for our employees. During the Track Record Period, we did not register and/or fully contribute to certain social insurance and housing provident funds for some of our employees. We have made provisions in the amounts of RMB0.5 million, RMB0.5 million, RMB1.5 million and RMB0.2 million to our consolidated statements of profit or loss in respect of such potential liabilities in 2018, 2019, 2020 and the nine months ended September 30, 2021, respectively, for certain of our PRC subsidiaries. As advised by our PRC Legal Advisors, under the Regulations on Administration of Housing Provident Fund (住房公積金管理條例), (i) if we fail to complete housing provident fund registration before the prescribed deadlines, we may be subject to a fine ranging from RMB10,000 to RMB50,000 for each non-compliant subsidiary or branch and (ii) if we fail to pay housing provident fund contributions within the prescribed deadlines, we may be subject to an order by the relevant people's court to make such payments. According to the Social Insurance Law of the PRC (中華人民共和國社會保險法), (i) if we fail to complete social insurance registration before the prescribed deadlines, we may be subject to a fine of one to three times the outstanding contribution amount for each non-compliant subsidiary or branch; and (ii) for outstanding social insurance fund contributions that we did not fully pay within the prescribed deadlines, the relevant PRC authorities may demand that we pay the outstanding social insurance contributions within a stipulated deadline and we may be liable for a late payment fee equal to 0.05% of the outstanding contribution amount for each day of delay; if we fail to make such payments, we may be liable to a fine of one to three times the outstanding contribution amount. Please refer to "Business — Employees — Social Insurance and Housing Provident Fund Contributions" in this document.

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

We may, from time to time, be involved in disputes with and subject to claims by property developers, public entities, property owners and residents as well as local property management companies, to whom we provide property management services. Disputes may also arise if they are dissatisfied with our services. In addition, property owners may take legal action against us if they perceive that our services are inconsistent with our contractual service standards. Furthermore, we may from time to time be involved in disputes with and subject to claims by other parties involved in our business, including our third-party 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.

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

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

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

Accidents may occur during the course of our business. Work injuries may occur during the ordinary course of our business. For example, repair and maintenance services may involve the handling of tools and machinery that carry inherent occupational risk of accidents. Hence, we are exposed to risks in relation to work safety, including but not limited to claims for injuries, fatal or otherwise, sustained by our employees or subcontractors. Such occurrences may also damage our reputation within the property management industry. We may also experience business disruptions and be required to implement additional safety measures or modify our business model as a result of any governmental or other investigations. To the extent that we incur additional costs, we may suffer material adverse effects to our business, financial position, results of operations and brand value. In addition, we are exposed to claims that may arise due to employees' or third-party subcontractors' negligence or recklessness. We may be held liable for the injuries or deaths of employees, subcontractors, residents or others. We may also experience interruptions to our business and may be required to change the manner in which we operate as a result of governmental investigations or the implementation of safety measures upon occurrence of accidents. Any of the foregoing could adversely affect our reputation, business, financial position and results of operations.

We are exposed to risks associated with failing to detect and prevent fraud, negligence or other misconduct (accidental or otherwise) committed by our employees, 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. Please refer to "Business — Internal Control and Risk Management" in this document. 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.

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.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

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

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

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

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

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

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

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

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

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

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

For non-PRC resident enterprises that do not have establishments or premises in China, or have establishments or premises in China but their income is not related to such establishments or premises, under the EIT Law, dividends paid by us and the gains realized by such non-PRC resident enterprises from the sales or other disposition of Shares are subject to PRC enterprise income tax at a rate of 20%. On August 21, 2006, China and Hong Kong entered into the Arrangements between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), pursuant to which any non-resident enterprise registered in Hong Kong that holds directly at least 25% of the shares of our Company shall pay enterprise income tax for the dividends declared and paid by us at a tax rate of 5% subject to the satisfaction of certain conditions such as approval by the relevant PRC tax authority.

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

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 refer to "Regulatory Overview — PRC Laws and Regulations Relating to Foreign Exchange" in this document. We receive all our revenue in Renminbi. Under our current structure, our income is primarily derived from dividend payments from our PRC subsidiaries. The foreign exchange control system may prevent us from obtaining sufficient foreign currency to satisfy our currency demands. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or other payments to our shareholders, or otherwise satisfy our foreign currency denominated obligations, if any.

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

Payment of dividends is subject to restrictions under PRC law.

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

Our business is substantially conducted in Renminbi. However, following the [REDACTED], we may also maintain a significant portion of the [REDACTED] 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.

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

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

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

A majority of our senior management members reside in the PRC, and substantially all of the assets of those people and of our Group are located in the PRC. Therefore, it may be difficult for investors to effect service of process upon those persons inside the PRC or to enforce against us or them in the PRC any foreign judgments. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other developed countries. Therefore, recognition and enforcement in China of judgments of a court in any of these jurisdictions may be difficult or even impossible. On July 14, 2006, the Supreme People's Court of China and the Government of Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》). Pursuant to the Arrangement, a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between the parties after the effective date of the arrangement in which a Hong Kong or PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute do not agree to enter into a choice of court agreement in writing. It may be also difficult or impossible for investors to enforce a Hong Kong court judgment against our assets or our Directors or senior management in the PRC.

RISKS RELATING TO THE [REDACTED] AND [REDACTED]

There has been no prior market for our Shares, and their liquidity and market price following the [REDACTED] may be volatile.

Prior to the [REDACTED], there was no public market for our Shares. The indicative [REDACTED] range and the [REDACTED] will be determined by negotiations between us and the [REDACTED] (on behalf of the [REDACTED]), and they may differ significantly from the market price of our Shares following the [REDACTED].

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

- variations in our financial position and/or results of operations;
- changes in securities analysts' estimates of our financial position and/or results of operations, regardless of the accuracy of information on which their estimates are based;
- changes in investors' perception of us and the investment environment generally;
- loss of visibility in the markets due to lack of regular coverage of our business;
- strategic cooperation or acquisitions;
- industrial or environmental accidents, litigation or loss of key personnel;
- changes in laws and regulations that impose limitations on our industry;
- fluctuations in the market prices of our properties;
- announcements made by us or our competitors;
- changes in pricing adopted by us or our competitors;
- release or expiry of lock-up or other transfer restrictions on our Shares;
- the liquidity of the market for our Shares; and
- general economic and other factors.

Potential investors will experience immediate and substantial dilution as a result of the [REDACTED] and could face dilution as a result of future equity financings.

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

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

Future or perceived sales of substantial amounts of our Shares could affect their market price.

The market price of our Shares could decline as a result of future sales of substantial amounts of our Shares or other related securities, or the perception that such sales may occur. Our ability to raise future capital at favorable times and prices may also be materially and adversely affected. Our Shares held by the Controlling Shareholders are currently subject to certain lock-up undertakings, the details of which are set out in "[REDACTED]" in this document. However, there is no assurance that following the expiration of the lock-up periods, these Shareholders will not dispose of any Shares. We cannot predict the effect of any future sales of the Shares by any of our Shareholders on the market price of our Shares.

Our management has significant discretion as to how to use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may use the [REDACTED] from the [REDACTED] 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 [REDACTED] from this [REDACTED]. See "Future Plans and [REDACTED]."

Our Controlling Shareholders have substantial influence over our Company and their interests may not be aligned with the interests of Shareholders who [REDACTED] for Shares in the [REDACTED].

Immediately upon completion of the [REDACTED], and assuming no exercise of the [REDACTED], our Controlling Shareholders will directly or indirectly control the exercise of [REDACTED]% of voting rights in the general meeting of our Company. See "Relationship with Controlling Shareholders." The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. Our Controlling Shareholders will have significant influence on the outcome of any corporate transaction or other matters submitted to our Shareholders for approval, including mergers, consolidations, sales of all or substantially all of our assets, election of Directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent changes in control of our Company that would otherwise benefit our other Shareholders. To the extent that the interests of our Controlling Shareholders conflict with those of our other Shareholders, our other Shareholders may be deprived of opportunities to advance or protect their interests.

Since there will be a gap of several days between the pricing and [REDACTED] of our [REDACTED], the price of our [REDACTED] could fall below the [REDACTED] when [REDACTED] commences.

The [REDACTED] of our Shares will be determined on the [REDACTED], which is expected to be on or around [REDACTED]. However, our Shares will not commence [REDACTED] on the Stock Exchange until the [REDACTED], which is expected to be [REDACTED]. Accordingly, investors may not be able to sell or [REDACTED] our Shares during the period between the [REDACTED] and the [REDACTED]. Our Shareholders are subject to the risk that the price of our Shares could fall before [REDACTED] begins, as a result of adverse market conditions or other adverse developments that could occur between the [REDACTED] and the [REDACTED].

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

Certain facts, forecasts and statistics in this document relating to China, the PRC economy and industries relevant to us were obtained from information provided or published by PRC Government agencies, independent research institutions or other third-party sources, and we can guarantee neither the quality nor reliability of such source materials. They have not been prepared or independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] and the [REDACTED] or any of its respective affiliates or advisors. Therefore, we make no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside of China. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the statistics herein may be inaccurate or incomparable to statistics produced for other economies and should not be relied upon. Furthermore, there can be no assurance that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, investors should consider how much weight or importance they should attach to or place on such facts, forecasts or statistics.

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

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

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

Prior or subsequent to the publication of this document, there has been or may be press and media coverage regarding us and the [REDACTED], in addition to marketing materials we published in compliance with the Listing Rules. Such press and media coverage may include references to information that do not appear in this document or is inaccurate. We have not authorized the publication of any such information contained in unauthorized press and media coverage. Therefore, we make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media and do not accept any responsibility for the accuracy or completeness of any financial information or forward- looking statements contained therein. To the extent that any of the information in the media is inconsistent or conflicts with the contents of this document, we expressly disclaim it. Accordingly, prospective investors should only rely on information included in this document and not on any of the information in press articles or other media coverage in deciding whether or not to purchase the [REDACTED].

In preparation for the [REDACTED], our Group has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from strict compliance with the relevant sections of the Companies (WUMP) Ordinance.

JOINT COMPANY SECRETARIES

According to Rules 3.28 and 8.17 of the Listing Rules, the secretary of an issuer must be a person who has the requisite knowledge and experience to discharge the functions of the company secretary and is either (i) a member of the Hong Kong Institute of Chartered Secretaries, a solicitor or a barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong) or a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong), or (ii) an individual who, by virtue of his or 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 Mr. Mu Yuansong (穆遠松) and Ms. Szeto Kar Yee Cynthia (司徒嘉怡) as our joint company secretaries. Our Directors are of the view that, having regard to Mr. Mu Yuansong's thorough understanding of the property management business, operations and overall management of our Group, he is a suitable person to act as a company secretary of the Company. In addition, as our headquarter and principal business operations are located in the PRC, our Directors believe that it is necessary to appoint Mr. Mu Yuansong as a company secretary whose presence in the PRC will enable him to attend to the day-to-day corporate secretarial matters concerning our Group. However, given that Mr. Mu Yuansong does not possess the qualification stipulated in Rule 3.28 of the Listing Rules, he is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. Therefore, our Company has appointed Ms. Szeto Kar Yee Cynthia, an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom who is qualified under Rule 3.28 of the Listing Rules, to act as the other joint company secretary to provide support to Mr. Mu Yuansong on an ongoing basis.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules on the condition that Mr. Mu Yuansong will be assisted by Ms. Szeto Kar Yee Cynthia as our joint company secretary throughout the three-year period from the [REDACTED].

We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Mr. Mu Yuansong, having had the benefit of Ms. Szeto Kar Yee Cynthia's assistance for three years, will have acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions for our Company under the Listing Rules after [REDACTED]. We have applied for, and the Stock Exchange [has granted] us, waivers exempting us from strict compliance with the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "Connected Transactions — Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements". See "Connected Transactions" for further information.

EQUITY INTEREST PROPOSED TO BE ACQUIRED AFTER THE TRACK RECORD PERIOD

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, a new listing applicant is required to include in its accountants' report in the listing document the results and balance sheets of any subsidiary or business acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited financial statements of the listing applicant have been made up in respect of each of the three financial years immediately preceding the issue of the listing document, or since the incorporation of such subsidiary or the commencement of such business if this occurred less than three years prior to such issue, or such shorter period as may be acceptable to the Stock Exchange.

Since the end of the Track Record Period, for the purpose of expanding our business, we propose to enter into an acquisition agreement to acquire 70% equity interest of Nanjing Fudou Property Management Co., Ltd (南京富都物業管理有限公司), a property management company in the PRC (the "**Target Company**") at a consideration of not less than RMB4.05 million, which will be determined on an arm's length basis mainly with reference to (i) the Target Company's net profit in 2020 and (ii) the market value of other companies carrying on a similar business (the "**Proposed Acquisition**"). The consideration will be paid by instalments. Our Group intends to use its internal resources to satisfy the cash consideration. We are currently negotiating the terms of the Proposed Acquisition and no definitive agreement had been executed as of the Latest Practicable Date.

The Target Company is a company established in the PRC which is principally engaged in the provision of property management services, community value-added services and value-added services to non-property owners. As of the Latest Practicable Date, the Target Company had a total of three projects under management with an aggregate GFA under management of approximately 750,000 sq.m.. For the year ended December 31, 2020, the Target Company had revenue and net profit of approximately RMB16.9 million and RMB1.5 million respectively. Upon completion of the Proposed Acquisition, the Target Company is expected to become our subsidiary. To the best of our knowledge, information and belief and having made all reasonable enquiries, each of the Target Company and its ultimate beneficial owners prior to the Proposed Acquisition is an Independent Third Party.

We have applied for and the Stock Exchange [has granted], a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules in relation to the preparation of financial statements in respect of the Proposed Acquisition on the following grounds:

(a) **Ordinary and usual course of business** — the Proposed Acquisition is in the ordinary and usual course of business of our Group as it is one of our principal business strategies to expand its market share through acquisitions of local players in the property management industry. Our Directors believe that the terms of the Proposed Acquisition are fair and reasonable and in the interests of our Company and its Shareholders as a whole.

(b) **Immateriality of the Target Company** — the scale of the business operated by the Target Company as compared to that of our Group is not material. Based on the financial information of the Target Company available to our Company according to its unaudited management accounts for the year ended December 31, 2020, all the applicable size test percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Proposed Acquisition referenced against the financials of our Company in the most recent financial year of the Track Record Period are expected to be less than 5%. Moreover, the Proposed Acquisition is not significant enough to require our Company to prepare pro forma financial information under Rule 4.28 of the Listing Rules.

Accordingly, our Directors believe that (i) the Proposed Acquisition is immaterial when compared to the scale of our Group's operations as a whole; (ii) the Proposed Acquisition will not result in any significant change to the financial position of our Group since the end of the Track Record Period; and (iii) all information that is reasonably necessary for the potential investors to make an informed assessment of the activities or financial position of our Group has been included in this document. As such, an exemption from compliance with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the investing public.

(c) **Unavailability of information** — As of the Latest Practicable Date, no definitive agreement had been executed and the Proposed Acquisition had not been completed. The time between the completion of the Proposed Acquisition and the [REDACTED] would be limited and insufficient for, or may require considerable time and resources of, our Company and its reporting accountant to compile the necessary financial information for disclosure in this Document. As such, it would be impracticable and unduly burdensome to our Company to disclose the audited financial information of the Target Company as required under the Listing Rules.

(d) **Alternative disclosure available** — our Company has provided in this Document alternative information regarding the Proposed Acquisition which includes:

(i) description of the principal business activities of the Target Company;

(ii) confirmation that each of the Target Company and its ultimate beneficial owners are Independent Third Parties;

(iii) the consideration of the Proposed Acquisition, the basis on which the consideration is determined and how the consideration will be satisfied; and

(iv) the reasons for the Proposed Acquisition and the benefits which are expected to accrue to our Group as a result of the Proposed Acquisition.

WAIVER AND EXEMPTION IN RESPECT OF FINANCIAL STATEMENTS IN THIS DOCUMENT

According to Rule 4.04(1) of the Listing Rules, in case of a new applicant, the Accountant's Report must include the consolidated results of our Group in respect of each of the three financial years immediately preceding the issue of this document or such shorter period as may be acceptable to the Stock Exchange.

Section 342(1)(b) of the Companies (WUMP) Ordinance requires all prospectuses to include an accountants' report which contain the matters specified in the Third Schedule to Companies (WUMP) Ordinance.

According to paragraph 27 of Part I of the Third Schedule to the Companies (WUMP) Ordinance, our Company is required to include in this document a statement as to the gross trading income or sales turnover (as may be appropriate) during each of the three financial years immediately preceding the issue of this document including an explanation of the method used for the computation of such income or turnover, and a reasonable break-down between the more important trading activities.

According to paragraph 31 of Part II of the Third Schedule to the Companies (WUMP) Ordinance, our Company is required to include in this document a report by its auditors with respect to the profits and losses and assets and liabilities of our Group in respect of each of the three financial years immediately preceding the issue of this document.

Pursuant to section 342A of the Companies (WUMP) Ordinance, the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from strict compliance with the relevant requirements under the Companies (WUMP) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interests of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

The Accountant's Report for the three years ended December 31, 2020 and the nine months ended September 30, 2021 is set out in Appendix I to this document. However, our Directors believe that strict compliance with paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (WUMP) Ordinance and Rule 4.04(1) of the Listing Rules would be unduly burdensome, and a waiver from strict compliance with Rule 4.04(1) of the Listing Rules and an exemption from strict compliance with paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (WUMP) Ordinance would not prejudice the interest of the investing public given the following reasons:

(a) there would not be sufficient time for our Group and the reporting accountant to finalize the audited financial information for the year ended December 31, 2021 for inclusion in this document, which shall be issued on or before March 22, 2022. If the financial information is required to be audited up to December 31, 2021, our Company and the reporting accountant would have to undertake a substantial amount of work to prepare, update and finalise the Accountant's Report and this document and the relevant sections of this document will need to be updated to cover such additional period. This would involve additional time and costs since a substantial amount of work is required to be carried out for audit purposes. It would be unduly burdensome for the audited results for the year ended December 31, 2021 to be finalised within a short period of time. Our Directors consider that the benefits of such work to the potential investors of our Company may not justify the additional work and expenses involved and the delay of the timetable for [REDACTED], given that there has been no significant change in the financial position of our Group since September 30, 2021, being the expiry of the period reported by the reporting accountant;

(b) our Company has included in this document (i) the Accountant's Report covering the three years ended December 31, 2020 and the nine months ended September 30, 2021, (ii) the unaudited preliminary financial information of our Group for the year ended December 31, 2021 as set out in Appendix IIB to this document, which has been agreed with our Group's reporting accountant, PricewaterhouseCoopers, following its procedures under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants, and a commentary on the results for the year as set out in Appendix IIB to this document, and such disclosure is no less than the content requirements for a preliminary results announcement under Rule 13.49 of the Listing Rules, and (iii) the information regarding the recent development of our Group subsequent to the Track Record Period and up to the Latest Practicable Date. As such, our Company and the Sole Sponsor are of the view that all material information have already provided potential investors with adequate and reasonably up-to-date information in the circumstances to form a view on the track record and earnings trend of our Group, and all material information that is necessary for the potential investors to make an informed assessment of the activities, assets and liabilities, financial position, trading position, management and prospects of our Company has been included in this document;

(c) our Directors and the Sole Sponsor confirmed that they have performed all reasonable due diligence to ensure that, up to the date of this document, save for the [REDACTED] expenses, there has been no material adverse change in the financial and trading positions or prospects of the Group since September 30, 2021 and there has been no event since September 30, 2021 which would materially affect the information shown in the Accountant's Report, the unaudited preliminary results announcement of our Group for the year ended December 31, 2021 set out in Appendix IIB to this document and the section headed "Financial Information" in this document and other parts of this document; and

(d) our Company will comply with the requirements under Rules 13.46(2) of the Listing Rules in respect of the publication of its annual report within the time prescribed. Our Company currently expects to issue its annual report for the year ended December 31, 2021 on or before April 30, 2022. In this regard, our Directors consider that our Shareholders, the investing public as well as potential investors of our Company will be kept informed of the financial results of the Group for the year ended December 31, 2021.

In such circumstances, an application has been made to the Stock Exchange for, and the Stock Exchange [has granted] to our Company, a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, on the conditions that:

(a) this document will be issued on or before March 22, 2022 and our Shares will be listed on the Stock Exchange by March 31, 2022, i.e. within three months after the latest financial year end;

(b) our Company will obtain a certificate of exemption from the SFC from strict compliance with the requirements under section 342(1)(b) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (WUMP) Ordinance;

(c) this document will include the preliminary unaudited financial information for the year ended December 31, 2021 and a commentary on the results for the year. The financial information to be included in this document must (i) follow the same content requirements as for a preliminary results announcement under Rule 13.49 of the Listing Rules; and (ii) be agreed with the reporting accountant following its procedures under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants; and

(d) our Company will not be in breach of our constitutional documents or laws and regulations of the Cayman Islands, where our Company is incorporated, or other regulatory requirements regarding our obligation to publish preliminary results announcements.

An application has also been made to the SFC for a certificate of exemption from strict compliance with section 342(1)(b) in respect of the requirements under paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (WUMP) Ordinance in relation to the inclusion of the accountants' report for the full year ended December 31, 2021 in this document. A certificate of exemption [has been granted] by the SFC under section 342A of the Companies (WUMP) Ordinance on the conditions that:

(a) the particulars of the exemption are set out in this document; and

(b) this document will be issued on or before March 22, 2022, and our Shares will be listed on the Stock Exchange on or before March 31, 2022, i.e. three months after the latest financial year end.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Tang Chengyong (唐承勇)	Room 101, Building 2 Xikang New Village Gulou District, Nanjing City Jiangsu Province China	Chinese
Ms. Wong Yin Man (黃燕雯)	Flat B, 18/F, Tower 3, Eden Manor 88 Castle Peak Road Kwu Tong, Sheung Shui New Territories Hong Kong	Chinese
Ms. Huang Yanqi (黃燕琪)	Flat D, 36/F, Tower 2, Harbour Green 8 Sham Mong Road Tai Kok Tsui Kowloon Hong Kong	Chinese
Non-Executive Director		
Mr. Huang Ruoqing (黃若青)	Flat A, 43/F, Tower 2 Harbour Green 8 Sham Mong Road Tai Kok Tsui, Kowloon Hong Kong	Chinese
Independent Non-executive Directors		
Mr. Chow Ming Sang (周明笙)	Room 2011 Tsui Yiu Court Lai Chi Ling Road Kwai Chung Hong Kong	Chinese
Mr. Sze Irons (施榮懷), *B.B.S., J.P.*	Flat A1, 16/F Summit Court 144 Tin Hau Temple Road Hong Kong	Chinese
Mr. Lau Yu Leung (劉與量)	House B1, Chateau Royale Chinese 1 Yung Yi Road Wong Yi Au, Tai Po Hong Kong	Chinese

Please refer to "Directors and Senior Management" for further details of our Directors and senior management members.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor	**ABCI Capital Limited** 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

Legal Advisors to our Company	*As to Hong Kong law:* **Sidley Austin** 39th Floor Two International Finance Centre 8 Finance Street Central, Hong Kong *As to PRC law:* **JunHe LLP** Suite 2803-04, 28/F Tower Three, Kerry Plaza No. 1-1 Zhongxinsi Road Futian District Shenzhen, China *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 [REDACTED]	*As to Hong Kong law:* **Bird & Bird** 6/F, Central Plaza 18 Harbour Road Hong Kong *As to PRC laws:* **Commerce & Finance Law Offices** 23/F, Building A, CASC Plaza Haide 3rd Road Nanshan District Shenzhen, China
Auditor and reporting accountant	**PricewaterhouseCoopers** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 22nd Floor Prince's Building Central, Hong Kong

Industry consultant	**China Index Academy** Tower A No.20 Guogongzhuang Middle Street Fengtai District Beijing, China
Compliance advisor	**UOB Kay Hian (Hong Kong) Limited** 6/F, Harcourt House 39 Gloucester Road Hong Kong
[REDACTED]	[REDACTED]

CORPORATE INFORMATION

Registered Office	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Headquarters and principal place of business in the PRC	2nd Floor, Redco Building Tower 5, Qiaochengfang, Phase I No.4080 Qiaoxiang Road, Nanshan District Shenzhen PRC
Principal place of business in Hong Kong	Room 2001-2 Enterprise Square 3 39 Wang Chiu Road Kowloon Bay Kowloon Hong Kong
Company's website	www.redcohealthy.com *(The information contained on this website does not form part of this document)*
Joint company secretaries	Mr. Mu Yuansong (穆遠松) Room 2504, No.21 Lvjingyayuan Dongting South Road Xishan District, Wuxi City Jiangsu Province PRC Ms. Szeto Kar Yee Cynthia (司徒嘉怡) *ACG, HKACG* 31/F., Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Authorized representatives	Ms. Wong Yin Man (黃燕雯) Flat B, 18/F, Tower 3, Eden Manor 88 Castle Peak Road Kwu Tong, Sheung Shui New Territories Hong Kong Mr. Mu Yuansong (穆遠松) Room 2504, No.21 Lvjingyayuan Dongting South Road Xishan District, Wuxi City Jiangsu Province PRC

Audit committee	Mr. Chow Ming Sang (周明笙) *(Chairman)* Mr. Sze Irons (施榮懷), *B.B.S., J.P.* Mr. Lau Yu Leung (劉與量)
Remuneration committee	Mr. Lau Yu Leung (劉與量) *(Chairman)* Mr. Sze Irons (施榮懷), *B.B.S., J.P.* Mr. Tang Chengyong (唐承勇)
Nomination committee	Mr. Huang Ruoqing (黃若青) *(Chairman)* Mr. Sze Irons (施榮懷), *B.B.S., J.P.* Mr. Lau Yu Leung (劉與量)
Principal share registrar and transfer office in the Cayman Islands	[REDACTED]
Hong Kong share registrar	[REDACTED]
Principal Banks	**Bank of China Limited** **Nanchang branch** No 133, Jiangling West Fourth Road Qingyunpu District, Nanchang City Jiangxi Province China **Bank of Communications Company Limited** **Yantai Branch** 13A, Zhifutun Road Zhifu District, Yantai City Shandong Province China **Industrial Bank Company Limited** **Tianjin branch** Building 5, Financial Services West District Third Avenue Economic and Technological Development Zone Tianjin China

The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and other sources form independent suppliers, and from the independent industry report prepared by CIA. We engaged CIA to prepare the CIA Report, an independent industry report, in connection with the [REDACTED]. The information from official government sources has not been independently verified by us, the [REDACTED], Sole Sponsor, [REDACTED], [REDACTED], [REDACTED], any of the [REDACTED], any of their respective directors and advisers, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy. Accordingly the information from official government sources contained herein may not be accurate and 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 RMB0.8 million. CIA is an independent research institute who has extensive experiences researching and tracking the PRC property management industry, and has conducted research on the top 100 property management companies in the PRC, or Top 100 Property Management Companies since 2008. In conducting its research, CIA primarily evaluates property management companies that have managed at least ten properties or have an aggregate GFA of 500,000 sq.m. or more in the previous three years. CIA uses research parameters and assumptions and gathers data from multiple primary and secondary sources, including (i) published statistics, websites and marketing materials of property management companies; (ii) surveys and data from the China Real Estate Index System and the China Real Estate Statistics Yearbooks; (iii) public data from governmental authorities; and (iv) data gathered previously for the property management companies. In addition, since 2008, CIA has published the ranking of China's Top 100 Property Management Companies in terms of overall strength, primarily by evaluating data from the previous year in relation to management scale, operational performance, service quality, growth potential and social responsibility of the property management companies under consideration. In determining such rankings, CIA may assign the same ranking to multiple companies with the same or very close scores, and therefore it is possible that more than 100 companies may be classified as being among the Top 100 Property Management Companies in the industry. CIA may, upon specific request, prepare further rankings within the Top 100 Property Management Companies for certain indices. CIA also assesses the growth potential of property management companies primarily in terms of growth rate of revenue, growth rate of total GFA under management, contracted but undelivered GFA, the total number of employees and employee composition. Data analysis in this section includes data and information on the Top 100 Property Management Companies as ranked by CIA. We requested CIA to assess us for the Top 100 Property Management Companies based on CAGRs for GFA under management, number of properties under management and revenue from 2016 to 2020 for the purpose of the [REDACTED].

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 of the Property Management Industry

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

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

Major Fee Models in the PRC Property Management Industry

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

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

The following table sets forth the average property management fees for the four major regions where we provide property management services.

	For the year ended December 31,		
	2018	2019	2020
	RMB per sq.m. per month		
Yangtze River Delta Region	1.3	1.3	1.3
Central China Region	1.6	1.6	1.6
Greater Bay Area Region	2.6	2.6	2.6
Bohai Rim Region	1.6	1.7	1.7

Notes:

(1) The market average property management fees is market rate provided by CIA for provinces or cities where we have substantial GFA under management. According to CIA, such data represents the market rate charged for properties of similar attributes and age within the vicinity of our projects under management.

(2) CIA analyzes market average property management fees on an annual basis, and therefore the market average property management fees for the respective regions for the six months ended June 30, 2021 is not available.

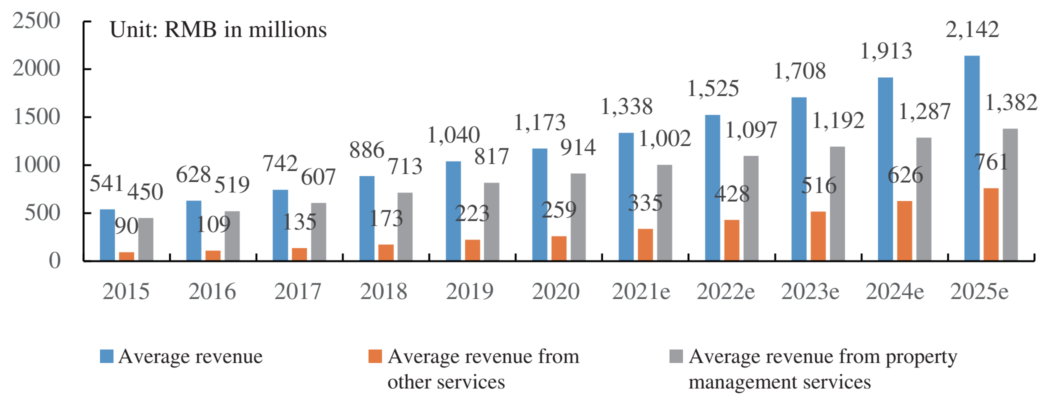
The following table sets forth the average property management fees for first-, second- and third-tier cities in China.

	For the year ended December 31,		
	2018	2019	2020
	RMB per sq.m. per month		
First-tier cities	3.1	3.0	3.0
Second-tier cities	2.2	2.0	2.0
Third-tier cities	2.1	1.8	1.8

Overview of the Top 100 Property Management Companies

In recent years, following rapid urbanization and continuous growth in per capita disposable income, the GFA and number of properties managed by the Top 100 Property Management Companies have increased rapidly. The average total GFA under management by the Top 100 Property Management Companies increased from approximately 23.6 million sq.m. in 2015 to approximately 48.8 million sq.m. in 2020, representing a CAGR of approximately 15.63%. The average number of properties managed by the Top 100 Property Management Companies increased from 154 as of December 31, 2015 to 244 as of December 31, 2020, representing a CAGR of approximately 9.64%.

As a result of the growth in GFA and number of properties under management, the average revenue of the Top 100 Property Management Companies increased from approximately RMB540.8 million in 2015 to approximately RMB1,173 million in 2020, representing a CAGR of approximately 16.7%. According to CIA, the Top 100 Property Management Companies have expanded their presence in the PRC, from the average number of cities in which the Top 100 Property Management Companies had operations increased from 27 as of December 31, 2015 to 34 as of December 31, 2020. The following chart sets forth the rise in average revenue of the Top 100 Property Management Companies in the years indicated.



Source: CIA

GROWTH DRIVERS OF PRC PROPERTY MANAGEMENT INDUSTRY

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

China's economy has experienced steady growth from 2015 to 2020, demonstrated by the increase of nominal GDP from RMB68,885.8 billion in 2015 to RMB101,598.6 billion in 2020, representing a compound annual growth rate (CAGR) of 8.1%. During the same period, per capita disposable income of urban residents in China increased from RMB31,195 in 2015 to RMB43,834 in 2020, representing a CAGR of 7.0%, which indicates a significant increase of purchasing power of urban residents in China that has, in turn, led to a growing demand for property upgrades. China's urbanization rate continue to rise with support of favorable policies such as the New National Urbanization Plan (2014-2020) (《國家新型城鎮化規劃 (2014-2020)》).

In line with steady growth of macro-economy and per capita disposable income of urban residents, the PRC real estate industry maintained stable growth. The overall investment in real estate industry increased from RMB9,597.9 billion in 2015 to RMB14,144.3 billion in 2020, representing a CAGR of 8.1%. The total properties sold increased from RMB8,728.1 billion in 2015 to RMB17,361.3 billion in 2020, representing a CAGR of 14.7%.

Further, the urbanization rate (being the projected average rate of change of the size of the urban population over the given period of time) in China increased from 56.1% as of December 31, 2015 to 60.6% as of December 31, 2019. The growing urbanization produce a high demand for property management service and the PRC property management industry is expected to continue to grow in tandem with a rising level of urbanization of the country. Moreover, China's rapid economic growth has spurred continuous growth in the per capita disposable income for urban population, which increased from RMB31,194.8 per annum as of December 31, 2015 to RMB43,834.0 per annum as of December 31, 2020, representing a CAGR of 7.0%. We expect that, backed with increasing per capita disposable income, the consumers will be increasingly sophisticated and willing to pay premiums for quality services and have more discretions on spending in goods and services beyond basic necessity.

Increased Demand in Quality Property Management Service

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

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

Favorable Policies for the Property Management Industry

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

The PRC governments have formulated and implemented a number of policies intended to further support and promote the growth of the property management industry. The policies have set forth a regulatory framework under which the property management companies are encourage to, among others, expand their services to keep up with the evolving needs of customers by staying technologically innovative through investment and development in Internet of Things platforms and technology-related services, and continue to broaden the business scope of traditional property management services to improve the living standards of customers. For example in January 2019, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Civil Affairs and Other Government Agencies jointly issued the Implementation Plan for Further Optimizing Supply to Promote the Stable Consumption Growth and Facilitating the Formation of a Strong Domestic Market (《進一步優化供給推動消費平穩增長促進形成強大國內市場的實施方案(2019年)》) and in January 2021, the Ministry of Housing and Other Departments jointly issued the Notice on Strengthening and Improving the Administration of Residential Property (《關於加強和改進住宅物業管理工作的通知》). In response to the policies, the property management companies are strategically expanding and diversifying the value-added services to non-property developers and community.

New Opportunities in Property Management Services

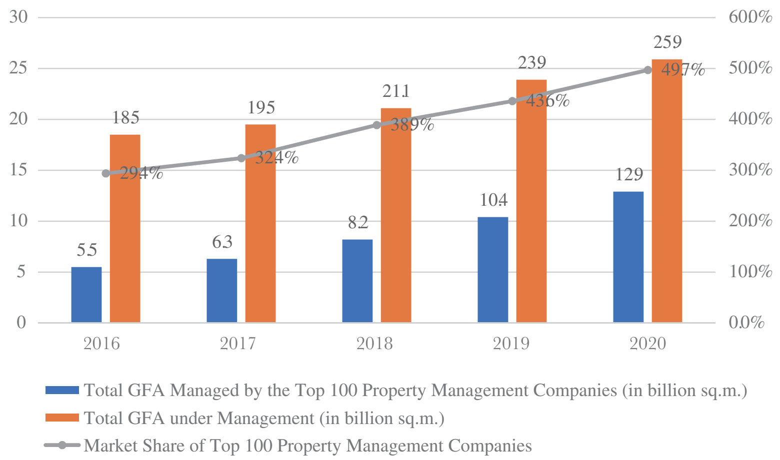
In February 2020, the WHO named a highly infectious and novel coronavirus as COVID-19. On March 11, 2020, the WHO declared COVID-19 outbreak a pandemic. Please refer to "Risk Factors—Risks Relating to Our Business and Industry—Risks relating to natural disasters, epidemics, acts of terrorism or war in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

TRENDS IN THE PRC PROPERTY MANAGEMENT INDUSTRY

Increased Market Concentration and Competition

After decades of development, some of the Top 100 Property Management Companies have accelerated their service innovation and business expansion. In addition, the market continues to become more concentrated, and the players in the PRC property management industry are facing increasingly intense market competition. In the competitive PRC property management industry, large-scale property management companies actively improve their strategic layout and accelerate their expansion in order to increase their respective market shares and achieve better results of operations. Their organic growth, as well as mergers and acquisitions, may expose property management companies to challenges arising from the difficulties in integrating acquired operations with existing businesses. As many of our peers listed on the Stock Exchange are looking to acquire other property management companies in the PRC actively, it is possible that we may not be able to materialize our plan to acquire independent third-party property management companies in the PRC with geographical influence and similar market positioning. See "Risk Factors — Risks Relating to Our Business and Industry — Our future acquisitions may not be successful and we may face difficulties in integrating acquired operations with our existing operations." The total GFA under management by the Top 100 Property Management Companies increased from approximately 5.5 billion sq.m. in 2016 to approximately 12.9 billion sq.m. in 2020, representing a CAGR of approximately 23.8%. The aggregate market share of the Top 100 Property Management Companies increased from 29.4% in 2016 to 49.7% in 2020. The aggregate market share of the Top 10 Property Management Companies increased from 7.6% in 2015 to 10.6% in 2020. The chart below sets forth the total GFA managed by the Top 100 Property Management Companies, the total GFA under management by property management companies in China and the aggregate market share of the Top 100 Property Management Companies in the years indicated:

Total GFA Managed by the Top 100 Property Management Companies, Total GFA under Management and Market Share of the Top 100 Property Management Companies, 2016-2020



Source: *CIA*

Increasing Labor and Operation Cost

Property management services market is labor-intensive and labor cost is the largest component of property management services companies' cost of services. The daily operation of property management services, such as security, cleaning, gardening, repair and maintenance services relies heavily on the manual labors. From 2015 to 2020, the labor cost of the Top 100 Property Management Companies accounted for 56.8%, 53.4%, 55.8%, 57.8%, 59.1% and 58.3% of their total cost of sales, respectively. The minimum wage in China is mainly set according to the standards issued by governments at provincial and local levels. In recent years, the minimum wage has increased significantly in various regions, which directly increases the labor costs. In addition, the utility fees such as electricity and water also have increased in the last few years. The lump-sum fee model for property management fees is the dominant fee model in the property management industry in China and according to CIA, the ever-rising labor costs in recent years is a major challenge to the companies in the labor intensive property management industry to maintain sustainable development.

Increasing Adoption of Information Technology in Business and Diversified Services

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

Increasing Demand for and Shortage of Professional Staff

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

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

Increasing Standardization of Services

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

Increasing Support from Capital Markets

The development of capital markets continues to intensify. A number of property management companies participate in capital markets to expand their financing channels. As of December 31, 2020, there were 80 property management companies listed on the Stock Exchange, one property management company listed on the Shanghai Stock Exchange (上海證券交易所上市), three property management companies listed on the Shenzhen Stock Exchange (深圳證券交易所上市), 40 property management companies listed on the Hong Kong Stock Exchange (香港證券交易所上市) and 36 property management companies listed on the National Equities Exchange and Quotations (全國中小企業股份轉讓系統). By doing so, such listed property management companies are able to increase investment in technology innovation, build up intelligent platforms, strengthen the cooperation with other property management companies, improve service quality and increase operational efficiency. In addition, diversified capital sources enable the property management companies to accelerate selective and strategic mergers and acquisitions, and to further expand the scale of business.

New Opportunities in Diversified Services and Revenue Sources

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

COMPETITION

Competitive Landscape

Property Management Services

According to CIA, the PRC property management industry is fragmented and competitive, with approximately 200,000 property management service providers operating in the industry in 2020. The property management market in China is becoming increasingly concentrated. Our property management services primarily compete against both national and regional property management companies. According to CIA, the market share of the Top 100 Property Management Companies was approximately 49.7% in terms of GFA under management in 2020.

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

Information Technology Services

According to CIA, information technology services for property management, property development and related industries is a relatively newer industry than traditional property management services. The software and hardware developed by information technology service providers help property management companies streamline operational management through establishing integrated management platforms and enterprise resource planning systems, thereby enhancing property management companies' operational efficiency. Such information technology services also help property management companies to reduce their labor costs through, for example, the implementation of smart traffic control system, smart visitor management system and smart security control system.

There were approximately 200,000 property management service providers operating in China in 2020, according to CIA. Among the property management service companies within CIA's research scope, although many companies have utilized IT systems to some extent, approximately 211 property management service companies have integrated management platforms and enterprise resources planning systems. The large number of property management service providers represents a significant demand for information technology services to further reduce reliance on manual labor and increase operational efficiency.

We believe we have the following competitive advantages. Compared with software developers without any property management operations, we have solid experience in providing property management services, and have gained in-depth understanding of the technological supports most needed by property management companies. Compared with traditional property management companies, we are one of the very few property management companies that possess in-house capability for information technology services. According to CIA, currently only 40 property management service companies provide information technology services, among which only 16 companies have in-house capabilities and the other 24 companies rely on collaboration with professional IT service providers. We possess the technical expertise to develop software in-house, and therefore, we are able to further tailor such software to the operational needs of our customers, and respond to their requests to upgrade such software pursuant to their specific needs in a more time-efficient manner. Based on the foregoing, CIA is of the view that our information technology services is supported by adequate market demand.

Community Healthcare Services

Community healthcare services have significant growth potential, particularly driven by the aging population of China. According to the results of the Seventh National Population Census

,China's population that aged over 60 was 0.3 billion, representing 18.7% of the national population. The population that aged over 60 in China also increased by 5.4% between 2010 and 2020. As a result, according to CIA, the market size for China's healthcare industry was approximatelyRMB67,000 billion and is estimated to reach RMB106,000 billion in 2022.

Although the market for healthcare services is large, the community healthcare business provided by property management companies is still at an exploratory stage. Among the Top 10 Property Management Companies according to the CIA report, there were less than five property management companies that had been providing community healthcare services as of the Latest Practicable Date, according to CIA. We believe we have the following competitive advantages. Our rich experience in providing property management services allows us to have a large pool of potential customers, who may be attracted to our community healthcare services as a result of their appreciation of our quality property management services. Further, our healthcare services are tailored to the needs of our customers. For example, our elderly care services integrate professional nursing home services and at-home care giving services, among which the elderly and their family members can choose according to their preferences.

Our Competitive Position in the PRC and in Jiangxi Province

According to CIA, we were recognized as one of the Top 100 Property Management Companies since 2008. According to CIA, in 2021, we were ranked 40th among the 2021 Top 100 Property Management Companies in terms of overall strengths.[(1)] We were ranked 68th, 60th and 48th among the Top 100 Property Management Companies in terms of overall strengths respectively in years 2018, 2019 and 2020. According to CIA, our total GFA under management as of September 30, 2021 accounted for approximately 0.12% of the total GFA under management of all Top 100 Property Management Companies in 2021.

Note:

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

We are deeply rooted in Jiangxi Province. According to CIA, in terms of revenue, we ranked second among Top 100 Property Management Companies headquartered in Jiangxi Province in 2020.

Entry Barriers

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

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

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

- *Quality of management*: According to CIA, the expertise and experience of management teams may significantly contribute to the competitiveness of property management companies. Property management companies now have to seamlessly implement technological solutions, management systems, service quality standards and internal policies and procedures across networks of subsidiaries, branches and offices.

- *Availability of talent and technical expertise*: Property management depends on manual labor, not only for the performance of property management services but also for implementing and innovating technological solutions. It is increasingly difficult for property management companies to recruit and retain talented individuals who are up to date with the technological advances in the industry. New market entrants may find it difficult to compete against larger property management companies with better brand value and recognition for talent.

PRC LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

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) which was promulgated 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. Currently, foreign investment projects of the encouraged is listed in the Catalogue of Encouraged Industries for Foreign Investment (Edition 2020) (《鼓勵外商投資產業目錄(2020年版)》), and foreign investment projects of the restricted and prohibited categories are listed in the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021) (《外商投資准入特別管理措施(負面清單)(2021年版)》). Foreign investment projects that fall outside the encouraged, restricted and prohibited categories belong to the permitted foreign investment projects which are not listed in the above regulations.

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

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 of treating domestic investments and foreign investments 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 under 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.

The Regulation on the Implementation of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which was promulgated by the State Council on December 26, 2019 and came into effect on January 1, 2020, provides implementing measures and detailed rules to ensure the effective implementation of the Foreign Investment Law of the PRC. The Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which was promulgated on December 30, 2019 and came into effect on January 1, 2020, sets out the details of the foreign investment information report system.

According to the Special Administrative Measures for Access of Foreign Investment (Negative List) (2021 Edition) (《外商投資准入特別管理措施(負面清單)(2021年版)》) promulgated by the National Development and Reform Commission (the "**NDRC**") and the Ministry of Commerce (the "**MOFCOM**") on December 27, 2021 and taking effect on January 1, 2022, the property management industry does not fall into such categories in which foreign investment is restricted or prohibited. As for the technology industry, subject to the telecommunications services that shall be liberalized by PRC under its commitments upon accession to the World Trade Organization, foreign investment shall not exceed 50% in value-added telecommunications services (excluding e-commerce, domestic multiparty communications, information storage and forwarding and call center services), and basic telecommunications services shall be controlled by PRC investors. As for the medical institutions industries, foreign investments are restricted and limited to sino-foreign cooperative operations. Also, according to the Interim Measures for Administration of Sino-foreign Equity Joint and Contractual Joint Medical Institutions (《中外合資、合作醫療機構管理暫行辦法》) jointly promulgated on May 15, 2000 and came into effect on July 1, 2000, establishment of an equity joint or contractual joint medical institution shall meet certain requirements, including that the equity percentage of the PRC partner in the joint venture shall not be less than 30%.

PRC LAWS AND REGULATIONS RELATING TO PROPERTY MANAGEMENT SERVICES

On May 28, 2020, the National People's Congress approved the Civil Code of the People's Republic of China (《中華人民共和國民法典》) (the "**Civil Code**"), which came into effect on January 1, 2021 and replace the Property Law of the PRC (《中華人民共和國物權法》), the Contract Law of the PRC (《中華人民共和國合同法》) and several other basic civil laws in the PRC. The Civil Code, which basically follows the current regulatory principles of property management industry, forms the legal foundation for the property management services in the PRC.

Qualification of Property Management Enterprises

According to the Regulations on Property Management (《物業管理條例》) promulgated by the State Council on June 8, 2003, taking effect on September 1, 2003 and amended on August 26, 2007 and February 6, 2016, companies engaging in property management activities shall be subject to a qualification system.

In accordance with the Decision of the State Council on Canceling the Third Batch of Administrative Licensing Items Designated by the Central Government for Implementation by Local Governments (《國務院關於第三批取消中央指定地方實施行政許可事項的決定》) promulgated by the State Council on January 12, 2017 and taking effect on the same day, the accreditation of Level 2 and Level 3 qualifications of property service enterprises were cancelled. According to the Decision of the State Council on Canceling a Batch of Administrative Licensing Items (《國務院關於取消一批行政許可事項的決定》), which was promulgated by the State Council on September 22, 2017 and came into effect on the same day, the accreditation of Level 1 qualification of property service enterprises was cancelled.

In accordance with the Notice of the General Office of the Ministry of Housing and Urban-Rural Development (the "**MOHURD**") on Effectively Implementing the Work of Canceling the Qualification Accreditation for Property Service Enterprises (《住房城鄉建設部辦公廳關於做好取消物業服務企業資質核定相關工作的通知》), which was promulgated on December 15, 2017 by the

MOHURD and became effective on the same day, the application, change, renewal or re-application of the qualifications of property service enterprises shall no longer be accepted, and the qualifications obtained already shall not be a requirement in any way for property service enterprises to undertake new property management businesses.

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

Procedures to convene a general meeting of property owners and establish a property owners' association

According to the Regulations on Property Management (2018 Revision)(《物業管理條例(2018年修訂)》), the property owners within a single property management area shall, under the direction of the real estate administration department of the county people's government or the street office or township people's government where the relevant real estate is situated, convene a general meeting of property owners and elect a property owners' association. However, where there is only one property owner or where there are relatively few property owners and they are all in agreement, the property owners(s) may choose not to convene a general meeting of property owners, in which case the functions assigned to both a general meeting of property owners and the property owners' association shall be performed by the owner(s). The Circular on Issuing the Guidance Rules of the General Meeting of the Property Owners and the Property Owners' Association (《關於印發〈業主大會和業主委員會指導規則〉的通知》), which was promulgated by MOHURD on December 1, 2009 and came into effect on January 1, 2010, provides a practical guideline for the establishment and governance of the general meeting of property owners and the property owners' association, and the supervision of the real estate administrative department of the local government.

According to the Civil Code, the general meeting of property owners may vote to establish a property owners' association. The property owners' association is elected by the property owners, and represents their interest in matters related to property management, and the association's decisions are binding on the property owners.

Appointment of Property Management Enterprises

According to the Civil Code, a quorum for the general meeting of the property owners to engage or dismiss a property service enterprise, to change the usage of common space or to conduct operating activities in common space or to decide for certain other matters shall consist of the property owners who hold no less than two-thirds of the total gross floor area (the "**GFA**") of the exclusive area of the community and represent no less 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 service enterprise with affirmative votes of property owners who participate in the voting and hold more than half of the total GFA of the exclusive area owned by the voting owners and who represent more than half of the total number of property owners participating in the voting. For other matters, such as changing the usage of common space or conducting operating activities in common space, the approvals requires the affirmative votes of property owners who hold more than 75% of the total GFA of the exclusive area and who represent more than 75% of the total number of property owners. In addition, the Civil Code explicitly requires that any income generated from the usage of common space in properties under management, net of any reasonable operating costs, shall belong to the property owners. Under the Civil Code, the income from the buildings and ancillary facilities shall be distributed according to the property owners' agreement or based on their respective proportion of the total GFA of the exclusive area of the community if there is no agreement or the agreement is ambiguous.

According to the Regulations on Property Management (2018 Revision) (《物業管理條例(2018年修訂)》), a general meeting of the property owners of a community can engage or dismiss a property service enterprise with affirmative votes of owners who own more than half of the GFA of the community and who account for more than half of the total number of the property owners. Property owners' association, on behalf of the general meeting, can sign the property service contract with the property service enterprise engaged at the general meeting. Before the engagement of a property service enterprise by property owners and a general meeting of the property owners, a written preliminary service contract should be entered into between the property developer and the selected and engaged property service enterprise. The preliminary property service contract may stipulate the contract duration. However, if the property service contract signed by the property owners' association and the property service enterprise comes into force within the term of preliminary property service contract, the preliminary property service contract shall automatically terminate.

According to the Regulations on Property Management (2018 Revision) (《物業管理條例(2018年修訂)》) 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》) promulgated by the Ministry of Construction on June 26, 2003 and taking effect on September 1, 2003, developer of residential buildings and non-residential buildings in the same property management area shall engage property service enterprises by inviting bid. In case where there are less than three bidders or for small-scale properties, the developer can hire property service enterprises by signing an agreement with the approval of the real estate administrative department of the county people's government where the property is located. Where the developer fails to hire the property service enterprise through a tender and bidding process or hire the property service enterprise 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 a 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 representatives 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 selection 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.

According to the Government Procurement Law of the People's Republic of China (《中華人民共和國政府採購法》) which was latest amended on August 31, 2014, the term "government procurement" means the use of fiscal funds by all levels of State authorities, institutions and social organizations to procure goods, projects and services that fall within the catalogue for centralized procurement formulated in accordance with the law or that are above the procurement limits. Public invitation of bids shall be the principal method of government procurement.

According to the Implementation Regulations for the Law of the People's Republic of China on Tenders and Bids (《中華人民共和國招標投標法實施條例》) which was latest amended on March 2, 2019, and taking effect on the same day, where the tender invitation and bidding activities of a project required by law to call for tenders violate the provisions of the Law of the People's Republic of China on Tenders and Bid (《中華人民共和國招標投標法》) and these Regulations, and have a substantive influence on the outcome of award of tender, if it is impossible to adopt remedial measures to rectify, the tender invitation, bidding, award of tender shall be void, the tender exercise or bid evaluation shall be organized anew pursuant to the law.

In addition, the Interpretation of the Supreme People's Court on Several Issues Concerning the 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適用法律若干問題的解釋》), which was latest amended on December 29, 2020, stipulates the interpretation principles applied by the court when hearing disputes on specific matters between property owners and property service enterprises. For example, if the property service enterprise requests the owner, who violate the realty service contract, to restore to the original status, cease the infringement, remove obstruction or assume any other civil liability, the people's court shall uphold the request.

Property Service Charges

According to the Measures on the Charges of Property Service Enterprise (《國家發展和改革委員會、建設部關於印發物業服務收費管理辦法的通知》) (the "**Measures on the Charges**"), which was jointly promulgated by the NDRC and the Ministry of Construction on November 13, 2003 and came into effect on January 1, 2004, property management enterprises are permitted to charge 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 the property service contract.

The competent price administration department of the local people's governments at or above the county level and the competent property administration departments at the same level are responsible for supervising and regulating the fees charged by property service enterprises in their respective administrative regions. The property service fees can be either the government guidance price or market-based price depending on the basis of the nature and features of relevant properties. The specific pricing principles shall be determined by the competent price administration departments and property administration departments of the people's governments of each province, autonomous region and municipality directly under the Central Government.

Dependent on the agreement 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 to property management enterprises who shall 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 service contract, and property owners shall enjoy or assume the surplus or deficit.

In accordance with the Measures on the Charges, except the circumstance where the government guidance price shall be implemented, the market-based price applies to the property management service fees. The standard of such fees is determined by the property management enterprise and the developer or property owners through negotiation.

According to the Provisions on Clearly Marking the Prices of Property Services (《物業服務收費明碼標價規定》), which was jointly promulgated by the NDRC and the Ministry of Construction on July 19, 2004 and came into effect on October 1, 2004, property management enterprises shall clearly mark the price, as well as state service items and standards and relevant information on services (including the property management services as stipulated in the property management service agreement as well as other services requested by property owners) provided to the owners. If the charging standard changes, property management 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)》) which was jointly promulgated by the NDRC and the Ministry of Construction on September 10, 2007 and came into effect on October 1, 2007, the competent price administration department of people's government formulates or regulates property service charging standards, the pricing cost of property management services should be the social average cost of community property services as verified by the competent price administration department of the people's government. With the assistance of competent real estate administrative department, competent pricing department is responsible to organize the implementation of the property service 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.

At present, no uniform standard for the government guidance price of fees for property management services has been established at the national level. In accordance with the Circular of the NDRC on the Opinions for Decontrolling the Prices of Some 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 on December 17, 2014 and became effective on the same day, competent pricing departments of each province, autonomous region and municipality directly under the Central Government shall promptly implement relevant procedures to cancel the price control on property services of non-government-supported houses. The provincial price authorities shall, jointly with the housing and urban-rural development administrative authorities, decide to implement government guidance prices for property service fees for government-supported houses, houses under housing reform, old residence communities and preliminary property management service in light of the actual situation. The benchmark and floating range of these government guidance prices vary from region to region. In terms of parking service for residential community, 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.

According to the Regulations on Property Management of Jiangxi Province (《江西省物業管理條例》), which was latest amended on November 27, 2019, property service charges are subject to the property service contracts between the owners and the property service enterprises in accordance with the pricing authorization and management measures prescribed by competent authorities of the State Council or provincial government.

Hefei & Wuhu & Chuzhou, Anhui Province

According to the Measures on Property Service Fee of Anhui Province (《安徽省物業服務收費管理辦法》) issued by the Price Bureau and Housing and Urban-Rural Construction Department of Anhui Province which has taken effect on November 1, 2014, the government guidance prices shall be applied for the public management charges, parking fees and garbage fees for decoration and construction work of ordinary residential properties, and market-regulated prices shall be applied for the property management fees of non-ordinary residential properties and charges on customized services entrusted by certain homeowners or property users. The difference between ordinary residential properties and non-ordinary residential properties shall be determined by each municipality.

The Notice on Adjustment on Standard of Preliminary Property Management Service Fees of Ordinary Residential Projects in Downtown Area of Hefei (《關於調整合肥市普通住宅小區前期物業公共服務費標準的通知》) provides that the standard price for first-class residential properties with elevators shall be RMB1.7 per square meter per month (with no more than 20% fluctuation).

The Measures for Implementation on Property Management Service Fees of Ordinary Residential Projects in Downtown Area of Wuhu (《蕪湖市市區普通住宅小區物業服務收費管理實施辦法》) provides that the highest price of the ordinary residential properties with elevators shall be RMB1.08 per square meter per month (with no more than 20% fluctuation), and for those without elevators shall be RMB0.88 per square meter per month (with no more than 20% fluctuation).

The Notice on Announcement of the Measures for Implementation on Property Management Service Fees of Residential Projects in Downtown Area of Chuzhou (關於印發《滁州市市本級住宅小區物業服務收費管理實施辦法》的通知) and The Notice on issues concerning Property Management Service Fees of Residential Projects (《關於住宅小區物業收費有關問題的通知》) provide that the standard price of the residential properties with highest-level shall be RMB0.8 per square meter per month (with no more than 10% upward float and no limitation to downward float).

Jinan & Yantai & Qihe & Jiyang, Shandong Province

According to the Measures on Property Service Fee of Shandong Province (《山東省物業服務收費管理辦法》) issued by Shandong Provincial Government which has taken effect on July 1, 2018, the government guidance prices shall be applied for the public service fees and parking fees of ordinary residential preliminary properties, and market-regulated prices shall be applied for the property public service fees and parking fees of other properties.

The Notice on Announcement on the Grade Standard and Benchmark Price of Property Management Service Fees of Ordinary Residential Projects (《關於公佈我市普通住宅物業服務等級標準及物業服務收費基準價格的通知》) promulgated by Price Bureau and Housing Security and Real Estate Administration Bureau of Jinan Municipal provides that the standard price for five-star (highest level) residential properties shall be RMB1.6 per square meter per month (with no more than 10% upward float and no limitation to downward float) plus elevators maintain fees that is RMB 0.35 per square meter per month along with auto fire-fighting equipment maintain fees that is RMB0.2 per square meter per month.

The Notice on the Preliminary Property Management Service Fees of Ordinary Residential Projects in Downtown Area of Yantai (《關於煙台市市區普通住宅前期物業服務收費有關事項的通知》) provides that the highest price of the residential properties with elevators shall be RMB1.8 per square meter per month(with no more than 20% fluctuation), and those without elevators shall be RMB1.25 per square meter per month (with no more than 20% upward float and no limitation to downward float).

The Notice on Issues Concerning the Administration of Property Management Service Fees in Qihe County (《關於齊河縣物業服務收費管理有關事項的通知》) promulgated by Qihe Development and Reform Bureau, Housing and Urban-rural Development Bureau of Qihe County and Market Supervision Administration of Qihe County provides that the standard price for five-star (highest level) residential properties with elevators shall be RMB1.4 per square meter per month (with no more than 20% fluctuation) and those without elevators shall be RMB1 per square meter per month (with no more than 20% fluctuation).

The Notice on Announcement of the Grade Standard and Benchmark Price of Property Management Service Fees of Ordinary Residential Projects (《關於公佈我縣普通住宅物業服務等級標準及物業服務收費基準價格的通知》) promulgated by Price Bureau of Jiyang County provides that the standard price for five-stars (highest level) shall be RMB0.95 per square meter per month (with no more than 10% upward float and no limitation to downward float) plus elevators maintain fees that is RMB0.35 per square meter per month along with auto fire-fighting equipment maintain fees that is RMB0.2 per square meter per month.

Tianjin

The List of Service Fees subject to Guidance Price of Tianjin Government (《政府定價的經營服務性收費目錄清單》) promulgated by Tianjin Development and Reform Commission provides that the highest price of the residential properties shall be RMB1.2 per square meter per month(with no more than 20% fluctuation).

Xi'an & Xianyang, Shaanxi Province

According to the Measures on Property Service Fees of Shaanxi Province (《陝西省物業服務收費管理辦法》) issued by Development and Reform Commission, Housing and Urban-Rural Construction Department and Market Supervision Administration of Shaanxi Province which has taken effect on September 1, 2019, the government guidance prices shall be applied for the property management fees and parking fees of residential properties before establishment of the owners' congress, affordable housing, reformed housing, old residential communities, and market-regulated prices shall be applied for the property management fees and parking fees of other types of properties.

The Measures for the Property Management Fees in Downtown Area of Xi'an (《西安市物業服務收費管理辦法》) provides that the highest price of the residential properties shall be RMB2.2 per square meter per month (with no more than 10% upward float and no limitation to downward float).

The Implementation Rules on the Property Management Fees in Xianyang (《鹹陽市物業服務收費管理實施細則》) provides that the highest price of the residential properties shall be RMB1.9 per square meter per month(with no more than 20% upward float).

Taizhou & Yixing, Jiangsu Province

According to the Measures on Property Service Fee of Jiangsu Province (《江蘇省物業服務收費管理辦法》) issued by the Development and Reform Commission and Housing and Urban-Rural Construction Department of Jiangsu Province which has taken effect on January 1, 2019, the government guidance prices shall be applied for the preliminary property management fees and parking fees of ordinary residential properties, and market-regulated prices shall be applied for the property management fees and parking fees of residential properties after the establishment of the owners' congress, other non-ordinary residential properties and non-residential properties.

The Service Grade Standard and Benchmark Price of Ordinary Preliminary Residential Property Public Service in Downtown Area of Taizhou (《泰州市區普通住宅前期物業公共服務分項目分等級服務標準和收費標準》) provides that the comprehensive management service fees plus public order maintain fees and cleaning fees for public area and vegetation rejuvenating fees shall be RMB1.3431 per square per month. However, based on our PRC Legal Advisor's oral consultation to Development and Reform Commission of Jiangyan District, Taizhou, official indicated that in practice, the price shall not higher than RMB1.2 per square per month.

The List of Service Fees subject to Guidance Price of Yixing Government (《宜興市政府定價的經營服務收費目錄清單》) and The Implementation Rules on the Property Management Fees in Yixing (《宜興市物業服務收費管理實施細則》) provide that the highest price of the residential properties shall be RMB2.3 per square meter per month (with no more than 20% fluctuation when the competent authority approves of doing so).

Shenzhen & Zhongshan & Foshan, Guangdong Province

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》), government guidance prices or market-regulated price shall be applied for charges of property management in light of the nature and characteristics of different properties. The government guidance prices shall be applied for the charges of property service of a residential property (including self-owned parking space and garages) before the establishment of the owners' congress, and market-regulated prices shall be applied for the service fee of villas, residential properties (including self-owned parking space and garages) after the establishment of the owners' congress and other non-residential properties.

According to the Notice on Further Standardization on Property Management Services Fees (《關於進一步規範物業服務收費的通知》) issued by the Development and Reform Commission of Guangdong Province and the Guangdong Provincial Bureau of Housing and Urban-rural Development which has taken effect on August 1, 2019, the property service charging standards for which government guidance prices are carried out will be determined by the property service companies and the property owners through negotiation, and will no longer be required to report to the local Development and Reform Commission for filing.

The Notice on Announcement of Guidance Standard on Residential Properties Management Fees (《關於印發我市住宅物業服務收費指導標準的通知》) provides that the highest prices of the residential in Shenzhen properties shall be RMB3.9 per square meter per month.

The Notice on Promulgating and Implementing the Government Guidance Standard of Residential Property Management Service Fees in Zhongshan (《關於頒佈實施中山市住宅物業服務費政府指導價標準的通知》) provides that the standard price for the highest-level residential properties with elevators shall be RMB3 per square meter per month; and those without elevators shall be RMB2.05 per square meter per month.

The Notice on Further Strengthening the Management of Property Management Service Fees (《關於進一步加強物業服務收費管理的通知》) provides that the standard price for the highest-level residential properties shall be RMB2.7 per square meter per month.

The Notice on the Grade Standard and Benchmark Price of Property Management Service Fees and Fluctuation Range thereof in Qingyuan (《關於清遠市區物業服務等級、基準價及浮動幅度的通知》) provides that the price of highest-level residential properties with elevators shall be RMB1.2 per square meter per month(with no more than 20% fluctuation).

The List of Service Fees subject to Guidance Price of Zhanjiang Government (《湛江市政府定價的經營服務性收費目錄清單》) provides that the highest price of the residential properties shall be RMB1.7 per square meter per month.

The Notice on Further Strengthening the Supervision on Property Management Service Fees (《關於進一步加強我市物業服務收費管理的通知》) promulgated by Jiangmen Development and Reform Bureau provides that the highest price of the residential properties with elevators shall be RMB2.4 per square meter per month; those without elevators shall be RMB1.5 per square meter per month.

Changsha & Xiangtan, Hunan Province

According to the Measures on Property Service Fee of Hunan Province (《湖南省物業服務收費管理辦法》) issued by the Development and Reform Commission and Housing and Urban-Rural Construction Department of Hunan Province which has taken effect on January 3, 2017, the government guidance prices shall be applied for the property management fees of affordable housing, reformed housing, old residential communities and residential properties before establishment of the owners' congress, and market-regulated prices shall be applied for the property management fees of villas, other non-residential properties and residential properties after the establishment of the owners' congress.

The List of Service Fees subject to Guidance Price of Changsha Government (《長沙市政府定價的經營服務性收費目錄清單》) provides that the highest price of the residential properties shall be RMB4 per square meter per month.

The List of Service Fees subject to Guidance Price of Xiangtan Government (《湘潭市政府定價的經營服務收費目錄清單》) and the Opinions on Further Implementation of the Measures for the Property Management Fees in Hunan Province (《關於貫徹落實<湖南省物業服務收費管理辦法>的實施意見》) promulgated by Price Bureau of Xiangtan and Housing Management Bureau of Xiangtan provide that the highest price of the residential properties shall be RMB1.98 per square meter per month (with no more than 10% upward float when the competent authority approves of doing so).

Property Management Service Outsourcing

In accordance with the Regulations on Property Management (2018 Revision) (《物業管理條例(2018年修訂)》), a property service enterprise may outsource a specific service within the property management area to a specialized service enterprise, but it shall not outsource all the property management business within such area to third parties.

Parking Service Fees

According to the Guidance on the Planning, Construction and Management of Urban Parking Facilities (《關於城市停車設施規劃建設及管理的指導意見》) (Jian Cheng 2010 No. 74) (jointly promulgated by the MOHURD, the Ministry of Public Security of the PRC (the "**MPS**") and the NDRC and came into effect on May 19, 2010), a licensed management system shall be adopted with market access and exit standards and the open, fair and equitable selection of professional urban parking service enterprises.

Pursuant to Guidance on Further Improving Charging Policies for Motor Vehicle Parking Service (《關於進一步完善機動車停放服務收費政策的指導意見》) (Fa Gai Jia Ge [2015] No. 2975) (jointly promulgated by NDRC, MOHURD and Ministry of Transport on December 15, 2015 and came into effect on the same day), the fee charged for parking service shall be determined primarily by the market, and the scope of government guidance prices in parking services shall be gradually reduced to encourage the construction of parking facilities by social capital.

According to the Circular of NDRC on the Opinions for Decontrolling the Prices of Some Services (《國家發展改革委關於放開部分服務價格意見的通知》) promulgated on December 17, 2014 and became effective on the same day, price control on parking services in residence communities was also cancelled.

Security and Guarding Services

In accordance with Regulation on the Administration of Security and Guarding Services (2020 Revision) (《保安服務管理條例(2020修訂)》) promulgated on October 13, 2009 and became effective on the January 1, 2010, and was amended on November 29, 2020, an entity employing security guards by itself shall, within 30 days after the start of security and guarding services, go through the filing formalities in the public security organ of the people's government of the local districted city.

Fire Protection

Pursuant to the Fire Protection Law of the PRC (《中華人民共和國消防法》), which was promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on April 29, 1998, and was amended on October 28, 2008, April 23, 2019 and April 29, 2021, property management enterprises of residential community shall carry out maintenance and administration of common firefighting facilities within the area under their management, and provide fire safety prevention services.

Proposed PBOC Standards in Controlling the Scale of Interest-Bearing Debts of Property Developers

The PBOC and the Ministry of Construction started to control the scale of interest-bearing debts of property developers in China by applying a newly proposed standard in the assessment of the debt burden of property developers since January 1, 2021. In particular, under such new standard, for a property developer, (i) the pro forma liability asset ratio (calculated as total liabilities less contract liabilities divided by total assets less contract liabilities), shall not exceed 70%; (ii) the net gearing ratio (calculated as total interest-bearing liabilities less cash and bank balances divided by total equity) shall not exceed 100%; and (iii) the cash to short-term borrowing ratio (calculated as cash and bank balances divided by short-term interest bearing liabilities) shall not be lower than 1.0. The PBOC standard further stipulates that (i) for property developers which comply with all the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 15% annually; (ii) for property developers which only comply with two of the above-mentioned three limits, their size of interest bearing liabilities shall increase by less than 10% annually; (iii) for property developers which only comply with one of the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 5% annually; and (iv) for property developers which fail to comply with any of the above-mentioned three limits, their size of interest-bearing liabilities shall not increase at all.

Recent Changes in Provision of Mortgage Loans to Purchasers of New and Second-Hand Properties

On December 28, 2020, PBOC and China Banking and Insurance Regulatory Commission (the "**CBIRC**") jointly promulgated the Notice of PBOC and CBIRC on Establishing a Centralization Management System for Real Estate Loans of Banking Financial Institutions (《中國人民銀行、中國

銀行保險監督管理委員會關於建立銀行業金融機構房地產貸款集中度管理制度的通知》), which requires a PRC banking financial institution (excluding its overseas branches) to limit the amount of real estate loans and personal housing mortgage loans it lends to a proportion calculated based on the total amount of RMB loans extended by such banking financial institution. A relevant banking financial institution will have a transition period of two years or four years to comply with the requirements depending on whether such banking financial institution exceeded 2% of the legal proportion based on the statistical data relating to such banking financial institution as of December 31, 2020. Under the notice, PBOC and CBIRC will have the authority to take measures such as, among other things, imposing additional capital requirements on and reallocating the weight adjustments relating to the risk of real estate assets for banking financial institutions that fail to rectify the proportion requirements within a certain period.

On March 26, 2021, the General Office of CBIRC, the General Office of MOHURD and the General Office of PBOC jointly promulgated the Notice on Preventing the Illegal Flow of Business Loans into Real Estate Market (《關於防止經營用途貸款違規流入房地產領域的通知》), which requires the local counterparts of CBIRC, MOHURD and PBOC to strengthen supervisory inspection on the illegal flow of business loans into real estate market, enhance non-compliance complaint mechanism, and promptly share and jointly investigate clues on such violations. Also, relevant authorities shall consider illegal flow of business loans into real estate market and other related issues as important content of various inspections, strictly enforce relevant obligations in accordance with laws, strengthen joint punishment, and promptly include the information on relevant administrative penalties on enterprises and individuals in the credit reporting system.

On July 13, 2021, the MOHURD and other seven departments jointly promulgated the Notice on Continuous Rectification and Regulation of Real Estate Market Order (《關於持續整治規範房地產市場秩序的通知》), which prohibits arbitrage of or assistance on arbitrage of non-housing loans like business loans or consumer loans to use them on purchasing properties.

On September 24, 2021, the Monetary Policy Committee of PBOC held the third quarterly meeting of 2021 (its 94th meeting), which said that PBOC will keep the real estate market stable and protect the legitimate rights and interests of property purchasers.

Recent Changes in Property Management Service Regulations

On December 25, 2020, MOHURD and several other departments promulgated the Notice of the Ministry of Housing and Urban-Rural Development and Other Departments on Strengthening and Improving the Work of Residential Property Management (《住房和城鄉建設部等部門關於加強和改進住宅物業管理工作的通知》), which requires improvement on governance structure of the property owners' associations, improvement on service level of property management, regulation on the use and management of housing maintenance funds and enhancement of supervision on and administration of property management services.

On July 13, 2021, the MOHURD and other seven departments jointly promulgated the Notice on Continuous Rectification and Regulation of Real Estate Market Order (《關於持續整治規範房地產市場秩序的通知》), which highlights the key rectification points of property management service, include failure to provide property management service in accordance with the contents and standards provided in the agreement, failure to publicize relevant information (e.g., property management fees standard, operation in common area and income generated therefrom, usage of housing maintenance funds), charging property management fees at a standard higher than the provided or publicized standard, using common area for business activities without consent, misusing incomes generated from operation in common area, refusing to exit after the property management agreement has legally expired or been terminated without justified reasons.

Also, recently several local authorities have made amendments to the property management regulations successively, for example, the Measures on Property Management of Xi'an Municipality (amended on January 18, 2021), the Regulations on Property Management of Anhui Province (amended on March 29, 2021), the Regulations on Property Management of Hunan Province (amended on March 31, 2021), the Regulations on Property Management Service of Shaanxi Province (amended on October 1, 2021), the Measures on Residential Property Management of Taizhou Municipality (taking effect on January 1, 2021), the Temporary Measures on Credit Management System of Property Management Enterprises and Project Managers of Changsha Municipality (taking effect on January 1, 2021), the Measures on Implementation of the Regulations of Hunan Province on Property Management of Xiangtan Municipality (promulgated on February 1, 2021) and the Measures on Residential Property Management of Foshan Municipality (promulgated on February 19, 2021). The above regulations have been amended mainly in the following main aspects: (1) improving the common area income management system; (2) creating the property management committee system, the property management committee consists of the representatives designated by sub-district offices, governments at township level, neighborhood committees, village committees and property owners' representatives and main tasks of the committee are to organize and hold the first assembly of property owners, elect or guide the reelection of the property owners association; (3) improving the preparatory system for general meeting of property owners, lowering the requirement for the establishment of the general meeting of property owners and property owners associations and refining the determination of the number of the voting rights of the property owners; (4) strengthening the supervision of Housing and Urban-rural Construction Departments on property services enterprises, establishing incentive and punishment systems and third-party evaluation and supervision mechanisms for property services; (5) establishing credit system for property management enterprises by dividing them into different categories based on their credit records and give them corresponding rewards or punishment; (6) establishing a protection mechanism for property service charge and a price adjustment mechanism for property service charge; (7) encouraging the property owners to vote electronically and refining the procedural provisions in relation to adjusting property management fees and using property maintenance funds; and (8) specifying the legal liabilities for some illegal acts in property management.

Recent Changes in Real Estate Tax Reform

On October 23, 2021, the 31st Session of the Standing Committee of the 13th National People's Congress adopted the Decision of the Standing Committee of the National People's Congress on Authorizing the State Council to Carry out a Pilot Program of Real Estate Tax Reform in Certain Areas (the "**Decision**"), authorizing the State Council to carry out a pilot program of real estate tax reform in certain areas. The Decision clarifies that the taxation objects of real estate tax are various types of real estate for residential use and non-residential use in urban areas, and that the property owners are taxpayers of the real estate tax. The Decision authorizes the State Council to formulate specific measures for the real estate tax pilot program, and determine the list of cities for the pilot program and file the record with the Standing Committee of the National People's Congress. The Decision also authorizes the people's governments of pilot areas to formulate specific implementing rules.

According to the Decision, the period for the real estate tax pilot program shall be five years from the date when the measures for the pilot program are officially issued by the State Council. Up to now, it is not clear when the detailed measures for the real estate tax pilot program and the list of the real estate tax pilot cities will be formally introduced. As such, our Directors, the Sole Sponsor and the PRC Legal Advisors is of the view that there is no material adverse impact on the Group's business operations or financial performance.

According to relevant researches and predictions, priority will be given to the selection of the pilot program from first or second tier cities with hot real estate markets, such as Beijing, Shanghai, Shenzhen, Chongqing, Hangzhou, Ningbo, Nanjing, Suzhou, and Hainan.

There are several reasons for the levying of the real estate tax: as the main tax of a local government, it is conducive to raise local fiscal revenue and is directly used for providing basic social public services to local residents; as a property tax, it can adjust the fair distribution of real estate wealth and promote common prosperity; under the background of high domestic real estate market and rising house prices, it is conducive to the stable and healthy development of the real estate market and the return of real estate to housing attribute.

The real estate tax in Shanghai and Chongqing has been levied for ten years, but its scope and tax rate are very limited, which has no significant impact on the real estate market and the fair distribution of social wealth. The pilot reform of the real estate tax will be carried out in various cities according to the further implementation rules, and on the basis of summing up the pilot experience, the final law will be enacted and implemented nationwide. There is no official channel to say that the new pilot measures will be based on the current regulations in Shanghai and Chongqing.

PRC LAWS AND REGULATIONS RELATING TO INTERNET INFORMATION SERVICES

Internet Information Services

According to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》), which was promulgated by the State Council on September 25, 2000 and became effective on the same day and was amended on January 8, 2011, Internet information service refers to the provision of information through Internet to web users, and consists of two categories: commercial and non-commercial. Commercial Internet information service refers to the service activities of compensated provision of information or website production through the Internet to web users. Non-commercial Internet service refers to the provision free of charge of public, commonly-shared information through the Internet to web users. Entities engaged in providing commercial Internet information services shall apply for a license for value-added telecommunication services of Internet information services. As for the operation of non-commercial Internet information services, a record-filing is required. Internet information service provider shall provide services within the scope of their licenses or filing, and shall not provide services beyond such scope.

Non-commercial Internet information service providers shall not provide services with charge of payment. In case an Internet information service provider changes its services, website address, etc., it shall apply to submit such changes within 30 days in advance with the relevant government department.

Where an entity provides commercial Internet information service without a license or provides service beyond the scope of the license, provincial telecommunication administrative department shall order it to make correction within a prescribed time limit. Where there are illegal gains, such gains shall be confiscated; and a fine of more than three times but less than five times of such gains shall be imposed. Where there is no illegal gain or the gain is less than RMB50,000, a fine of RMB100,000 to RMB 1 million shall be imposed. Where the circumstance is serious, the website shall be ordered to shut down. Where an entity provides non-commercial Internet information service without a filing, provincial telecommunication administrative department shall order it to make corrections within a prescribed time limit and to shut down the website if it refused to make corrections.

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

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 (《全國人民代表大會常務委員會關於加強網絡信息保護的決定》) to enhance the protection of information security and privacy on the Internet. On July 16, 2013, the Ministry of Industry and Information Technology (the "**MIIT**") promulgated the Provisions on Protection of

Personal Information of Telecommunication and the Internet Users (《電信和互聯網用戶個人信息保護規定》), which became effective on September 1, 2013, to regulate the collection and use of personal information of users in the provision of telecommunication service and the Internet information service.

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

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

The PRC Data Security Law (《中華人民共和國數據安全法》), which was promulgated by the SCNPC on June 10, 2021 and came into effect on September 1, 2021, provides for data security obligations on entities and individuals carrying out data processing activities, introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used, and provides for a national security review procedure for those data processing activities which may affect national security and imposes export restrictions on certain data and information. Breach of the foregoing data security obligation will result in penalties including imposition of fine, order to suspend business and revocation of relevant business permit and/or business license, depends on whether such breach has been rectified in a timely manner and how large the loss caused by such breach is.

On August 20, 2021, the SCNPC promulgated the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), which has come into effect on November 1, 2021. The PRC Personal Information Protection Law further emphasizes processors' obligations and responsibilities for personal information protection and sets out the basic rules for processing personal information and the rules for cross-border transfer of personal information.

On December 28, 2021, thirteen government departments including the Cyberspace Administration of China ("**CAC**") jointly issued the Cybersecurity Review Measures (網絡安全審查辦法) (the "**Revised Cybersecurity Review Measures**") which came into effect on February 15, 2022. The Revised Cybersecurity Review Measures, among other things, provide that the purchase of network products and services by a critical information infrastructure operator (關鍵信息基礎設施運營者) and the data processing activities of a network platform operator (網絡平台運營者) that affect or may affect national security shall be subject to the cybersecurity review.

On November 14, 2021, the CAC released the Administration of Cyber Data Security (Draft for Comments) (網絡數據安全管理條例(徵求意見稿)) (the "**Draft Data Security Regulations**"). The Draft Data Security Regulations, among other things, provide that data processors seeking a public listing in Hong Kong that affect or may affect national security must apply to the CAC for a cybersecurity review. However, the Draft Regulations on Data Security provides no further explanation or interpretation of what constitutes "affect or may affect national security".

PRC LAWS AND REGULATIONS RELATING TO OVERSEAS LISTING

On December 24, 2021, the CSRC published the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments), and Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments), or, collectively, the Draft Overseas Listing Regulations, which set out the new regulatory requirements and filing procedures for Chinese companies seeking direct or indirect listing in overseas markets. The Draft Overseas Listing Regulations, among others, stipulate that (i) Chinese companies that seek to offer and list securities in overseas markets shall fulfill the filing procedures with and report relevant information to the CSRC, and that an initial filing shall be submitted within three working days after the application for an initial public offering is submitted, and a second filing shall be submitted after the listing is completed, and (ii) in the event that Chinese companies that have directly or indirectly listed securities in overseas markets intend to conduct follow-on offerings in overseas markets, such companies shall fulfill the filing procedures with and report relevant information to the CSRC, and such filing shall be submitted within three working days after such follow-on offering is completed. Moreover, an overseas offering and listing is prohibited under circumstances if (i) it is prohibited by PRC laws, (ii) it may constitute a threat to or endanger national security as reviewed and determined by competent PRC authorities, (iii) it has material ownership disputes over equity, major assets, and core technology, (iv) in recent three years, the Chinese operating entities and their controlling shareholders and actual controllers have committed relevant prescribed criminal offenses or are currently under investigations for suspicion of criminal offenses or major violations, (v) the directors, supervisors, or senior executives have been subject to administrative punishment for severe violations, or are currently under investigations for suspicion of criminal offenses or major violations, or (vi) it has other circumstances as prescribed by the State Council.

The Draft Overseas Listing Regulations, among others, stipulate that when determining whether an offering and listing shall be deemed as "an indirect overseas offering and listing by a Chinese company," the principle of "substance over form" shall be followed, and if the issuer meets the following conditions, its offering and listing shall be determined as an "indirect overseas offering and listing by a Chinese company" and is therefore subject to the filing requirement: (i) the revenues, profits, total assets or net assets of the Chinese operating entities in the most recent financial year accounts for more than 50% of the corresponding data in the issuer's audited consolidated financial statements for the same period; (ii) the majority of senior management in charge of business operation are Chinese citizens or domiciled in the PRC, and its principal place of business is located in the PRC or main business activities are conducted in the PRC.

PRC LAWS AND REGULATIONS RELATING TO HEALTHCARE SERVICES

According to the Administrative Measures on Medical Institutions (《醫療機構管理條例》), which was promulgated by the State Council on February 26, 1994, came into effect on September 1, 1994 and revised on February 6, 2016, and the Implementation Measures of the Administrative Measures on Medical Institutions (《醫療機構管理條例實施細則》), which was promulgated by the National Health Commission of the People's Republic of China on August 29, 1994, came into effect on September 1, 1994 and was amended on November 1, 2006, June 24, 2008 and February 21, 2017), stipulate that the establishment of medical institutions shall comply with the relevant regional planning requirements as well as the basic standards of medical institutions. Any entity or individual that intends to establish a medical institution shall follow the application approval procedures and register with the relevant healthcare administrative authorities to obtain a Medical Institution Practicing License(《醫療機構執業許可證》).

According to the Measures on the Nursing Institutions (《養老機構管理辦法》), which was promulgated by the Ministry of Civil Affairs on September 1, 2020 and came into effect on November 1, 2020, establishment of profit-making nursing institution shall be registered with the market supervision and administration departments. A profit-making nursing institution shall go through the formalities for record with the local civil affairs department of the people's government at the county level within ten working days after admission of the elderly therein. Also, nursing institutions shall enter into service agreements with the elderly or the agents thereof, specifying the rights and obligations of the parties.

According to the Guiding Opinions of the National Development and Reform Commission and the Ministry of Civil Affairs on Administration of Service Charges of Nursing Institutions to Promote the Healthy Development of the Nursing Service Industry (《國家發展改革委、民政部關於規範養老機構服務收費管理促進養老服務業健康發展的指導意見》) (Fa Gai Jia Ge [2015] No. 129), which was promulgated by the NDRC and the Ministry of Civil Affairs jointly on January 19, 2015 and came into effect on the same day, the charging items and fee rate of private profit-making nursing institution shall be decided by the operator itself and shall not be intervened by governmental authorities.

According to the Regulation on Nursing Services of Shandong Province (《山東省養老服務條例》) which was promulgated by the Standing Committee of the People's Congress of Shandong Province on March 26, 2020 and came into effect on May 1, 2020, establishment of nursing institution shall be subject to registration procedures in accordance with laws, and the institution shall submit its application to the local civil affairs department.

PRC LAWS AND REGULATIONS RELATING TO LABOR PROTECTION

According to Labor Law of the PRC (《中華人民共和國勞動法》), which was promulgated by the SCNPC on July 5, 1994, 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 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 qualifications for special operations.

According to Labor 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 Labor 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 labor contracts to establish their employment relationship. The labor contracts shall set forth the terms, duties, remunerations, disciplinary rules of the employment and conditions to terminate the labor contracts. With respect to a circumstance where a labor relationship has already been established but no formal contract has been made, a written labor contract shall be entered into within one month from the date when the employee begins to work. Meanwhile, it is stipulated that labor contracts must be concluded in a written form, upon reaching an agreement after due negotiation, an employer and an employee may enter into a fixed-term labor contract, a non-fixed-term labor contract or a labor contract that concludes upon completion of certain work assignments. After reaching an agreement upon due negotiation with employees or by fulfilling other circumstances in line with legal conditions, an employer may legally terminate a labor contract and dismiss its employees.

According to the Social Security Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010, came into effect since July 1, 2011, and was amended on December 29, 2018, and other relevant PRC laws and regulations such as the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), the Regulations on Work Injury Insurance (《工傷保險條例》), the Regulations on Unemployment Insurance (《失業保險條例》) and the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》), the employer shall register with the social insurance authorities and contribute to social insurance plans covering basic pensions insurance, basic medical insurance, maternity insurance, work injury insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees, while work injury insurance and maternity insurance contributions shall be paid only by employers.

Employers who fail to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times of the amount in arrears.

According to the Plan on Deepening Institutional Reformation of Party and Government (《深化黨和國家機構改革方案》), the governing agency of social insurance contribution (including but not limited to the basic pension insurance, basic medical insurance, work-related injury insurance and unemployment insurance) will be changed to tax authority. According to the Notice on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (《關於穩妥有序做好社會保險費徵管有關工作的通知》) (Shui Zong Ban Fa [2018] No. 142) promulgated by the State Taxation Administration (the "**SAT**") and became effective on September 13, 2018 and the Urgent Notice on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (《人力資源社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) (Ren She Ting Han [2018] No. 246) promulgated by the General Office of the Ministry of Human Resources and Social Security and became effective on September 21, 2018, all the local authorities responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises. Notice on Implementing Measures to Further Support and Serve the Development of Private Economy (《國家稅務總局關於實施進一步支持和服務民營經濟發展若干措施的通知》) (Shui Zong Fa [2018] No. 174) promulgated by the SAT and became effective on November 16, 2018, repeated that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises in the previous years.

The Notice on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rate(《國務院辦公廳關於印發降低社會保險費率綜合方案的通知》) (Guo Ban Fa [2019] No. 13), promulgated by the General Office of the State Council on April 1, 2019, requires to steadily advance the reform of the system of social security collection. In principle, the basic pension insurance for enterprise employees and other insurance types for enterprise employees shall be collected temporarily according to the existing collection system to stabilize the payment method. It also emphasizes that the historical unpaid arrears of the enterprise shall be properly treated. In the process of the reform of the collection system, it is not allowed to conduct self-collection of historical unpaid arrears from enterprises, and it is not allowed to adopt any method of increasing the actual payment burden of small and micro enterprises to avoid causing difficulties in the production and operation of the enterprise.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), which was promulgated by the State Council on April 3, 1999, and became effective on the same day, and was amended on March 24, 2002 and March 24, 2019, employers shall undertake registration at the competent administrative center of housing fund and then, upon the verification by such administrative center of housing 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 center. With respect to companies who fail to process housing provident fund registrations or open housing provident fund accounts for their employees, such companies shall be ordered by the housing provident fund administration center to complete such procedures within a prescribed time limit; where failing to do so by 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 fails to pay up housing provident fund contributions in full amount as due, the housing provident fund administration center shall order 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.

PRC LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

Trademark

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, taking effect on March 1, 1983 and amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019, and the Regulation on the Implementation of the Trademark Law of the People's Republic of China (2014 Revision) (《中華人民共和國商標法實施條例(2014修訂)》) which was promulgated by the State Council on August 3, 2002, amended on April 29, 2014, and went 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. 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

The Copyright Law of the PRC (《中華人民共和國著作權法》), which was promulgated by the SCNPC on September 7, 1990, came into effect on June 1, 1991 and was amended on October 27, 2001, February 26, 2010 and November 11, 2020, and was in force on June 1, 2021, specifies that works of Chinese citizens, legal persons or other organizations, including literature, art, natural sciences, social sciences, engineering technologies and computer software created in writing or oral or other forms, whether published or not, shall enjoy the copyright. Copyright holder can enjoy multiple rights, including the right of publication, the right of authorship and the right of reproduction.

The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which was promulgated by the National Copyright Administration on February 20, 2002, and came into effect on the same day, regulates the registration of software copyright, the exclusive licensing contract and transfer contracts of software copyright. The National Copyright Administration is primarily responsible for the registration and management of national software copyright and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center will grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulations on Protection of Computers Software (《計算機軟件保護條例》) which was promulgated by the State Council on December 20, 2001, came into effect on January 1, 2002 and was amended on January 8, 2011 and January 30, 2013.

Domain Name

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), which was promulgated 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 is responsible for managing Internet network domain names of China. 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 about the domain name holder's identity for the registration purpose, and sign the registration agreements. Upon the completion of the registration process, the applicant will become the holder of the relevant domain name.

PRC LAWS AND REGULATIONS RELATING TO TAX

Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), which was promulgated by the National People's Congress on March 16, 2007 and came into effect on January 1, 2008 and was amended on February 24, 2017 and December 29, 2018, and the Implementation Regulations on the EIT Law (《企業所得稅法實施條例》) which was issued by the State Council on December 6, 2007, came into effect on January 1, 2008, and was amended on April 23, 2019 (collectively, the "**EIT Law**"), 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 management 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 enterprise. Thus, the tax rate of 25% applies to their income originating from both inside and outside the PRC.

According to the EIT Law and the Implementing Regulations of the EIT Law, for dividends payable to investors who are non-resident enterprises (who do not have institutions or places of business in the PRC, or that have institutions 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).

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

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

Value-added Tax

According to the Temporary Regulations of the PRC on Value-Added Tax (《中華人民共和國增值稅暫行條例》), which was promulgated on December 13, 1993 by the State Council, came into effect on January 1, 1994 and was 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》), which was promulgated by the MOF on December 25, 1993, became effective on the same day and was amended 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 shall pay value-added tax. Except as otherwise provided in the VAT law, tax rate for selling services or intangible assets is 6%.

Furthermore, in accordance with the Notice on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (《關於全面推開營業稅改徵增值稅試點的通知》), promulgated by the Ministry of Finance (the "**MOF**") and the SAT on March 23, 2016 and taking effect on May 1, 2016, the state started to fully implement the pilot program from business tax to value-added tax since 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 shall pay value-added tax instead of business tax.

PRC LAWS AND 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, taking effect on April 1, 1996 and amended on January 14, 1997 and August 5, 2008, the RMB is generally freely convertible for current account items, including the distribution of dividends, trade and service related foreign exchange transactions, but not for capital account items, such as direct investment, loan, repatriation of investment and investment in securities outside the PRC, unless prior approval from the State Administration of Foreign Exchange (the "**SAFE**") is obtained.

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》) which was promulgated by the SAFE 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 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 SAFE may adjust the above ratio in due time according to the balance of payment status.

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

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) (Hui Fa [2020] No. 8) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, with no need to provide the evidentiary materials concerning authenticity of such capital for banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts. The concerned bank shall conduct ex post checking in accordance with the relevant requirements.

Pursuant to the Circular on Further Simplifying and Improving the Direct Investment related Foreign Exchange Administration Policies (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (Hui Fa [2015] No. 13) ("**Circular 13**"), which was promulgated by the SAFE on February 13, 2015 and became effective on June 1, 2015 and was amended on December 30, 2019, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment are directly reviewed and handled by banks in accordance with the Circular 13, and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks.

HISTORY AND DEVELOPMENT

Overview

Our history can be traced back to 2008, when our first operating subsidiary, UG Management was established in the PRC by, among others, Mr. Huang Peng (黃鵬), a cousin of Mr. Huang. We commenced to provide property management services to properties developed by Redco Properties in Jiangxi Province and have expanded our business into key cities in the PRC including Wuhu, Taizhou, Shenzhen, Foshan, Tianjin, Jinan, Yantai, Wuhan and Changsha through years of continuous development. Redco Properties is a large-scale property developer in the PRC controlled by Mr. Wong and Mr. Huang with which we have maintained a cooperative relationship over the years. Leveraging our relationship with Redco Properties, we have successfully provided various property management services to projects developed by Redco Group, its joint ventures and associates as well as properties developed by property developers which are Independent Third Parties.

Seeing the need for property management services to support the property development projects of Redco Group and considering that expansion into the property management business would lead to a more comprehensive coverage of the property development business value chain, Mr. Wong and Mr. Huang, in early 2015, through Redco Properties, acquired the group comprising UG Management and its subsidiaries from Mr. Huang Peng (黃鵬).

As of September 30, 2021, we had a total of 91 projects under management with an aggregate GFA under management of 15.1 million sq.m., and had been contracted to manage 133 projects with an aggregate contracted GFA of 23.5 million sq.m. located in 28 cities across 11 provinces, municipalities and autonomous regions in China.

With over 10 years of operation, we have built up our brand value and have become a well-recognized property management service provider in the Yangtze River Delta Region with a leading position in the Jiangxi Province. According to CIA, we have been recognized as one of the Top 100 Property Management Companies in China (中國物業服務百強企業) in terms of comprehensive strength since 2018, and our ranking has risen quickly from 68th in 2018 to 40th in 2021.

Key Milestones

The following sets forth the key milestones in the history of our business development

Year	Event
2008	Our first operating subsidiary, UG Management, was established for providing property management services.
2011	We started providing property management services for different types of buildings, including residential properties, and commercial properties (such as office buildings).
2012	We started providing property management services in different provinces all over the country in the PRC.
2015	We were recognized First Grade Qualifications of Property Management (一級物業管理企業資質) by PRC Department of Housing and Urban-Rural Development
2016	We became one of the council members of China Property Management Association (中國物業管理協會)
2018	We were awarded the ISO9001 certification.
	We ranked 68th among Top 100 Property Management Companies in China (中國物業服務百強企業) in terms of comprehensive strengths by China Index Academy
2019	We ranked 60th among Top 100 Property Management Companies in China (中國物業服務百強企業) in terms of comprehensive strengths by China Index Academy
2020	Shenzhen Junyu Garden (深圳君御花園) and Xianyang Yujing Bay (咸陽御景灣), two projects managed by us, were awarded the "2020 Five Stars Property Management Services Community" (2020 中國五星級物業服務小區) by China Index Academy
	We ranked 48th among Top 100 Property Management Companies in China (中國物業服務百強企業) in terms of comprehensive strengths by China Index Academy
2021	We were ranked 40th among Top 100 Property Management Companies in China (中國物業服務百強企業) in terms of comprehensive strengths by China Index Academy
	Redco Future Town (力高•未來城) and Redco Tianyue Fu (力高•天悅府), two projects managed by us, were awarded the "2021 Five Stars Property Management Services Community" (2021 中國五星級物業服務小區) by China Index Academy

Corporate Development

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on February 10, 2021, and has become the holding company and [REDACTED] of our Group upon completion of the Reorganization. See "— Reorganization" below for details.

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

UG Management

UG Management is principally engaged in property management business. It was established in the PRC with limited liability on April 16, 2008 with an initial registered capital of RMB5 million. As of the date of establishment, UG Management was owned as to 52% by Huang Peng (黃鵬), a cousin of Mr. Huang, our non-executive Director and 48% by Chen Yupeng (陳毓鵬), an Independent Third Party.

On May 17, 2010, Chen Yupeng transferred his 48% equity interest in UG Management to Huang Peng at a consideration of RMB2.4 million. Such consideration was determined after arm's length negotiations with reference to the registered capital of UG Management at the time of such transfer. Upon completion of such equity transfer, UG Management became wholly owned by Huang Peng. On January 29, 2015, Huang Peng transferred his entire equity interest in UG Management to Redco (China) Real Estate Co., Ltd (力高(中國)地產有限公司), an indirect wholly-owned subsidiary of Redco Properties, at a consideration of RMB5 million. Such consideration was determined after arm's length negotiations with reference to the registered capital of UG Management at the time of such transfer. Upon completion of such equity transfer, UG Management became indirectly wholly owned by Redco Properties. On March 2, 2016, Redco (China) Real Estate Co., Ltd transferred the entire equity interest of UG Management to Shenzhen Youju, another indirect wholly-owned subsidiary of Redco Properties, at a consideration of RMB5 million. Such consideration was determined after arm's length negotiations with reference to the registered capital of UG Management at the time of such transfer. Upon completion of such transfer, UG Management remained an indirect wholly-owned subsidiary of Redco Properties. On February 13, 2017, the registered capital of UG Management was increased to RMB50 million by way of capital injection of RMB45 million by Shenzhen Youju, to be fully paid up pursuant to its articles of association. Upon completion of such capital injection, the shareholding structure of UG Management remained unchanged.

Yantai Zhongtai

Yantai Zhongtai is principally engaged in property management business. It was established in the PRC with limited liability on May 8, 2003 with an initial registered capital of RMB1,680,000. As of the date of its establishment, Yantai Zhongtai was owned as to 40% by Huang Peng and 60% by Huang Hengzheng (黃恒政), each a cousin of Mr. Huang, our non-executive Director.

On November 5, 2007, the registered capital of Yantai Zhongtai was increased to RMB3 million by way of capital injection of RMB1,320,000 by Zeng Huanming (曾煥明), a brother-in-law of Mr. Huang, non-executive Director. Upon completion of such capital injection, Yantai Zhongtai became owned as to 22.4% by Huang Peng, 33.6% by Huang Hengzheng and 44% by Zeng Huanming. On June

16, 2016, Huang Peng and Huang Hengzheng transferred their entire equity interest in Yantai Zhongtai to Shenzhen Youju, an indirect wholly-owned subsidiary of Redco Properties, at an aggregate consideration of RMB1,680,000. Such consideration was determined after arm's length negotiations with reference to the registered capital of Yantai Zhongtai at the time of such transfer. Upon completion of such equity transfers, Yantai Zhongtai became owned as to 56% by Shenzhen Youju and 44% by Zeng Huanming. On December 25, 2020, Zeng Huanming transferred 4% of the equity interest in Yantai Zhongtai to Shenzhen Youju at a consideration of RMB120,000. Such consideration was determined after arm's length negotiations with reference to the registered capital of Yantai Zhongtai at the time of such transfer. Upon completion of such equity transfer, Yantai Zhongtai became owned as to 60% by Shenzhen Youju and 40% by Zeng Huanming.

ACQUISITION DURING THE TRACK RECORD PERIOD

Wuhu Senlin

For the purpose of expanding our property management business, on December 31, 2020, Shenzhen Yugao, an indirect wholly-owned subsidiary of Redco Properties, acquired from Wuhu Linjuli Property Management Co., Ltd. (蕪湖市鄰距離物業管理有限公司), an Independent Third Party, 51% of the equity interest in Wuhu Senlin at a consideration of approximately RMB26,251,000, which was determined after arm's length negotiations between the parties with reference to the registered capital of Wuhu Senlin at the time of such transfer. As of the Latest Practicable Date, 90% of the consideration had been settled in cash and the remaining is expected to be settled in cash by December 2023. Upon completion of such equity transfer, Wuhu Senlin became an indirect non-wholly owned subsidiary of Redco Properties and was owned as to 51% by Shenzhen Yugao, 39% by Wuhu Linjuli Property Management Co., Ltd. and 10% by Mr. Chen Minglong (陳明龍), an Independent Third Party. Wuhu Linjuli Property Management Co., Ltd. is owned as to 92% by Mr. Chen Minglong and four other individual Independent Third Party shareholders, each holding a 2% interest.

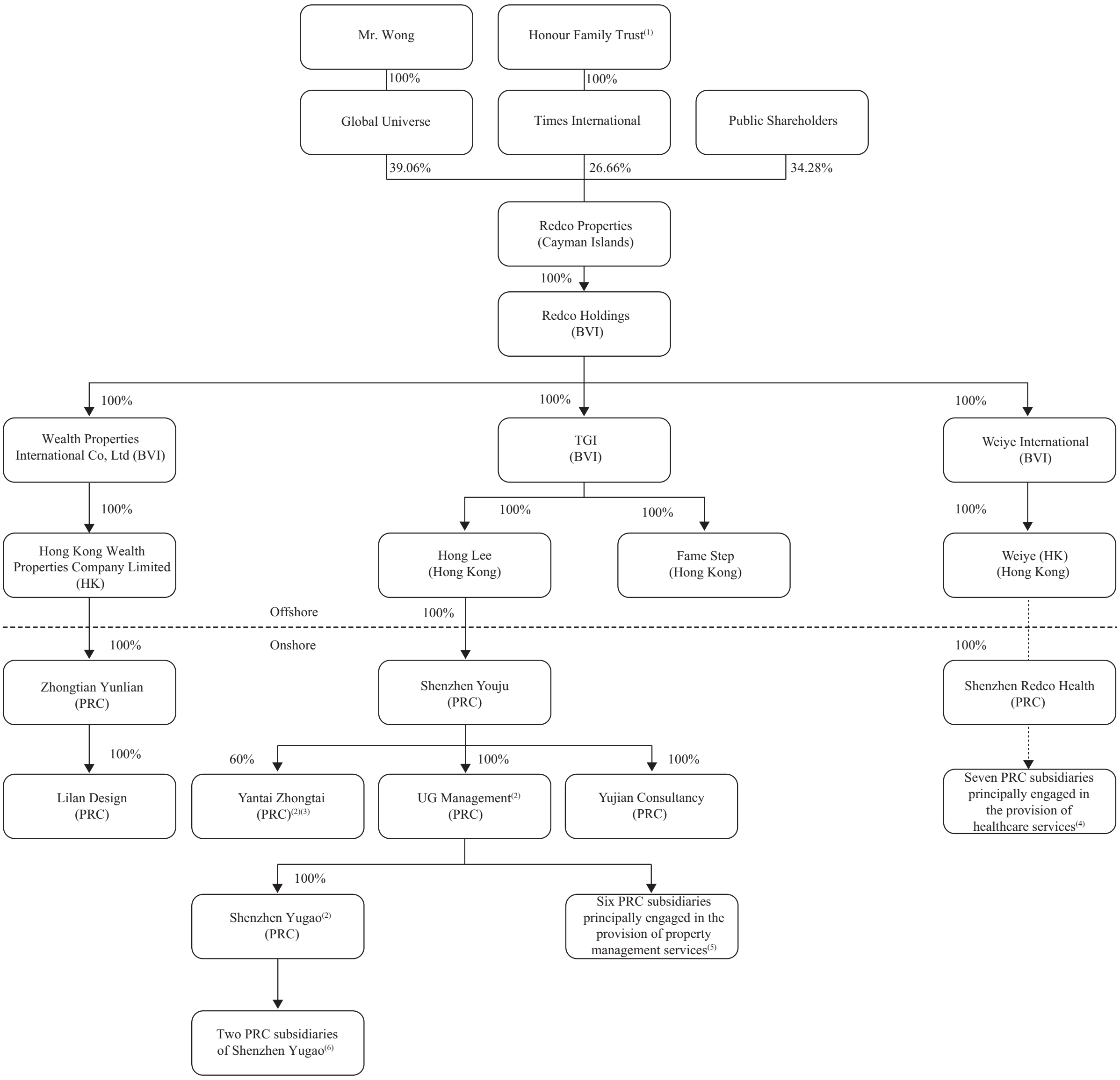
Immediately prior to the above acquisition, Wuhu Senlin was principally engaged in the provision of residential and non-residential property management services and had 25 projects with a total GFA under management of approximately 4.5 million sq.m. which are located in Wuhu City, Anhui Province. As of September 30, 2021, Wuhu Senlin had 27 projects under management, out of which one project was loss-making on an accumulated basis during the Track Record Period with an accumulated loss before tax of approximately RMB0.1 million during the Track Record Period. As of the Latest Practicable Date, such project had become profit-making. For more details, please refer to "Financial Information — Description of Certain Consolidated Statements of Profit or Loss Items."

None of the applicable percentage ratios as defined under the Listing Rules in respect of the above acquisition exceeds 25% which would require disclosure pursuant to Rule 4.05A of the Listing Rules.

As of the Latest Practicable Date, Wuhu Senlin was operating as one of our subsidiaries engaged in the provision of property management services.

REORGANIZATION

The following chart sets forth the simplified corporate structure of our Group before the Reorganization:



Note:

(1) Mr. Huang is the settlor of the Honour Family Trust, which is a discretionary trust for the benefit of Mr. Huang and his family members. Times International is wholly owned by Honour Family, which in turn is wholly owned by UBS Trustees, the trustee of the Honour Family Trust.

(2) UG Management, Yantai Zhongtai and Shenzhen Yugao operated certain branch companies as of the Latest Practicable Date.

(3) The remaining 40% equity interest in Yantai Zhongtai was held by Zeng Huanming, a brother-in-law of Mr. Huang.

(4) Seven PRC subsidiaries principally engaged in the provision of healthcare services include the following direct and indirect wholly-owned subsidiaries of Shenzhen Redco Health, all established in the PRC:

(a) Shenzhen Redco Kangan Health Management Co., Ltd. (深圳力高康安健康管理有限公司);

(b) Yantai Redco Kangan Health Management Co., Ltd. (煙臺力高康安健康管理有限公司);

(c) Shenzhen Redco Zhangzhewu Health Investment Development Co., Ltd. (深圳力高長者屋健康投資發展有限公司);

(d) Yantai Redco Zhangzhewu Health Industry Investment Co., Ltd. (煙臺力高長者屋健康產業投資有限公司);

(e) Nanchang Redco Zhangzhewu Health Industry Co., Ltd. (南昌力高長者屋健康產業有限責任公司);

(f) Shenzhen Redco He'an Health Management Co., Ltd. (深圳力高鶴安健康管理有限公司); and

(g) Yantai Redco He'an Elderly Service Center Co., Ltd. (煙臺力高鶴安養老服務中心有限公司).

(5) Six PRC subsidiaries principally engaged in the provision of property management services include the following, all established in the PRC:

(a) Nanchang Yujing, a direct wholly-owned subsidiary of UG Management;

(b) Nanchang Yugao Union Property Service Co., Ltd. (南昌御高合聯物業服務有限公司), a direct wholly-owned subsidiary of UG Management;

(c) Xianyang Yugao, owned as to 60% by UG Management and 40% by Zhou Qingmin (周清敏), an Independent Third Party;

(d) Jiangxi Dingmei, owned as to 51% by Nanchang Yujing, 24.5% by Lu Wenhong (盧文紅) and 24.5% by Sun Shuyan (孫淑燕), each an Independent Third Party;

(e) Nanchang Yonghu, owned as to 51% by UG Management and 49% by Jiangxi Changda Ruifeng Technology development Co., Ltd. (江西昌大瑞豐科技發展有限公司), an Independent Third Party; and

(f) Nanchang Junyu, owned as to 35% by UG Management, 33% by Haijin Holdings Group Co., Ltd. (海錦控股集團有限公司) ("Haijin") and 32% by Jiangxi Shengyu Property Management Co., Ltd. (江西盛裕物業管理有限公司), both of which are an Independent Third Party. Despite our Group's minority shareholding in such company, our Group has control over such company through majority voting rights based on an acting in concert agreement entered by UG Management and Haijin. Therefore, such company was accounted for as a subsidiary of our Group.

(6) Two PRC subsidiaries principally engaged in the provision of property management services include the following, all established in the PRC:

(a) Zhanjiang Yigao, owned as to 60% by Shenzhen Yugao and 40% by Zhanjiang Yihong Property Service Co., Ltd. (湛江市怡弘物業服務有限公司), an Independent Third Party; and

(b) Jiangmen Yujia, owned as to 70% by Shenzhen Yugao and 30% by Dongguan Jiarun Property Management Co., Ltd (東莞市嘉潤物業服務有限公司), an Independent Third Party.

In preparation for the [REDACTED], the following Reorganization steps were implemented to establish our Group:

1. Acquisition of Zhongtian Yunlian

On December 17, 2020, Shenzhen Youju, a company principally engaged in the property management business, and an indirect wholly-owned subsidiary of TGI, acquired from Hong Kong Wealth Properties Company Limited, an indirect wholly-owned subsidiary of Redco Properties, 100% of the equity interest in Zhongtian Yunlian, a company established in the PRC and principally engaged in provision of information technology business, with nominal consideration. Upon completion of such acquisition, Zhongtian Yunlian became an indirect wholly-owned subsidiary of TGI.

2. Acquisition of Weiye International

On December 30, 2020, TGI acquired from Redco Holdings, the entire issued share capital of Weiye International, the holding company of the healthcare business of our Group, with nominal consideration. Upon completion of such acquisition, Weiye International became an indirect wholly-owned subsidiary of TGI.

3. Incorporation of our Company

Our Company was incorporated in the Cayman Islands on February 10, 2021 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 3,800,000 ordinary shares of HK$0.1 each, among which one fully paid Share was issued and allotted at par to the initial subscriber which is an Independent Third Party. On the same day, the one Share was transferred at par to Redco Holdings, a wholly-owned subsidiary of Redco Properties.

4. Disposal of certain subsidiaries

(i) Disposal of Lilan Design

Lilan Design was established in the PRC with limited liability on May 28, 2020 and was wholly owned by Zhongtian Yunlian prior to the disposal detailed below. Lilan Design is principally engaged in the business of design and consultancy services relating to construction projects, municipal projects, environmental greening projects and indoor and outdoor renovation projects. For the year ended December 31, 2020 and nine months ended September 30, 2021, Lilan Design had (1) revenue of approximately RMB0.3 million and RMB2.0 million, respectively; and (2) net losses of approximately RMB415,000 and net profit of approximately RMB287,000, respectively.

The Group considers the design and consultancy services provided by Lilan Design to be inherently different to the preliminary planning and design consultancy services provided by the Group. Whilst the design and consultancy services provided by Lilan Design involve construction advice provided to property developers from an engineering and designing perspective, the preliminary planning and design consultancy services provided by the Group involve advice provided to property developers from a property management perspective and focus more on the needs of the end-users of the properties, which is based on the property management experience of the Group. Given that the business of Lilan Design was not in line with our business development strategy and not related to the core business of our Group, on February 8, 2021, Zhongtian Yunlian entered into an equity transfer agreement with Shenzhen Redco Weili, an indirect wholly-owned subsidiary of Redco Properties, pursuant to which Zhongtian Yunlian disposed of its entire equity interest in Lilan Design to Shenzhen Redco Weili at nominal consideration. Upon completion of such disposal, Lilan Design ceased to be a subsidiary of TGI.

(ii) Disposal of Yujian Consultancy

Yujian Consultancy was established in the PRC with limited liability on November 23, 2020 and was wholly owned by Shenzhen Youju prior to the disposal. Yujian Consultancy had not commenced operations prior to the disposal detailed below.

To streamline our corporate structure and as part of the Reorganization, on February 8, 2021, Shenzhen Youju entered into an equity transfer agreement with Shenzhen Redco Weili, an indirect wholly-owned subsidiary of Redco Properties, pursuant to which Shenzhen Youju disposed of its entire equity interest in Yujian Consultancy to Shenzhen Redco Weili. at nominal consideration. Upon completion of such disposal, Yujian Consultancy ceased to be a subsidiary of TGI.

As confirmed by our Directors, each of Lilan Design and Yujian Consultancy had complied with applicable laws and regulations in all material respects, and had not been involved in any material legal, regulatory, arbitral or administrative proceedings, investigations or claims prior to its disposal. As confirmed by our PRC Legal Advisors, the relevant procedures and steps involved in the aforesaid disposals had been properly and legally completed.

5. Establishment of Redco Healthy Holdings

Redco Healthy Holdings was incorporated in the BVI on May 26, 2021 with limited liability. As of the date of incorporation, the authorized share capital of Redco Healthy Holdings was USD50,000 divided into 50,000 ordinary shares of US$1.00 each, among which one fully paid shares was issued and allotted at par to our Company.

6. Acquisition of our Company

On June 1, 2021, TGI acquired the entire issued shares of our Company. In consideration of such acquisition, TGI issued and allotted one share to Redco Holdings on the same day. Upon completion of such acquisition, our Company became a wholly-owned subsidiary of TGI.

7. Subscription of shares of Hong Lee

On June 1, 2021, Redco Healthy Holdings subscribed for 9,999 shares of Hong Lee at a subscription price of HK$9,999, and upon completion of such subscription, Hong Lee became owned as to 99.99% by Redco Healthy Holdings and 0.01% by TGI.

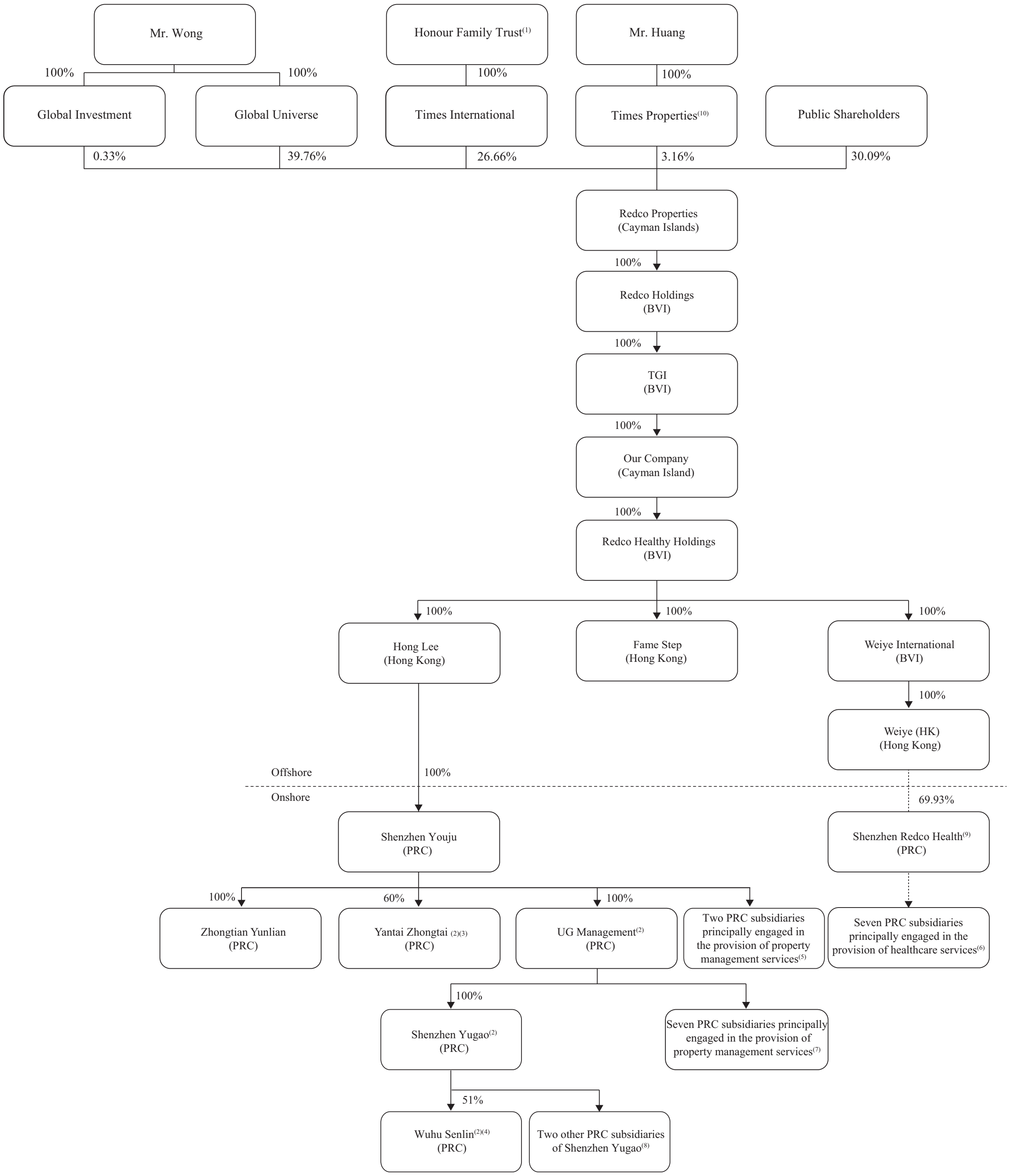
8. Transfer of Hong Lee, Fame Step and Weiye International

On June 2, 2021, TGI transferred one share of Hong Lee to Redco Healthy Holdings. In consideration of such transfer, our Company issued and allotted one Share to TGI on the same day. Upon completion of such transfer, Hong Lee became an indirect wholly-owned subsidiary of our Company.

On June 2, 2021, TGI transferred one share of Fame Step, representing the entire issued shares of Fame Step, to Redco Healthy Holdings. In consideration of such transfer, our Company issued and allotted one Share to TGI on the same day. Upon completion of such transfer, Fame Step became an indirect wholly-owned subsidiary of our Company.

On June 2, 2021, TGI transferred one share of Weiye International, representing the entire issued shares of Weiye International, to Redco Healthy Holdings. In consideration of such transfer, our Company issued and allotted one Share to TGI on the same day. Upon completion of such transfer, Weiye International became an indirect wholly-owned subsidiary of our Company.

The following chart sets forth our simplified corporate and shareholding structure immediately following the completion of the Reorganization but before the [REDACTED] and the [REDACTED]:



Note:

(1) Mr. Huang is the settlor of the Honour Family Trust, which is a discretionary trust for the benefit of Mr. Huang and his family members. Times International is wholly owned by Honour Family, which in turn is wholly owned by UBS Trustees, the trustee of the Honour Family Trust.

(2) UG Management, Yantai Zhongtai, Wuhu Senlin and Shenzhen Yugao operated certain branch companies as of the Latest Practicable Date.

(3) The remaining 40% equity interest in Yantai Zhongtai was held by Zeng Huanming, a brother-in-law of Mr. Huang.

(4) The remaining 49% equity interest in Wuhu Senlin was owned as to 39% by Wuhu Linjuli Property Management Co., Ltd. and 10% by Chen Minglong (陳明龍), both of which are Independent Third Parties.

(5) Two PRC subsidiaries principally engaged in the provision of property management services include the following directly wholly-owned subsidiaries, both established in the PRC:

(a) Shenzhen Juyue Property Service Co., Ltd. (深圳市居悦物業服務有限公司); and

(b) Shenzhen Yuanlian Enterprise Management Co., Ltd. (深圳市園聯企業管理有限公司).

(6) Seven PRC subsidiaries principally engaged in the provision of healthcare services include the following direct and indirect wholly-owned subsidiaries, all established in the PRC:

(a) Shenzhen Redco Kangan Health Management Co., Ltd. (深圳力高康安健康管理有限公司);

(b) Yantai Redco Kangan Health Management Co., Ltd. (煙臺力高康安健康管理有限公司);

(c) Shenzhen Redco Zhangzhewu Health Investment Development Co., Ltd. (深圳力高長者屋健康投資發展有限公司);

(d) Yantai Redco Zhangzhewu Health Industry Investment Co., Ltd. (煙臺力高長者屋健康產業投資有限公司);

(e) Nanchang Redco Zhangzhewu Health Industry Co., Ltd. (南昌力高長者屋健康產業有限責任公司);

(f) Shenzhen Redco He'an Health Management Co., Ltd. (深圳力高鶴安健康管理有限公司); and

(g) Yantai Redco He'an Elderly Service Center Co., Ltd. (煙臺力高鶴安養老服務中心有限公司).

(7) Seven PRC subsidiaries principally engaged in the provision of property management services include the following direct and indirect subsidiaries, all established in the PRC:

(a) Nanchang Yujing, a direct wholly-owned subsidiary of UG Management;

(b) Nanchang Yugao Union Property Service Co., Ltd. (南昌御高合聯物業服務有限公司), a direct wholly-owned subsidiary UG Management;

(c) Xianyang Yugao, owned as to 60% by UG Management and 40% by Zhou Qingmin (周清敏), an Independent Third Party;

(d) Jiangxi Dingmei, owned as to 51% by Nanchang Yujing, 24.5% by Lu Wenhong (盧文紅) and 24.5% by Sun Shuyan (孫淑燕), each an Independent Third Party;

(e) Nanchang Yonghu, owned as to 51% by UG Management and 49% by Jiangxi Changda Ruifeng Technology development Co., Ltd. (江西昌大瑞豐科技發展有限公司), an Independent Third Party;

(f) Nanchang Junyu, owned as to 35% by UG Management, 33% by Haijin and 32% by Jiangxi Shengyu Property Management Co., Ltd. (江西盛裕物業管理有限公司), both of which are an Independent Third Party. Despite our Group's minority shareholding in such company, our Group has control over such company through majority voting rights based on the acting in concert agreement entered by UG Management and Haijin. Therefore, such company was accounted for as a subsidiary of our Group; and

(g) Yuyao Yurun Helian Property Service Co., Ltd. (余姚禦潤合聯物業服務有限公司), a direct wholly-owned subsidiary of UG Management.

(8) Two PRC subsidiaries principally engaged in the provision of property management services include the following direct subsidiaries, all established in the PRC:

(a) Zhanjiang Yigao, owned as to 60% by Shenzhen Yugao and 40% by Zhanjiang Yihong Property Service Co., Ltd. (湛江市怡弘物業服務有限公司), an Independent Third Party; and

(b) Jiangmen Yujia, owned as to 70% by Shenzhen Yugao and 30% by Dongguan Jiarun Property Management Co., Ltd (東莞市嘉潤物業服務有限公司), an Independent Third Party.

(9) The remaining 30.07% in Shenzhen Redco Health was held by Jinan Yingli Enterprise Management Consulting Co. Ltd. (濟南盈力企業管理咨詢有限公司) ("**Yingli**"). The ultimate beneficial owner of Yingli is Chen Yupeng (陳毓鵬), an Independent Third Party. As at the Latest Practicable Date, Mr. Chen was a supervisor of Yantai Ruilong Dongsheng Real Estate Co., Ltd. (煙台瑞龍東晟置業有限公司) ("**Yantai Ruilong**"), which is an indirect non-wholly owned subsidiary of Redco Properties.

(10) Times Properties became a shareholder of Redco Properties in May 2021.

INCREASE IN AUTHORIZED SHARE CAPITAL

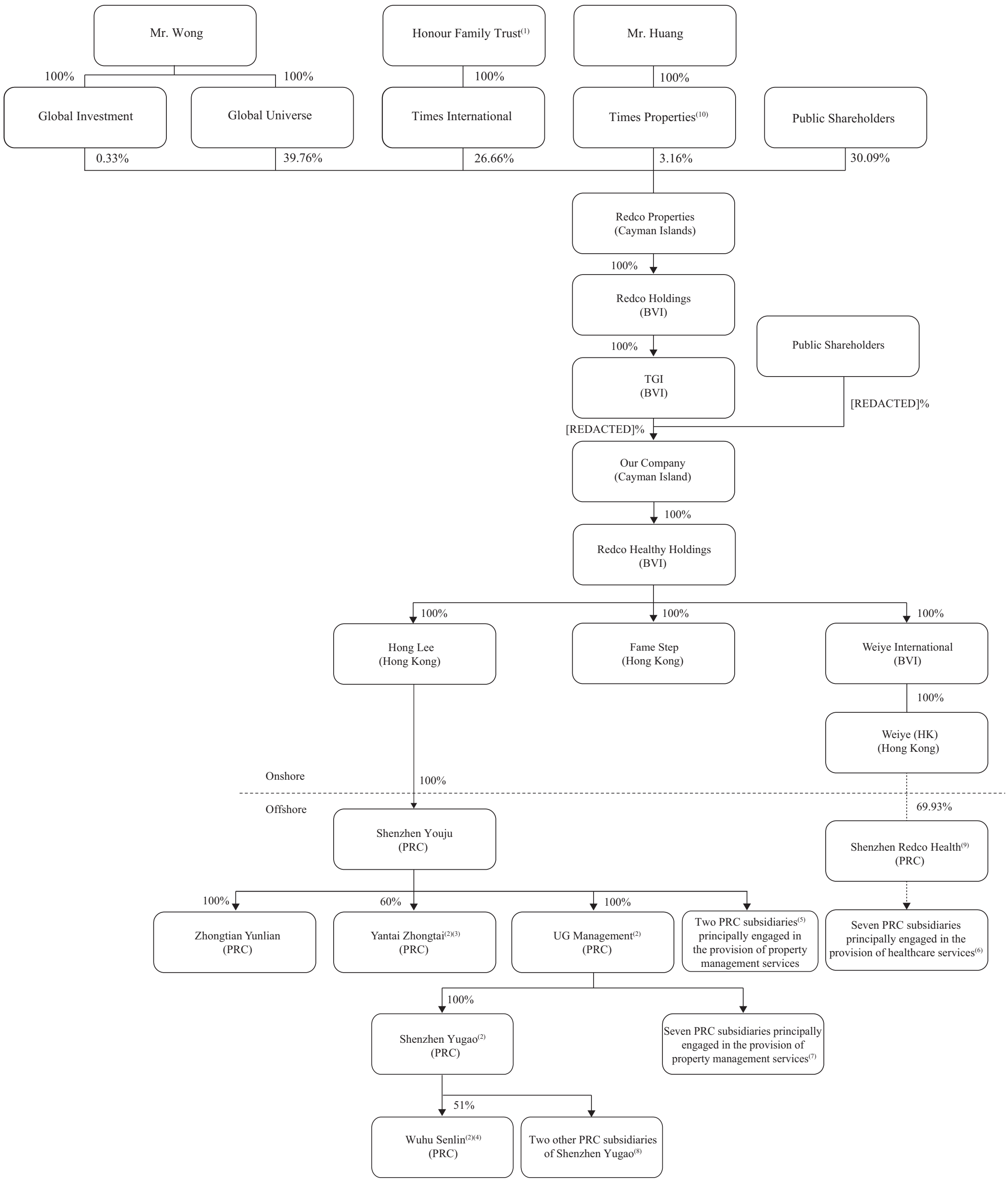
On March 14, 2022, our Company increased its authorized share capital from HK$380,000 divided into 3,800,000 Shares of HK$0.1 each to HK100,000,000 divided into 1,000,000,000 Shares of HK$0.1 each by the creation of an additional 996,200,000 Shares.

[REDACTED]

Pursuant to the written resolutions of our Shareholder passed on March 14, 2022, conditional on the share premium account of our Company being credited as a result of the [REDACTED], our Directors are authorized to capitalize an amount of HK$[REDACTED] standing to the credit of the Shares premium account of our Company by applying such sum towards the paying up in full at par a total of [REDACTED] Shares for issue and allotment to holders of Shares whose names appear on the register of members of our Company on the date of passing such resolutions in proportion (as near as possible without involving fractions so that no fraction of a share shall be issued and allotted) to their then existing respective shareholding in our Company. The Shares to be issued and allotted pursuant to such resolution shall carry the same rights in all respects with the existing issued Shares.

CORPORATE STRUCTURE UPON COMPLETION OF THE [REDACTED] AND THE [REDACTED]

The following chart sets forth our simplified corporate and shareholding structure immediately upon completion of the [REDACTED] and the [REDACTED] (assuming that the [REDACTED] is not exercised):



Notes (1) to (10): Please refer to the details contained in the preceding pages.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Advisors have confirmed that all the necessary consents, approvals, authorization or filings from the relevant PRC authorities in relation to the equity transfers in respect of the PRC companies as described above have been made or obtained for the completion of the equity transfers and the relevant legal procedures of such equity transfers have been carried out are in accordance with applicable PRC laws and regulations.

The Rules on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors in the PRC (the "M&A Rules")

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. As advised by our PRC Legal Advisors, the Reorganization is not subject to the M&A Rules given that the Reorganization did not involve acquisition of domestic company in the name of an offshore investor controlled by a domestic citizen.

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》) (the "**SAFE Circular No. 37**") issued by SAFE on July 4, 2014 and 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》) (the "**Circular 13**"), where the PRC individual residents conduct investment in offshore special purpose vehicles with their legitimate onshore and offshore assets or equities, they must register with local SAFE branches with respect to their investments. The 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. Wong and Mr. Huang are not subject to the registration requirement under SAFE Circular No. 37 as they were Hong Kong permanent residents as of the Latest Practicable Date.

REASONS FOR THE [REDACTED]

Pursuant to the Listing Rules and in accordance with the corporate structure and ownership of our Company, the [REDACTED] of our Company will constitute a [REDACTED] from Redco Properties.

The board of directors of Redco Properties considers that the [REDACTED] is in the interests of Redco Properties and its shareholders taken as a whole as the [REDACTED] is expected to create greater value for them for the following reasons:

(a) the [REDACTED] will allow the Redco Properties and its shareholders an opportunity to realize the value of investment in our Group under a separate standalone platform for our business;

(b) the [REDACTED] will enable us to build our identity as a separately [REDACTED] group, to have a separate fund-raising platform and to broaden our investor base through the [REDACTED]. The [REDACTED] would allow us to gain direct access to capital markets for equity and/or debt financing to fund our existing operations and future expansion without reliance on the Redco Properties, thereby improving our operating and financial management efficiencies;

(c) the [REDACTED] will enable us to enhance our corporate profile, thereby increasing our ability to attract strategic investors for making investments in and forming strategic partnerships directly with us, which could provide synergy for us;

(d) the [REDACTED] will enable more focused development, strategic planning and better allocation of resources for the Redco Group and our Group with respect to our respective businesses. Both the Redco Group and our Group will benefit from the efficient decision-making process under separate management structures;

(e) the separate [REDACTED] of the Company will strengthen our reputation, thus leading to potentially better operational performance and better realization of our value. Such increased value will enable the Redco Properties and its shareholders an opportunity to increase the value of investment in us under such separate standalone platform for the our business; and

(f) the [REDACTED] will improve the operational and financial transparency of our Company, which would enable investors to better appraise our operation results and financial conditions on a standalone basis, which in turn may enhance the overall value.

The [REDACTED] by Redco Properties complies with the requirements of Practice Note 15 of the Listing Rules.

You should read this document in its entirety before you decide to invest in the [REDACTED], 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 document. All market statistics quoted in this document, 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 document.

OVERVIEW

We are a property management service provider with a leading position in Jiangxi Province and a service network strategically covering core regions such as the Yangtze River Delta region, the Greater Bay Area, the Bohai Rim Region and the Central China Region. We have been recognized as one of the Top 100 Property Management Companies in terms of overall strength by CIA since 2018, and our ranking has risen from 68th in 2018 to 40th in 2021. As of September 30, 2021, we had a total of 91 projects under management with an aggregate GFA under management of 15.1 million sq.m., and had been contracted to manage 133 projects with an aggregate contracted GFA of 23.5 million sq.m. located in 28 cities across 11 provinces, municipalities and autonomous regions in China.

We provide diversified services through three business lines, namely property management services, value-added services to non-property owners and community value-added services. Our portfolio of managed properties primarily includes commercial properties (such as office buildings and shopping street) and public facilities. We have maintained a long-standing strategic business relationship with Redco Group. During the Track Record Period, for each of our business lines, a significant portion of our revenue was derived from properties developed by Redco Group and its joint ventures or associates. See "Business — Our Strengths — Strategic business relationship with Redco Group and fast-growing business development capabilities."

We are committed to be a "dual butler" for our customers, namely lifestyle butler and healthcare butler. Leveraging our intelligent and digitalized technology service platform, we continuously enhance our operating efficiency and customers' experience. We were awarded the 2020 Specialized Operational Leading Brand of China Property Service Companies and 2020 Property Management Companies with Outstanding Customized Services (Healthcare Services) by CIA.

We achieved steady growth during the Track Record Period in terms of business scale. Our GFA under management increased from 5.9 million sq.m. as of December 31, 2018 to 7.4 million sq.m. as of December 31, 2019, to 13.5 million sq.m. as of December 31, 2020, and further to 15.1 million sq.m. as of September 30, 2021. Our contracted GFA increased from 9.9 million sq.m. as of December 31, 2018 to 13.4 million sq.m. as of December 31, 2019, to 20.1 million sq.m. as of December 31, 2020, and further to 23.5 million sq.m. as of September 30, 2021.

Our revenue increased from RMB124.3 million in 2018 to RMB180.8 million in 2019, and further to RMB221.6 million in 2020, representing a CAGR of 33.5%. Our revenue increased by 62.5% from RMB160.3 million for the nine months ended September 30, 2020 to RMB260.5 million for the same period in 2021. Our profit for the year increased from RMB11.1 million in 2018 to RMB29.8 million in 2019, and further to RMB44.0 million in 2020, representing a CAGR of 99.1%. Our profit for the period decreased by 16.1% from RMB32.8 million for the nine months ended September 30, 2020 to RMB27.5 million for the same period in 2021.

OUR STRENGTHS

A comprehensive, nationally renowned property management service provider with a leading position in Jiangxi Province and a service network strategically covering core regions in China

Since our inception in 2008, with over 13 years of operations, we have become a comprehensive, nationally renowned property management service provider with a leading position in Jiangxi Province and a service network strategically covering core regions such as the Yangtze River Delta region, the Greater Bay Area, the Bohai Rim Region and the Central China Region. We have been recognized as one of the Top 100 Property Management Companies in terms of overall strength by CIA since 2018, and our ranking has risen quickly from 68th in 2018 to 40th in 2021. As of September 30, 2021, we had been contracted to manage 133 projects located in 28 cities across 11 provinces, municipalities and autonomous regions in China with a total contracted GFA of 23.5 million sq.m. We have a diversified project portfolio including residential properties, commercial properties (such as office buildings and shopping streets) and public facilities.

We are deeply rooted in Jiangxi Province. According to CIA, as of December 31, 2020, as measured by revenue, we are the second largest property management service provider among the Top 100 property management service companies that headquartered or primarily based in Nanchang. In addition to solidifying our market position in Jiangxi Province, we have strategically expanded into regions with relatively high level of economic development, population density and per capita disposable income, such as the Yangtze River Delta region (including cities such as Ningbo, Wuhu and Taizhou), the Greater Bay Area (including cities such as Shenzhen and Foshan), the Bohai Rim Region (including cities such as Tianjin, Jinan and Yantai) and the Central China Region (including cities such as Wuhan and Changsha).

We are committed to be a "dual butler" for our customers, namely lifestyle butler and healthcare butler. Leveraging our intelligent and digitalized technology service platform, we continuously enhance our operating efficiency and customers' experience. We were awarded the 2020 Specialized Operational Leading Brand of China Property Service Companies and 2020 Property Management Companies with Outstanding Customized Services (Healthcare Services) by CIA.

We believe by leveraging our leading market position in Jiangxi Province, strategic service network that is expanding nationwide, extensive industry experience and outstanding professional skills, we are well positioned to capture the growth opportunities brought by the rapid growth of the property management industry in China.

Strategic business relationship with Redco Group and fast-growing business development capabilities

We have maintained long-standing strategic collaboration with Redco Group, one of the leading property developers in China, and this collaboration lays a firm ground for our sustainable and rapid growth. Established in 1992, Redco Properties Group Limited was listed on the Hong Kong Stock Exchange on January 30, 2014 (stock code: 1622). According to Redco Group's annual reports, the contracted sales area of Redco Group and its associated companies in 2018 and 2019 were approximately 2.5 million sq.m. and 2.6 million sq.m., respectively and the contracted sale area of Redco Group in 2020 was approximately 4.8 million sq.m. As of June 30, 2021, Redco Group had a total land bank of approximately 23.7 million sq.m.

While maintaining its strong market position in the real estate industry, Redco Group has actively ventured into new business lines and established an integrated industrial chain with residential and commercial properties development as its core business, spanning across property investment, cultural tourism and education businesses.

Leveraging our stable cooperation with Redco Group, we have been engaged as the property management service provider for substantially all of the properties developed by Redco Group. During the Track Record Period, our tender success rate with respect to properties developed by Redco Group was 100.0%. In 2018, 2019, 2020 and the nine months ended September 30, 2021, Redco Group's expenses for property management services, value-added services to non-property owners and community value-added services attributable to us amounted to RMB27.8 million, RMB55.2 million, RMB57.6 million and RMB61.7 million, respectively, representing 53.3%, 60.2%, 50.0% and 76.6%, respectively, of Redco Group's total expenses for such businesses during the same periods. In 2018, 2019, 2020 and the nine months ended September 30, 2021, other than us and our joint ventures and associates, Redco Group cooperated with seven, 18, 25 and 24 property management service providers, respectively. In 2018, 2019, 2020 and the nine months ended September 30, 2021, the average property management fees charged by other property management service providers engaged by Redco Group was RMB2.7, RMB1.9, RMB2.1 and RMB2.2 per sq.m., respectively. During the same periods, the average property management fees charged by us for projects developed by Redco Group was RMB1.7, RMB1.7, RMB1.7 and RMB1.7 per sq.m., respectively. The average property management fees charged by other property management service providers were generally higher than the average property management fees charged by us for project developed by Redco Group because the former included a few higher end projects which charged relatively higher property management fees, in particular, a high-end project located in the high-tech economic development zone in Wuhan, where the market rate of property management fees was significantly higher. This project in Wuhan contributed significantly to the higher average property management fees charged by other property management service providers during the Track Record Period.

Benefiting from our capabilities of providing high-quality property management services and value-added services, we believe the long-term cooperation equips us with an in-depth understanding of Redco Group's demands and requirements for property management services and enables us to constantly provide high-quality services to property owners and residents.

We believe that our long-standing and stable business relationship with Redco Group will allow us to continue to benefit from its diverse and comprehensive property portfolio. As of September 30, 2021, we were contracted to manage 79 property projects developed by Redco Group, consisting of 46 projects under management with an aggregate GFA under management of 8.5 million sq.m. and 33 contracted but undelivered projects with an aggregate contracted GFA of 6.4 million sq.m. Among these contracted but undelivered projects, five projects with an aggregate contracted GFA of 1.4 million sq.m. had been delivered to us in 2021, 20 projects with an aggregate contracted GFA of 3.2 million sq.m. are expected to be delivered to us in 2022, and the remaining eight projects with an aggregate contracted GFA of 1.8 million sq.m. are expected to be delivered to us after 2022.

As it is commercially beneficial for both Redco Group and our Group to maintain a stable business relationship, our Directors consider that our business relationship with Redco Group is unlikely to be terminated or materially or adversely changed. Going forward, in light of such mutually beneficial and complementary business relationship, and considering our long-standing cooperation with Redco Group and the amount of time and efforts required to identify and engage a new service provider with comparable experience and ability to provide services to comparable standard and scope, we believe our competitive advantages distinguish us from our competitors and we will continue to secure future engagements from Redco Group, and it would be difficult for Redco Group to select and engage a new service provider to replace us. Going forward, we expect that properties developed by Redco Group will remain a primary source of our property management portfolio.

We have been expanding business cooperation with Independent Third Parties leveraging our comprehensive capabilities in property management services and value-added services, our brand recognition and information technology. We established a business development department in 2018 to oversee and facilitate collaboration with Independent Third Parties, including Independent Third Party property developers. Since then, we have been actively seeking high-quality tenders and acquisition targets. For example, in October 2019, we successfully won a bid for a residential property project in Nanchang that was developed by an Independent Third Party. Leveraging our intelligent operation management system, we improved the operational efficiency of this project, which further led to higher profitability, property management fee collection rate and enhanced customer satisfaction. We believe the efficiency and quality of our service has helped us continuously improve our customer experience and enhance our industry reputation. We also actively explore acquisition opportunities. We acquired Wuhu Senlin in December 2020, through which we obtained 25 projects with a total GFA under management of approximately 4.5 million sq.m. As of September 30, 2021, we had 49 projects developed by Independent Third Party property developers with an aggregate contracted GFA of approximately 7.4 million sq.m., accounting for approximately 31.4% of our contracted GFA as of the same date.

We believe by continuing our relationship with Redco Group and expanding our cooperation with Independent Third Party property developers, we will further grow our business, increase our market share, diversify our property portfolio, and expand our customer base.

"Lifestyle + healthcare" dual butler system, standardized operation management system and high-quality service capabilities

We are committed to providing high-quality and specialized property management services to meet the needs of diverse customer groups, such as residents in residential property projects, business owners of commercial property projects and governmental entities for public facilities. As of September 30, 2021, the renewal rate for our property management service agreements was 83.3%.

In addition to our property management services, we endeavor to continuously expand our value-added services. In particular, we have established a "lifestyle + healthcare" dual butler system, which provides comprehensive services to our customers:

- *Lifestyle Butler.* As a lifestyle butler, we provide our customers with well-rounded property management services and value-added services. In addition to the standard property management services, such as cleaning, security, greening and public area maintenance services, our services extend to the pre-sale and pre-delivery stages. For example, we provide pre-sale management of sales offices and display units, pre-delivery inspection and cleaning, preliminary planning and design consultancy services to property developers. After residents move in, we also provide community value-added services that cover various aspects of their daily lives, such as common area management, carpark sales agency services, turnkey decoration and furnishing services and home-living services.

- *Healthcare Butler.* As a healthcare butler, we provide community healthcare services under our Yearning Healthcare ("怡鄰健康") brand. Based on the environment monitoring systems installed in residential communities, we also provide healthcare advice to the residents accordingly. We aim to provide integrated healthcare services which integrate medical, healthcare and commercial services and meet the needs of customers of different age groups. We offer general clinics, which provide preliminary diagnosis and treatments for non-emergent conditions, and also various specialty clinics. Benefiting from such services, customers with mild diseases or symptoms do not need to make hospital visits, which are usually more time-consuming and more expensive. We also provide customers with healthcare planning and management services based on our digitalized healthcare management service platform, and postoperative recovery services for customers who took major surgeries and need assistance in the recovery process. We also offer elderly care services which integrates professional nursing home services and at-home caregiving services, providing convenience to the elderly and their family members.

As our customers' "lifestyle + healthcare" dual butler, we believe our high-quality community service capabilities and an established management system are critical to improve customer experience and satisfaction, and also further contribute to the enhancement of our brand recognition.

Intelligent and digitalized information technology improves our operational efficiency

We possess advanced technology among our peers in the property management industry, which we believe allows us to enhance our operational procedures and improve both efficiency and customer experience. We endeavor to strengthen our competitiveness by upgrading information technology systems, reducing reliance on manual labor and thus decreasing operational costs. We also have dedicated information technology service personnel with solid industrial experience and technical skills. Such personnel provide strong technical support in the establishment of our information technology platforms for property management services and value-added services, and also have solid experience in the research and development, operation and maintenance services utilizing various relevant technologies, such as digitalization technology and Internet of Things. We have implemented various systems to enhance the experience of property owners and residents as well as to enhance the efficiency of our business operations, including:

- *Intelligent operation.* We have digitized our business management by establishing an integrated intelligent management system, which brings together various subsidiary operational systems such as the customer information management system, financial management system, online payment system, intelligent report and repair system and customer compliant management system. Through our integrated intelligent management system, our management can monitor the progress of our operational activities conveniently, and staff working across different departments and/or teams on large projects can easily check on the progress of other relevant team members. Leveraging the integrated intelligent management system, we are able to increase our operational efficiency, reduce our labor costs and enhance our customer experience. As of the Latest Practicable Date, we had registered 15 software copyrights in the PRC, which were primarily related to our development of intelligent operational management systems.

- *Smart Community Management.* We build up a smart community management system leveraging our in-house technology capabilities and collaboration with national-leading third-party information technology service providers, such as information security service providers and Internet-of-Things service providers. For example, we have an integrated smart community management system for both the users' end and management's end, incorporating various functional modules such as a smart property management fee payment system, smart carpark management system, smart visitor management system, smart traffic control system and smart security control system. Residents can enter the residential communities with the QR codes embedded in the users' end of the smart community management system, and can also send an invitation code to their visitors, through which the visitors will be authenticated and permitted to enter the community. They could request repair and maintenance services for their units or common areas, and they may monitor the status of the service requests on the users' end and rate the service quality. Our community management system provides a convenient and smart service interface to our customers, which we believe in turn facilitates our provision of property management services and improves customer satisfaction. The following screenshots are the user interfaces of our smart community management system at the user's end and the management's end, respectively:

Leveraging our leading information technology, intelligent operation and smart community management capability, we believe we will be able to continue to provide consistently high-quality services, and to lower our labor cost and enhance our service efficiency.

Integrated community healthcare services leveraging the solid customer base established from property management services

To further diversify our value-added services and provide healthcare services for residents and customers of different age groups, we have commenced our community healthcare services under our Yearning Healthcare brand. We currently operate two Yearning Health Centers ("怡鄰健康中心") in Nanchang and Yantai, which commenced operations in 2017 and 2019, respectively. The Yearning Health Centers are located at the public areas of the residential communities under our management, so that they can serve both residents of the residential communities and non-resident customers. We plan to open an additional ten and 11 Yearning Health Centers in 2022 and 2023, respectively.

Firstly, our community healthcare services include integrated clinical services. Residents or visitors of residential communities under our management may get preliminary diagnosis and treatments for non-emergent conditions in our general clinics. We also provide customers with healthcare planning and management services based on our digitalized healthcare management service platform, and postoperative recovery services for customers who took major surgeries and need assistance in the recovery process.

Secondly, as China's population is aging, we have targeted the growing demand for elderly care services. We provide integrated professional nursing home services and at-home caregiving services through our Yearning Health Centers. Elderly customers and their family members may choose appropriate service type based on their health conditions and personal preferences.

Also, leveraging our technology capabilities, we are developing several healthcare management software and applications which will utilize big-data analysis to evaluate a user's health conditions and habits and provide healthcare management advices accordingly. Specifically, our mobile application, AI health management box, aims to consolidate various health management functions in one mobile application and provide comprehensive health management functions to our customers. The AI health management box includes four modules, namely, health data collection module ("健康採集站"), health analysis module ("健康探索站"), health habit monitoring module ("健康養成站") and health consultation module ("健康直通車"). Monitoring the user's health parameters, the AI health management box analyses the user's health condition, generates health reports, evaluates major health risks, and provides a customized health management plan for the user, which covers diet, fitness and reminders for routine examination.

We believe that our large customer base established through our property management services provides us a solid foundation for building up our community healthcare services. As our customers' "lifestyle + healthcare" dual butler, we expect our community healthcare services to create synergy with our property management services and provide our customers with well-rounded, health management and healthcare services.

Experienced and stable management team with strong execution capability and in-depth knowledge of our industry

We have cultivated and retained an experienced and professional management team with a proven track record. Our senior management team has an average of over 14.5 years of experience in the property management industry. Our Executive Director, Mr. Tang Chengyong (唐承勇), has over

28 years of experience in the property development and relevant industries and has extensive experience in overseeing the overall operation of the property management business. Our general manager of the property management department, Mr. Jiangyue (姜玥), has over 19 years of experience in the property development and the property management industry and has also served leading positions in other established property management companies. Ms. Lin Mei (林梅), the deputy general manager of the property management department, also had over 20 years of experience in the property management industry. Our team's in-depth knowledge of the property management industry and execution capabilities drive our growth as a leading property management company.

We focus on cultivating talents and providing a variety of training sessions catered to individual needs. For example, we provide training on industry developments and operating strategy to our senior management, training on team management and resource integration to mid-level management staff, and training on standardized operational procedures to the project managers.

We have also established a competitive compensation structure and a performance assessment system. Our compensation structure comprises basic salary and performance-based salaries and bonuses. We assess performance-based salaries with respect to key performance indicators. To provide motivation for our employees to contribute to our growth, we provide performance-based salaries on an annual basis. Meanwhile, we also focus on developing our corporate culture so that our employees are motivated to achieve our corporate objectives and form a united driving force for our growth.

OUR STRATEGIES

Reinforce our market position in economically developed regions and further expand our project portfolio through organic growth, strategic acquisitions and collaboration with third-party property developers.

We will continue to leverage our strategic cooperation with Redco Group and leverage its established presence in the PRC. We intend to reinforce our market position in cities where we have projects under management, and further expand to other cities where we can obtain new engagements which may have synergy with our existing projects. Specifically, we seek to achieve business expansion through organic growth by capitalizing our brand value and business opportunities and obtaining new projects and attracting new customers in economically developed regions with high population. We will continue to expand our business and diversify our project portfolio by acquisitions of other property management companies. Specifically, we will continue to seek for suitable acquisition targets in economically developed regions, such as the Yangtze River Delta region, the Greater Bay Area, the Bohai Rim Region and the Central China Region.

In addition, we plan to further grow by actively exploring and establishing strategic cooperation opportunities with third-party property developers. We believe that our brand recognition, standardized quality management systems and extensive operational experience will help us obtain more projects from third-party property developers, and further diversify our service offerings. Taking advantage of our extensive industry experience, diverse service offerings and solid capability in the information technology field, we aim to avail ourselves of opportunities brought by the rapid urbanization and growth of emerging cities and expand our business scale and market share.

Continue to provide high-quality, dual-butler services and improve our brand value and customer experience

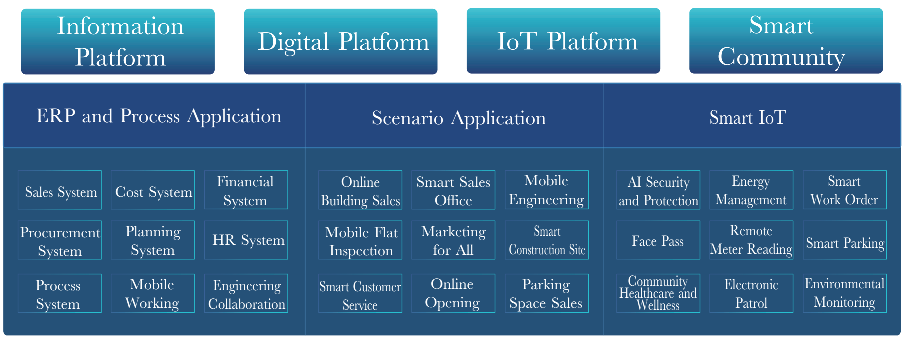
We believe the key to our success is the delivery of a satisfying customer experience. We intend to continue improving the customer experience through further diversifying and enhancing the value-added services we provide. For value-added services to non-property owners, we target to provide pre-sale management services, pre-delivery services, preliminary planning and design consultancy services and information technology services to a broader group of customers, especially independent third-party property developers. For our community value-added services, we will further improve carpark sales agency services, turnkey decoration and furnishing services and home-living services, aiming to provide greater convenience to our customers.

We not only aim to provide high-quality property management services to our customers, but also plan to further improve our community healthcare services, thereby enhancing our capabilities as a "lifestyle + healthcare" dual butler for our customers. In particular, with the improvement of the standard of living, residents have increasing awareness of the importance of maintaining good health, and we expect this will drive demand for community healthcare services. We plan to further develop our Yearning Health Centers and open new centers in various cities. Specifically, we will further our efforts relating to elderly care services, especially our at-home caregiving services, aiming to provide convenience and comfort to our elderly customers and their family members.

Further promote our information technology services and upgrade our own information technology platform to maximize cost efficiency and enhance our service standards

We are dedicated to utilizing advanced technology to improve our residents' experience and enhance the cost efficiency of our services. We intend to continue the upgrades of our information technology systems, including improving information collection and data transmission, with the goal of maximizing operational efficiency, enhancing cost control, and improving our service standard.

We aim to establish a multi-dimensional, flexible and open-ended community technology service platform. We plan to utilize smart modules of the platform and relevant technology services to better connect with our customers and understand their needs and preferences. We will continue our collaboration with our business partners to develop technology service products covering a broader range of community value-added services.



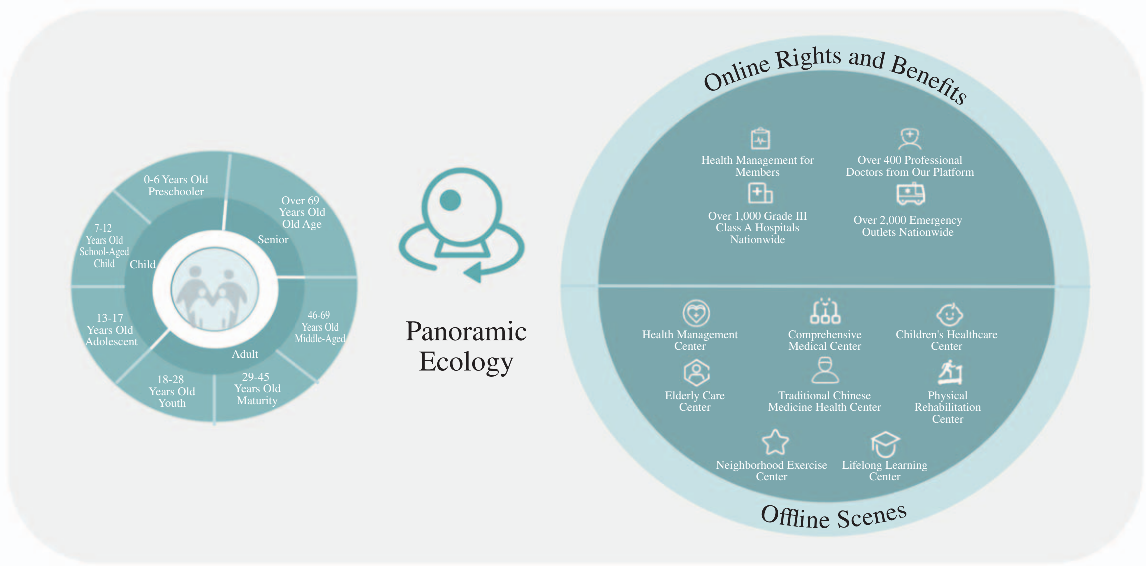
We will continue to upgrade our self-developed products and may license them to other property management service companies to help them standardize their operations and enhance their operational efficiency. Our self-developed products primarily include internal operational management systems, community management systems and healthcare service management systems. For example, we develop enterprise resource planning (ERP) systems and digitalization systems for property developers, and develop integrated management platforms for property management companies. We also developed an integrated smart community management system with both users' end and management's end, incorporating various functional modules such as smart property management fee payment system, smart carpark management system, smart visitor management system, smart traffic control system and smart security control system. See "— Value-added Services to Non-property Owners — Information Technology Services" for details. Leveraging our in-house information technology development capability, we may also further tailor our technology service products according to the scale and needs of each individual property management company that may license our products. We believe such customized products will be more effective in accommodating the needs of the users.

We aim to provide community healthcare services for customers of different ages and healthcare needs, and further enhance our healthcare management capabilities

We aim to offer community healthcare services for customers of different ages and with different healthcare needs. We provide evaluation and assessment of the health conditions of our customers who visit Yearning Health Centers, and analyze their feedback to further understand their core healthcare needs. We will gather such information and further upgrade our healthcare services and enhance our healthcare management capabilities. In particular, we intend to expand our healthcare services in three major categories:

- Home healthcare management: We aim to offer health condition assessment and monitoring, sports management and diet management. We aim to integrate various medical resources and provide diversified healthcare services to our customers, such as remote diagnosis, referrals to leading medical experts and at-home recovery assistance. We aim to provide our customers with one-stop healthcare solutions covering health management, treatment, referral, recovery and elderly care.

- Community healthcare services: We developed an AI health management box, which provide corresponding healthcare advice and health management plan based on users' health condition, thereby assisting the users in the adoption of healthier lifestyle. We also plan to further our efforts in diversifying our services and enhancing the standardization of our services.



- Ancillary services: We intend to integrate our healthcare services with a broader range of services. We may extend our services to gene testing, healthcare-themed tourism and organic farming. We have entered into a strategic collaboration agreement with the organic food association of Shenzhen, under which we plan to connect our customers with organic food producers and arrange day trips to visit organic farms to experience the farming process and to purchase organic vegetables and fruits.

We strive to attract, retain and motivate talented personnel through career development opportunities and training programs

We believe that one of the most important factors of our success is our ability to attract, recruit and retain quality employees. We strive to recruit and retain talented employees in the market by offering employee training programs, encouraging internal promotions within our company and recruiting graduates and experienced professionals. We plan to implement or expand upon the following policies:

- Talent recruitment: Our management trainee program sets up a "1235" system of career development milestones for our trainees. We plan to offer respective training programs for first-year trainees to become competent employees, second-year supervisors to solidify technical skills, third-year managers to enhance professional skills, and fifth-year project managers to improve project management capabilities.

- Internal training and career development opportunities: We offer tailored training programs to our employees of different functions and seniority. The "UG Lecture" is designed for our senior management personnel of various departments, which provides training on management skills and industrial insight. The "Falcon Program" is designed for our project managers and aims to help them enhance project management capabilities. The "Sailing Program" is designed for our new joiners to have a better understand of our operation and corporate culture.

- As we plan to further expand our business, we will also selectively recruit appropriate talent from the job market. We believe that having a solid talent pool provides crucial support to our planned business expansion and helps maintain our service quality.

We are committed to building a strong team, comprised of members who have strong execution capabilities and rich experience in property management services and who share our vision and corporate values. Through the various training programs that we offer, we aim to cultivate and retain key employees and support their ongoing career development.

OUR BUSINESS MODEL

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

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

- *Value-added services to non-property owners*. We offer a wide spectrum of value-added services to non-property owners, mainly property developers. Our value-added services to non-property owners primarily consist of (i) pre-sale management services, (ii) pre-delivery services, which include inspection and cleaning at the pre-delivery stage, (iii) preliminary planning and design consultancy services and (iv) information technology services, where we develop smart software and hardware primarily applied in the property development and property management-related industries.

- *Community value-added services*. We aim to improve our property owners' and residents' quality of life by providing them with access to a wide range of community value-added services. Our community value-added services primarily consist of (i) common area management services, such as utility management, waste disposal services, public space leasing, carpark management and advertising services, (ii) carpark sales agency services, (iii) turnkey decoration and furnishing services (拎包入住服務), (iv) home-living services, which primarily include home repair and maintenance services and (v) community healthcare services provided through Yearning Health Centers (怡鄰健康中心), which primarily include medical services provided through general and specialty clinics and elderly care services.

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

	For the year ended December 31,						For the nine months ended September 30,			
	2018		2019		2020		2020		2021	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Property management services										
Redco Group	7,080	5.6	8,720	4.8	3,954	1.8	3,394	2.1	5,466	2.1
Redco Group's joint ventures and associates	—	—	—	—	—	—	—	—	—	—
Independent Third Parties	75,608	60.9	95,916	53.1	132,000	59.6	89,342	55.7	142,244	54.6
Subtotal	**82,688**	**66.5**	**104,636**	**57.9**	**135,954**	**61.4**	**92,736**	**57.8**	**147,710**	**56.7**
Value-added services to non-property owners										
Redco Group	20,714	16.7	46,482	25.7	53,656	24.2	45,689	28.5	63,755	24.5
Redco Group's joint ventures and associates	—	—	2,590	1.4	7,554	3.4	5,865	3.7	4,356	1.7
Independent Third Parties	—	—	—	—	—	—	—	—	2,067	0.8
Subtotal	**20,714**	**16.7**	**49,072**	**27.1**	**61,210**	**27.6**	**51,554**	**32.2**	**70,178**	**27.0**
Community value-added services										
Redco Group	1,874	1.5	8,436	4.7	2,447	1.1	2,234	1.4	13,142	5.0
Redco Group's joint ventures and associates	—	—	—	—	—	—	—	—	40	0.0
Independent Third Parties	18,975	15.3	18,631	10.3	21,999	9.9	13,743	8.6	29,389	11.3
Subtotal	**20,849**	**16.8**	**27,067**	**15.0**	**24,446**	**11.0**	**15,977**	**10.0**	**42,571**	**16.3**
Total	**124,251**	**100.0**	**180,775**	**100.0**	**221,610**	**100.0**	**160,267**	**100.0**	**260,459**	**100.0**

PROPERTY MANAGEMENT SERVICES

Overview

During the Track Record Period, our revenue witnessed steady growth. Our revenue generated from property management services increased from RMB82.7 million in 2018 to RMB136.0 million in 2020, representing a CAGR of 28.2%. As of December 31, 2018, 2019 and 2020 and September 30, 2021, our total GFA under management was approximately 5.9 million sq.m., 7.4 million sq.m., 13.5 million sq.m. and 15.1 million sq.m., respectively; and our contracted GFA was approximately 9.9 million sq.m., 13.4 million sq.m., 20.1 million sq.m. and 23.5 million sq.m., respectively, for the same dates.

We experienced steady increases in the number of projects and GFA under our management, as well as contracted GFA during the Track Record Period. The following table sets forth the number of properties and GFA under our management, as well as the number of properties we were contracted to manage and corresponding contracted GFA as of the dates indicated:

	As of December 31,			As of September 30, 2021
	2018	2019	2020	
Number of properties under management(1)	39	50	86	91
Number of properties we were contracted to manage(2)	61	74	117	133
GFA under management *(sq.m. '000)*	5,949	7,413	13,479	15,063
Contracted GFA *(sq.m. '000)*	9,919	13,393	20,095	23,548

Notes:

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

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

During the Track Record Period, a significant portion of our revenue was generated from property management services provided in relation to properties developed by Redco Group. In 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, revenue generated from property management services provided in relation to properties developed by Redco Group amounted to RMB79.9 million, RMB97.8 million, RMB122.9 million, RMB84.8 million and RMB102.0 million, respectively, accounting for 96.7%, 93.4%, 90.4%, 91.5% and 69.1%, respectively, of our total revenue generated from property management services for the same periods. The decrease in the percentage of total revenue from providing property management services to properties developed by Redco Group during the Track Record Period reflected our continuous efforts to expand our customer base and to manage more properties developed by Independent Third Parties.

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

	As of or for the year ended December 31,														
	2018					2019					2020				
	Number of projects	GFA under management	Contracted GFA	Revenue		Number of projects	GFA under management	Contracted GFA	Revenue		Number of projects	GFA under management	Contracted GFA	Revenue	
		sq.m.'000	sq.m.'000	RMB'000	%		sq.m.'000	sq.m.'000	RMB'000	%		sq.m.'000	sq.m.'000	RMB'000	%
Properties developed by Redco Group	26	5,105	8,821	79,937	96.7	34	6,165	11,611	97,781	93.4	43	7,526	13,307	122,863	90.4
Properties developed by Redco Group's joint ventures and associates	—	—	126	—	—	—	—	126	—	—	1	126	346	1,306	1.0
Properties developed by Independent Third Parties [1]	13	844	972	2,751	3.3	16	1,248	1,656	6,855	6.6	42	5,827	6,441	11,785	8.7
Total	**39**	**5,949**	**9,919**	**82,688**	**100.0**	**50**	**7,413**	**13,393**	**104,636**	**100.0**	**86**	**13,479**	**20,094**	**135,954**	**100.0**

	As of or for the nine months ended September 30,									
	2020					2021				
	Number of projects	GFA under management	Contracted GFA	Revenue		Number of projects	GFA under management	Contracted GFA	Revenue	
		sq.m.'000	sq.m.'000	RMB'000	%		sq.m.'000	sq.m.'000	RMB'000	%
				(Unaudited)						
Properties developed by Redco Group	40	7,069	12,331	84,812	91.5	46	8,474	15,360	102,024	69.1
Properties developed by Redco Group's joint ventures and associates	1	126	126	840	0.9	1	126	800	1,901	1.3
Properties developed by Independent Third Parties [1]	16	1,248	1,723	7,084	7.6	44	6,463	7,388	43,785	29.6
Total	**57**	**8,443**	**14,179**	**92,736**	**100.0**	**91**	**15,063**	**23,548**	**147,710**	**100.0**

Note:

(1) We acquired Wuhu Senlin on December 31, 2020, which added 25 projects with a total GFA under management of approximately 4.5 million sq.m. to our existing GFA under management and made it reach approximately 13.5 million sq.m. as of December 31, 2020. The financial performance and cash flows of Wuhu Senlin as of and for the nine months ended September 30, 2021 was included in our Group's consolidated financial statements.

Our portfolio of properties under management include (i) residential properties; and (ii) non-residential properties, mainly public services facilities and commercial properties. The table below sets forth a breakdown of our number of projects and GFA under management as of the dates indicated by property developer and type and stage of projects:

	As of December 31,									As of September 30, 2021		
	2018			2019			2020					
	Number of projects	GFA under management		Number of projects	GFA under management		Number of projects	GFA under management		Number of projects	GFA under management	
		sq.m.'000	%		sq.m.'000	%		sq.m.'000	%		sq.m.'000	%
Properties developed by Redco Group												
- Preliminary stage for residential properties(1)	23	5,002	84.1	31	6,062	81.8	38	7,274	54.0	41	8,222	54.6
- Property owners' association stage for residential properties (2)	—	—	—	—	—	—	—	—	—	—	—	—
- Non-residential properties(3)	3	103	1.7	3	103	1.4	5	253	1.8	5	253	1.7
Subtotal	**26**	**5,105**	**85.8**	**34**	**6,165**	**83.2**	**43**	**7,526**	**55.8**	**46**	**8,474**	**56.3**
Properties developed by Redco Group's joint ventures and associates												
- Preliminary stage for residential properties(1)	—	—	—	—	—	—	1	126	1.0	1	126	0.8
- Property owners' association stage for residential properties (2)	—	—	—	—	—	—	—	—	—	—	—	—
- Non-residential properties(3)	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	**—**	**—**	**—**	**—**	**—**	**—**	**1**	**126**	**1.0**	**1**	**126**	**0.8**
Properties developed by Independent Third Parties(4)												
- Preliminary stage for residential properties(1)	12	736	12.4	14	845	11.4	16	1,202	8.9	17	1,341	8.9
- Property owners' association stage for residential properties (2)	1	108	1.8	2	403	5.4	20	4,421	32.8	21	4,918	32.6
- Non-residential properties(3)	—	—	—	—	—	—	6	204	1.5	6	204	1.4
Subtotal	**13**	**844**	**14.2**	**16**	**1,248**	**16.8**	**42**	**5,827**	**43.2**	**44**	**6,463**	**42.9**
Total	**39**	**5,949**	**100.0**	**50**	**7,413**	**100.0**	**86**	**13,479**	**100.0**	**91**	**15,063**	**100.0**

Notes:

(1) Refers to preliminary property management service agreements entered into with property developers for the management of residential properties.

(2) Refers to property management service agreements entered into with property owners' associations for the management of residential properties. After delivery of projects by property developers to property owners, property owners may form and operate property owners' associations to manage the projects. Once our preliminary property management service agreements have expired, we may negotiate with the newly-formed property owners' associations for new property management service agreements.

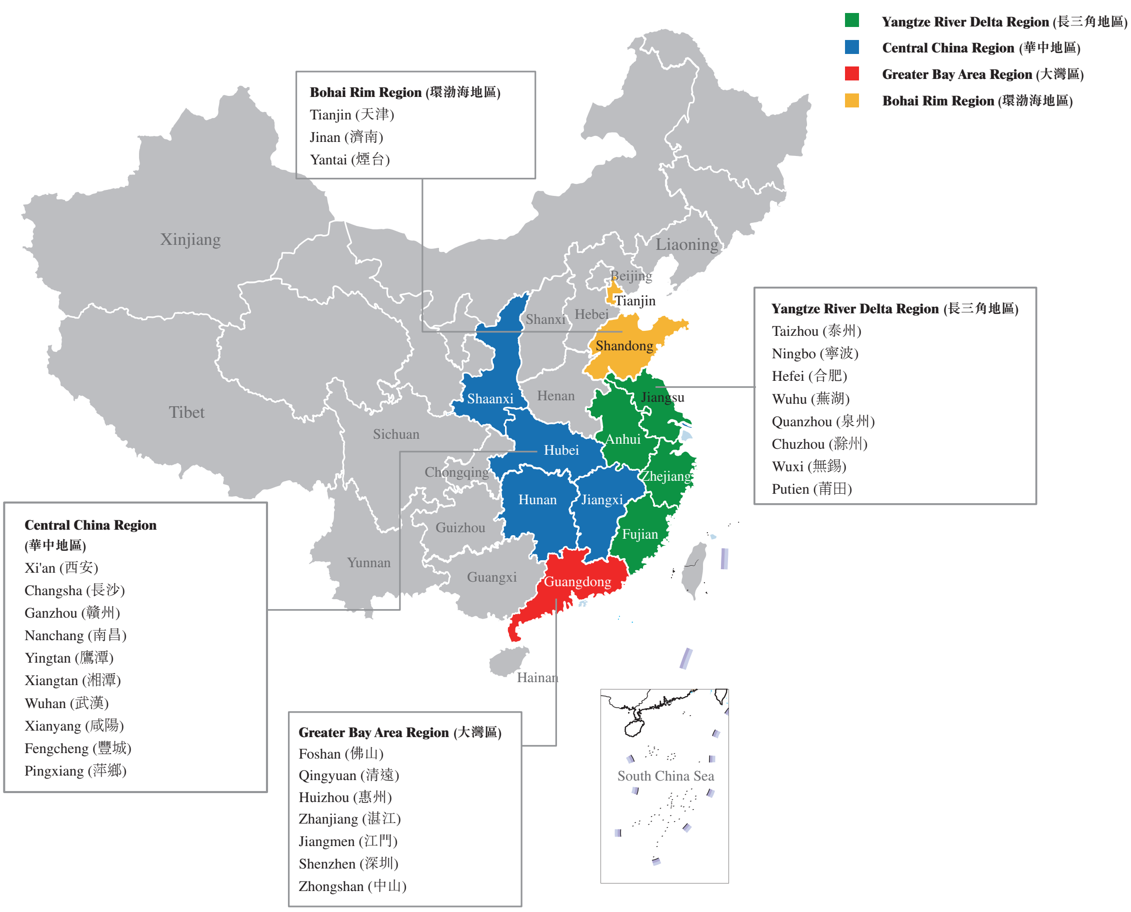
(3) Refers to preliminary property management service agreements and property management service agreements entered into with owners of the relevant property for the management of non-residential properties.

(4) We acquired Wuhu Senlin on December 31, 2020, which added 25 projects with a total GFA under management of approximately 4.5 million sq.m. to our existing GFA under management and made it reach approximately 13.5 million sq.m. as of December 31, 2020. The financial performance and cash flows of Wuhu Senlin as of and for the nine months ended September 30, 2021 was included in our Group's consolidated financial statements.

The growth in our total GFA under management and the number of projects managed by us were primarily attributable to our continuous efforts to expand our business primarily by maintaining cooperation relationship with Redco Group and, proactively obtaining new projects through strategic acquisitions. We managed to grow our total GFA under management for properties developed by Independent Third Parties from 0.8 million sq.m. as of December 31, 2018 to 1.2 million sq.m. as of December 31, 2019, to 5.8 million sq.m. as of December 31, 2020 and to 6.5 million sq.m. as of September 30, 2021. The significant increase in our GFA under management from December 31, 2019 to December 31, 2020 was primarily attributable to our acquisition of Wuhu Senlin, an Independent Third Party property management company, in December 2020. Through the acquisition of Wuhu Senlin, we obtained 25 projects with a total GFA under management of approximately 4.5 million sq.m as of December 31, 2020. The revenue generated from managing properties developed by Independent Third Parties increased from RMB2.8 million in 2018 to RMB11.8 million in 2020, representing a CAGR of 105.3%. The revenue generated from managing properties developed by Independent Third Parties increased significantly from RMB7.1 million in the nine months ended September 30, 2020 to RMB43.8 million in the same period of 2021.

Our Geographical Presence

Since our inception in 2008, we have expanded our presence nationwide, and achieved an aggregate contracted GFA of 23.5 million sq.m., covering 28 cities across 11 provinces, municipalities and autonomous regions in China as of September 30, 2021. We managed 91 properties with an aggregate GFA under management of 15.1 million sq.m. as of September 30, 2021. The map below illustrates the cities in which we had projects under management and contracted but undelivered projects as of September 30, 2021:



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

	As of or for the year ended December 31,														
	2018					2019					2020				
	Number of projects	GFA under management	Contracted GFA	Property Management Revenue		Number of projects	GFA under management	Contracted GFA	Property Management Revenue		Number of projects	GFA under management	Contracted GFA	Property Management Revenue	
		sq.m.'000	sq.m.'000	RMB'000	%		sq.m.'000	sq.m.'000	RMB'000	%		sq.m.'000	sq.m.'000	RMB'000	%
Yangtze River Delta Region[(1)]	3	1,204	1,819	15,049	18.2	3	1,272	2,547	16,159	15.4	31	6,278	7,712	17,897	13.2
Central China Region[(2)]	14	2,362	3,160	36,091	43.6	17	2,989	5,002	43,637	41.7	21	3,385	5,304	53,808	39.6
Greater Bay Area Region[(3)]	2	191	366	6,406	7.8	4	281	441	8,652	8.3	4	366	1,285	12,463	9.2
Bohai Rim Region[(4)]	20	2,192	4,573	25,142	30.4	26	2,871	5,403	36,189	34.6	30	3,450	5,795	51,786	38.1
Total	**39**	**5,949**	**9,919**	**82,688**	**100.0**	**50**	**7,413**	**13,393**	**104,636**	**100.0**	**86**	**13,479**	**20,095**	**135,954**	**100.0**

	As of or for the nine months ended September 30,									
	2020					2021				
	Number of projects	GFA under management	Contracted GFA	Property Management Revenue		Number of projects	GFA under management	Contracted GFA	Property Management Revenue	
		sq.m.'000	sq.m.'000	RMB'000 (Unaudited)	%		sq.m.'000	sq.m.'000	RMB'000	%
Yangtze River Delta Region[(1)]	5	1,628	2,764	13,134	14.2	33	6,998	9,699	48,019	32.5
Central China Region[(2)]	4	3,348	477	39,664	42.8	4	3,626	1,285	45,379	30.7
Greater Bay Area Region[(3)]	28	366	5,671	9,570	10.3	32	366	5,852	9,574	6.5
Bohai Rim Region[(4)]	20	3,101	5,267	30,368	32.7	22	4,073	6,713	44,738	30.3
Total	**57**	**8,443**	**14,179**	**92,736**	**100.0**	**91**	**15,063**	**23,548**	**147,710**	**100.0**

Notes:

(1) Including Taizhou, Ningbo, Wuxi, Chuzhou, Hefei, Quanzhou, Wuhu and Putien. We acquired Wuhu Senlin on December 31, 2020, which added 25 projects with a total GFA under management of approximately 4.5 million sq.m. to our existing GFA under management and made it reach approximately 13.5 million sq.m. as of December 31, 2020. The financial performance and cash flows of Wuhu Senlin as of and for the nine months ended September 30, 2021 was included in our Group's consolidated financial statements.

(2) Including Xi'an, Xianyang, Wuhan, Changsha, Ganzhou, Xiangtan, Yingtan, Nanchang, Fengchang and Pingxiang.

(3) Including Shenzhen, Jiangmen, Qingyuan, Zhanjiang, Huizhou, Foshan and Zhongshan.

(4) Including Tianjin, Jinan and Yantai.

The table below sets forth the expiration schedule for properties under our management as of September 30, 2021:

	GFA under management	Number of agreements
	sq.m.'000	
Property management service agreements without fixed terms [1]	8,668	53
Property management service contracts under which we provided services beyond contract expiration[2]	443	3
Property management service agreements with fixed terms expiring in:		
- year ending December 31, 2021	1,424	9
- year ending December 31, 2022	2,339	15
- year ending December 31, 2023 and beyond	2,189	11
Subtotal	5,952	35
Total	**15,063**	**91**

Notes:

(1) Property management service agreements without fixed terms are generally preliminary property management agreements entered into with property developers. They will terminate automatically when property owners' associations are established or new property management service agreements are entered into and become effective.

(2) During the Track Record Period and up to the Latest Practicable Date, we continued to provide services to three projects pursuant to the relevant fixed-term agreement after the expiration of such term, primarily because the relevant property owners' association/property developer is yet to renew the relevant property management service agreement as of the expiration date of the respective agreement. As advised by our PRC Legal Advisors, we are entitled to receive the property management fees for continued services we provide for such projects before termination of such services and/or commencement of new property management service agreements with different service providers.

The table below sets forth the retention rates and renewal rates for our property management service agreements during the Track Record Period:

	Number of property management service agreements effective at the end of the period	Number of property management service agreements that existed during the period	Number of property management service agreements set to expire during the period	Number of property management service agreements set to expire but renewed	Retention Rate[(1)]	Renewal Rate[(2)]
2018	61	61	2	2	100.0%	100.0%
2019	74	74	1	1	100.0%	100.0%
2020	117	117	11	10	100.0%	90.9%[(3)]
Nine months ended September 30, 2021	133	133	12	10	100.0%	83.3%[(4)]

Notes:

(1) Retention rate is calculated as the number of property management service agreements effective at the end of a year or period divided by the number of property management service agreements that existed during the same year or period.

(2) Renewal rate is calculated as the number of property management service agreements successfully renewed through the signing of new agreements during the relevant year or period divided by the total number of property management service agreements expired during the same year or period. During the Track Record Period, no preliminary property management service agreements with property developers that expired were substituted with property management service agreements with property owners' associations, as there was no occurrence of the triggering event of such situations — the expiration (or automatic termination) of a preliminary management service agreement with property developer in light of the establishment of a property owners' association. In 2018, 2019, 2020 and the nine months ended September 30, 2021, nil, one, seven and two property service managements with property owners' associations, respectively, which were set to expire in the respective years/periods, were renewed with an existing property owners' association. There was no material change of terms with respect to fees and scope of services in such property management service agreements renewed with the property owners' associations during the Track Record Period.

(3) We continued to provide services in relation to one property management service agreements which expired in the year ended December 31, 2020 but had not been renewed upon its expiration due to certain delays in the signing process by the relevant property owner. The renewed property management service agreement had been entered into as of the Latest Practicable Date. As advised by our PRC Legal Advisor, we are entitled to receive property management fees for the continued service beyond contract expiration before termination of such service and/or commencement of new property management service agreement with a different service provider. This project was obtained through the acquisition of Wuhu Senlin in December 2020, and no revenue from this project was consolidated with our Group in 2018, 2019 and 2020. We derived revenue of RMB0.1 million from this project for the nine months ended September 30, 2021.

(4) As of the Latest Practicable Date, we continued to provide services in relation to two property management service agreements which expired in the nine months ended September 30, 2021 and had not been renewed as of the Latest Practicable Date due to certain delays in the signing and property owner meeting approval (where applicable) process by the relevant property owners' association. The signing and property owner meeting approval (where applicable) process of the renewed property management service agreement was in progress as of the Latest Practicable Date. As advised by our PRC Legal Advisor, we are entitled to receive property management fees for the continued service beyond contract expiration before termination of such service and/or commencement of new property management service agreements with different service providers. These projects were obtained through the acquisition of Wuhu Senlin in December 2020, and no revenue from such projects were consolidated with our Group in 2018, 2019 and 2020. We derived revenue of RMB2.4 million from these projects for the nine months ended September 30, 2021.

Scope of Services

We provide the following major categories of property management services:

- *Cleaning services.* To provide a clean environment for our customers, we provide cleaning services for property units and common areas which may include staircases, hallways, clubhouses and basements. We provide certain cleaning services through our own employees and delegate certain cleaning services to third-party subcontractors.

- *Security services.* To ensure the safety of the properties we manage, we provide the security services on a daily basis, including, among others, patrolling, video surveillance, car park security, emergency response, entry control and visitor management. We primarily provide security services through our own employees and delegate certain services to third-party subcontractors.

- *Greening services.* To provide and maintain quality landscapes in the communities we manage, we provide regular greening services for common areas of the communities, such as pest control, pruning, watering and fertilization. We primarily provide greening services through our own employees.

- *Public area maintenance services.* We provide public area maintenance services to ensure the elevator systems, power supply and distribution systems, water supply and drainage systems, fire extinguishing systems and other facilities and common area equipment in the properties we manage are in good working order. We primarily provide public area maintenance services through our own employees.

Portfolio of Properties under Management

We primarily manage residential properties, and have also managed non-residential properties, including commercial properties and public facilities. The table below sets forth a breakdown of our number of projects and GFA under management as of the dates indicated and revenue of property management services for the periods indicated by property type and property developer:

	As of or for the year ended December 31,												As of or for the nine months ended September 30,							
	2018				2019				2020				2020				2021			
	Number of projects	GFA under management	Revenue		Number of projects	GFA under management	Revenue		Number of projects	GFA under management	Revenue		Number of projects	GFA under management	Revenue		Number of projects	GFA under management	Revenue	
		sq.m.'000	RMB'000	%		sq.m.'000	RMB'000	%		sq.m.'000	RMB'000	%		sq.m.'000	RMB'000	%		sq.m.'000	RMB'000	%
															(Unaudited)					
Residential properties																				
Redco Group	23	5,002	75,512	91.3	31	6,062	91,487	87.4	38	7,274	114,789	84.4	35	6,817	79,252	85.5	41	8,222	93,829	63.5
Redco Group's joint ventures and associates	—	—	—	—	—	—	—	—	1	126	1,306	1.0	1	126	840	0.9	1	126	1,901	1.3
Independent Third Parties	13	844	2,751	3.3	16	1,248	6,855	6.6	36	5,622	11,786	8.7	16	1,248	7,084	7.6	38	6,259	41,679	28.2
Subtotal	**36**	**5,846**	**78,263**	**94.6**	**47**	**7,310**	**98,342**	**94.0**	**75**	**13,022**	**127,881**	**94.1**	**52**	**8,190**	**87,176**	**94.0**	**80**	**14,606**	**137,410**	**93.0**
Non-Residential properties																				
Redco Group	3	103	4,424	5.4	3	103	6,295	6.0	5	253	8,074	5.9	5	253	5,559	5.8	5	253	8,194	5.5
Redco Group's joint ventures and associates	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Independent Third Parties	—	—	—	—	—	—	—	—	6	204	—	—	—	—	—	—	6	204	2,105	1.4
Subtotal	**3**	**103**	**4,424**	**5.4**	**3**	**103**	**6,295**	**6.0**	**11**	**457**	**8,074**	**5.9**	**5**	**253**	**5,559**	**6.0**	**11**	**457**	**10,299**	**7.0**
Total	**39**	**5,949**	**82,688**	**100.0**	**50**	**7,413**	**104,636**	**100.0**	**86**	**13,479**	**135,954**	**100.0**	**57**	**8,443**	**92,736**	**100.0**	**91**	**15,063**	**147,710**	**100.0**

Our non-residential properties include (i) commercial properties, such as office buildings and shopping streets and (ii) public facilities. The table below further sets forth a breakdown of our number of projects and GFA under management as of the dates indicated and revenue of property management services for our non-residential properties:

	As of or for the year ended December 31,												As of or for the nine months ended September 30,							
	2018				2019				2020				2020				2021			
	Number of projects	GFA under management	Revenue		Number of projects	GFA under management	Revenue		Number of projects	GFA under management	Revenue		Number of projects	GFA under management	Revenue		Number of projects	GFA under management	Revenue	
		sq.m.'000	RMB'000	%		sq.m.'000	RMB'000	%		sq.m.'000	RMB'000	%		sq.m.'000	RMB'000	%		sq.m.'000	RMB'000	%
															(Unaudited)					
Commercial properties	3	103	4,424	100.0	3	103	6,295	100.0	6	423	8,074	100.0	5	253	5,559	100.0	6	423	9,290	90.2
Public facilities	—	—	—	—	—	—	—	—	5	34	—	—	—	—	—	—	5	34	1,009	9.8
Total	**3**	**103**	**4,424**	**100.0**	**3**	**103**	**6,295**	**100.0**	**11**	**457**	**8,074**	**100.0**	**5**	**253**	**5,559**	**100.0**	**11**	**457**	**10,299**	**100.0**

During the Track Record Period, we generated a significant portion of our revenue from managing residential properties. While residential properties are expected to continue to be the source of a significant portion of our revenue, we are seeking to diversify our property management portfolio to include more non-residential properties, such as office buildings, public facilities and shopping streets.

Growth of Our Project Portfolio

We have been growing our project portfolio during the Track Record Period primarily by obtaining new property management service agreements. Going forward, we intend to continue to increase our business scale and market share through long-term cooperation with Redco Group and organic growth as well as strategic investment and acquisition. Please refer to "— Our Strategies — Reinforce our market position in economically developed regions and further expand our project portfolio through organic growth, strategic acquisitions and collaboration with third party developers" in this Document.

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

	As of or for the year ended December 31,												As of or for the nine months ended September 30,			
	2018				2019				2020				2021			
	Contracted projects		Projects under management		Contracted projects		Projects under management		Contracted projects		Projects under management		Contracted projects		Projects under management	
	Number of agreements	GFA	Number of projects	GFA	Number of agreements	GFA	Number of projects	GFA	Number of agreements	GFA	Number of projects	GFA	Number of agreements	GFA	Number of projects	GFA
	sq.m.'000, except for number of projects															
As of the beginning of the period	**49**	**7,771**	**37**	**5,672**	**61**	**9,919**	**39**	**5,948**	**74**	**13,393**	**50**	**7,413**	**117**	**20,095**	**86**	**13,479**
Properties developed by Redco Group	35	6,798	24	4,829	46	8,821	26	5,104	56	11,611	34	6,165	70	13,307	43	7,527
Properties developed by Redco Group's joint ventures and associate	—	—	—	—	1	126	—	—	1	126	—	—	2	346	1	126
Properties developed by Independent Third Parties	14	972	13	844	14	972	13	844	17	1,656	16	1,248	45	6,441	42	5,827
New engagements[1]	**12**	**2,148**	**2**	**276**	**13**	**3,474**	**11**	**1,465**	**17**	**2,020**	**11**	**1,523**	**16**	**3,453**	**5**	**1,584**
Properties developed by Redco Group	11	2,023	2	276	10	2,790	8	1,060	14	1,695	9	1,363	9	2,053	3	947
Properties developed by Redco Group's joint ventures and associate	1	126	—	—	—	—	—	—	1	221	1	126	3	454	—	—
Properties developed by Independent Third Parties	—	—	—	—	3	684	3	404	2	104	1	36	4	947	2	636
Acquisition[2]	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**26**	**4,682**	**25**	**4,543**	**—**	**—**	**—**	**—**
Properties developed by Independent Third Parties	—	—	—	—	—	—	—	—	26	4,682	25	4,543	—	—	—	—
Terminations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
As of the end of the period	**61**	**9,919**	**39**	**5,948**	**74**	**13,393**	**50**	**7,413**	**117**	**20,095**	**86**	**13,479**	**133**	**23,548**	**91**	**15,063**
Properties developed by Redco Group	46	8,821	26	5,105	56	11,611	34	6,165	70	13,307	43	7,527	79	15,360	46	8,474
Properties developed by Redco Group's joint ventures and associate	1	126	—	—	1	126	—	—	2	346	1	126	5	800	1	126
Properties developed by Independent Third Parties	14	972	13	844	17	1,656	16	1,248	45	6,441	42	5,827	49	7,388	44	6,463

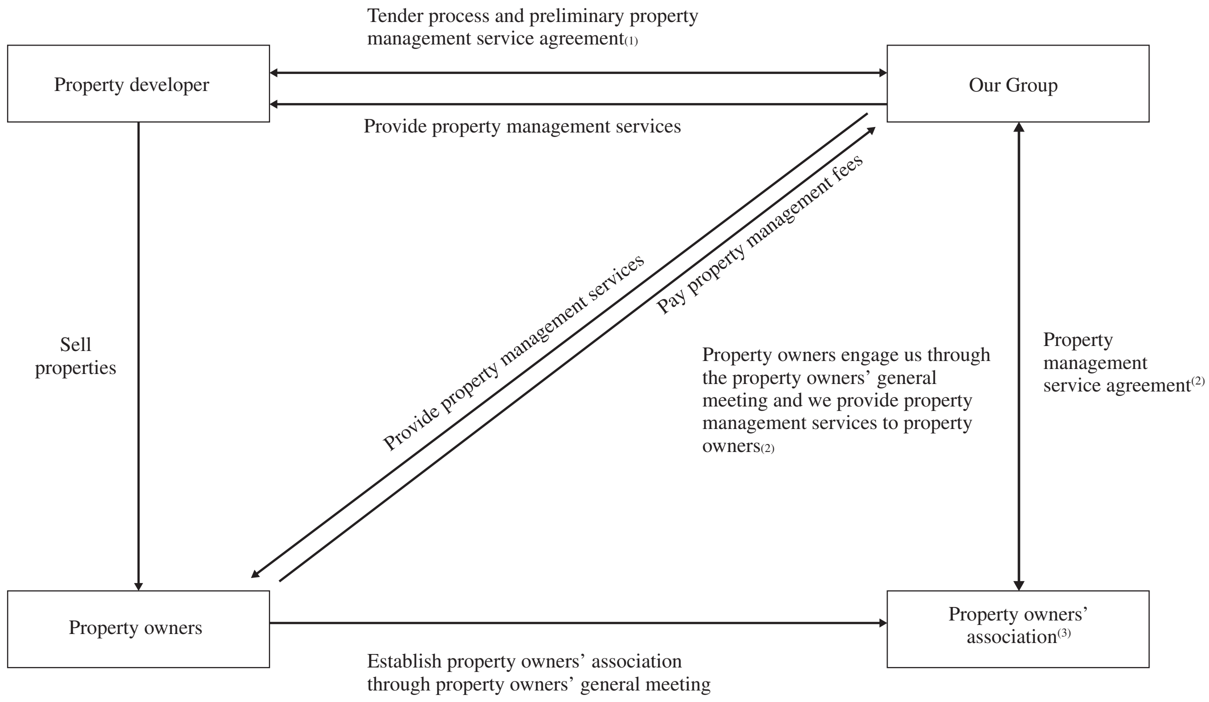
Notes:

(1) Primarily include (i) preliminary property management service agreements for new projects developed by property developers and (ii) property management service agreements for residential communities that replaced their previous property management service providers. Renewed agreements are not regarded as new engagements that we entered into during such year/period.

(2) We acquired Wuhu Senlin on December 31, 2020, which added 25 projects with a total GFA under management of approximately 4.5 million sq.m. to our existing GFA under management and made it reach approximately 13.5 million sq.m. as of December 31, 2020. The financial performance and cash flows of Wuhu Senlin as of and for the nine months ended September 30, 2021 was included in our Group's consolidated financial statements.

Property Management Fees

The following diagram illustrates our relationships with various parties under when we provide property management services for residential properties:



Notes:

(1) The property developer can enter into a preliminary property management service agreement with us, and such agreement is legally binding on the property owners.

(2) The property owners can select to engage us through the property owners' general meeting. Once we are selected, the property owners' general meeting can authorize the property owners' association to enter into a property management service agreement with us on behalf of the property owners and such contract is legally binding on all the property owners belonging to the relevant property.

(3) The preliminary property management service agreement entered into between property developers and us will continue to be legally binding on all the property owners upon expiration if the property owners' association has not been established, and the property owners did not hire new service provider and we continued to provide property management services.

The table below sets forth our average property management fee for residential properties by property developer for the periods indicated. Average property management fee is calculated as the sum of the property management fees recognized on an accrual basis during a specified period divided by the average revenue-bearing GFA during the same period, excluding package price projects.

	For the year ended December 31,			For the nine months ended September 30,	
	2018	2019	2020	2020	2021
	RMB per sq.m. per month				
Properties developed by Redco Group	**1.7**	**1.7**	**1.7**	**1.7**	**1.7**
Yangtze River Delta Region	1.3	1.3	1.3	1.3	1.3
Central China Region	1.6	1.6	1.6	1.6	1.6
Greater Bay Area Region	3.8	3.7	3.2	3.2	3.2
Bohai Rim Region	1.9	1.9	2.0	2.0	2.0
Properties developed by Redco Group's joint ventures and associates	**—**	**—**	**2.8**	**2.6**	**2.9**
Yangtze River Delta Region	—	—	—	—	—
Central China Region	—	—	2.8	2.6	2.9
Greater Bay Area Region	—	—	—	—	—
Bohai Rim Region	—	—	—	—	—
Properties developed by Independent Third Parties	**1.2**	**1.2**	**1.2**	**1.1**	**1.0**
Yangtze River Delta Region	—	—	—	—	0.9
Central China Region	—	1.0	1.1	1.1	1.3
Greater Bay Area Region	—	—	—	—	—
Bohai Rim Region	1.2	1.2	1.2	1.2	1.2
Overall average property management fee	**1.6**	**1.6**	**1.7**	**1.6**	**1.4**

The average property management fee of residential properties developed by Redco Group was generally higher than those of residential properties developed by Independent Third Parties during the Track Record Period, mainly because residential properties developed by Redco Group included more high-end projects, such as villas or projects with optimal locations. For example, Redco Sunshine Beach (力高陽光海岸), a high-end residential project under our management developed by Redco Group, is located near the coastline in Tianjin and features spacious floor plans and ocean view. For such high-end projects, we charged higher residential property management fees as they required more labor input and followed higher service standards, which directly drove up the average property management fees of residential properties developed by Redco Group. In addition, properties developed by Redco Group were relatively newer and were more concentrated in first-and second-tier cities, whereas properties developed by Independent Third Parties were more concentrated in second- and third-tier cities. Also, properties developed by Independent Third Parties comprised certain government resettlement housing projects, for which the property management fees were relatively lower.

As advised by CIA, our average property management fees for residential projects developed by Redco Group and Independent Third Parties were generally in line with average market rates in Yangtze River Delta Region, the Central China Region and the Bohai Rim Region for 2018, 2019 and 2020. Our average property management fees for residential projects developed by Redco Group in the Greater Bay Area Region were slightly higher than the average market rate in the Greater Bay Area Region for 2018, 2019 and 2020, primarily because the majority of revenue in the Greater Bay Area Region during such period was primarily contributed by Shenzhen Junyu Garden (深圳君御花園), a project located in Shenzhen, a first-tier city, which commended higher property management fees than the average market rate in the Greater Bay Area Region. As advised by CIA, our average property management fees for such project in Shenzhen was generally in line with the average market rate for first-tier cities in the PRC for 2018, 2019 and 2020.

We had one residential property project, Yujing Tiancheng (御景天城) in Nanchang, developed by Redco Group's joint venture and managed by us since 2020. The project commended higher property management fees than the market average as it was a newly developed project (with ground shops) in close proximity to a transportation hub and a top-tier school.

A detailed comparison between our average property management fees and the market average rate by geographic region is set forth below:

	For the year ended December 31,			For the nine months ended September 30, 2021
	2018	2019	2020	
	RMB per sq.m. per month			
Yangtze River Delta Region				
Average property management fee for projects under our management	1.3	1.3	1.3	1.0
Market average rate [1]	1.3	1.3	1.3	N/A[2]
Central China Region				
Average property management fee for projects under our management	1.6	1.6	1.6	1.7
Market average rate [1]	1.6	1.6	1.6	N/A[2]
Bohai Rim Region				
Average property management fee for projects under our management	1.7	1.7	1.8	1.7
Market average rate [1]	1.6	1.7	1.7	N/A[2]
Greater Bay Area Region				
Average property management fee for projects under our management	3.8	3.7	3.2	3.2
Market average rate[1]	2.6	2.6	2.6	N/A[2]

Notes:

(1) The market average rates are average property management fees provided by CIA for provinces or cities where we have substantial GFA under management. According to CIA, such data represents the market rates charged for properties of similar attributes and age within the vicinity of our projects under management.

(2) CIA analyzes market average property management fees on an annual basis, and therefore the market average property management fees for the respective regions in the nine months ended September 30, 2021 is not available.

Accordingly, CIA is of the view, and the Sole Sponsor concurs, that our average property management fees charged for residential properties during the Track Record Period were comparable to those for residential properties in the same geographic regions. Please see "Industry Overview — The PRC Property Management Industry — Major Fee Models in the PRC Property Management Industry" and "Business — Property Management Services — Property Management Fees" for the market average property management fees for the four major regions where we provide property management services and the average property management fees for first, second and third-tier cities in China.

A majority of the non-residential properties that were under our management during the Track Record Period, such as public facilities, were charged on a fixed annual contract amount. The property management fees charged under such agreements did not directly correspond to the actual GFA under our management, as they mainly reflected key factors such as service standards required for the type of property.

Fee Models

A substantial majority of our revenue generated from property management services was generally charged on a lump sum basis during the Track Record Period. Please refer to "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 document for discussion of the related risks.

Under the lump-sum fee model, we charge a fixed and "all-inclusive" fee for property management services, which we provide through our employees and subcontractors, and our property management fees are charged on an annually, semi-annually, quarterly or monthly basis, depending on the terms of our property management service agreements. We are entitled to retain the full amount of property management fees collected from property developers, public entities, property owners and residents as revenue and bear the costs incurred in providing our property management services. According to CIA, the lump-sum fee model is the prevailing method of collecting property management fees in the PRC, especially in relation to residential properties. Please refer to "Industry Overview — Competition" in this document.

During the Track Record Period, only one of our projects was managed under a commission basis. Under the commission fee model, we are entitled to a pre-determined percentage of the total amount of property management fees payable, under the relevant property management service agreement.

In 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, 93.0%, 93,8%, 95.0%, 95.5% and 97.1% of our revenue generated from property management services was charged on a lump sum basis, respectively, while 7.0%, 6.2%, 5.0%, 4.5% and 2.9% of our revenue generated from property management services was charged on a commission basis, respectively. 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 periods indicated:

	As of or for the year ended December 31,									As of or for the nine months ended September 30,					
	2018			2019			2020			2020			2021		
	GFA under management	Revenue		GFA under management	Revenue		GFA under management	Revenue		GFA under management	Revenue		GFA under management	Revenue	
	sq.m.'000	RMB'000	%	sq.m.'000	RMB'000	%	sq.m.'000	RMB'000	%	sq.m.'000	RMB'000	%	sq.m.'000	RMB'000	%
											(Unaudited)				
Lump sum basis. .	5,769	76,932	93.0	7,233	98,154	93.8	13,299	129,113	95.0	8,263	88,590	95.5	14,883	143,437	97.1
Commission basis .	180	5,756	7.0	180	6,482	6.2	180	6,841	5.0	180	4,146	4.5	180	4,273	2.9
Total	**5,949**	**82,688**	**100.0**	**7,413**	**104,636**	**100.0**	**13,479**	**135,954**	**100.0**	**8,443**	**92,736**	**100.0**	**15,063**	**147,710**	**100.0**

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 labor costs, greening and cleaning costs, maintenance costs, utility costs, security charges, office expenses and others. As we bear such costs ourselves, our profit margins are affected by our ability to lower our cost of sales. In the event that our cost of sales is higher than anticipated, we may not be able to collect additional amounts from our customers to sustain our profit margins. In such event, we may implement cost control measures, such as lower our per capita costs by optimizing human resource allocation or control the labor costs by subcontracting certain of our labor-intensive services. Please refer to "Risk Factors — Risks Relating to Our Business and Industry — We may be subject to losses and decreased profit margins if we fail to effectively anticipate or control our costs in providing our property management services, as we generally charge our customers on a lump sum basis" in this document for discussion on risks relating to the lump-sum fee model.

We incurred losses in an aggregate amount of RMB0.4 million, RMB1.2 million, RMB0.4 million and RMB0.2 million for 2018, 2019, 2020 and the nine months ended September 30, 2021, respectively, with respect to three, six, three and two projects managed on a lump sum basis, respectively. In 2018, 2019, 2020 and the nine months ended September 30, 2021, the GFA under management for such loss-making projects were 0.1 million sq.m., 0.5 million sq.m., 0.5 million sq.m. and 0.3 million sq.m., respectively; and the revenue we generated from such loss-making projects were RMB3.0 million, RMB6.4 million, RMB6.8 million and RMB2.0 million, respectively, representing 2.4%, 3.5%, 3.1% and 0.8%, respectively, of our total revenue for the same periods. As of the Latest Practicable Date, all projects that were loss-making in 2018, 2019, 2020 and the nine months ended September 30, 2021 had been profitable.

Tender Process

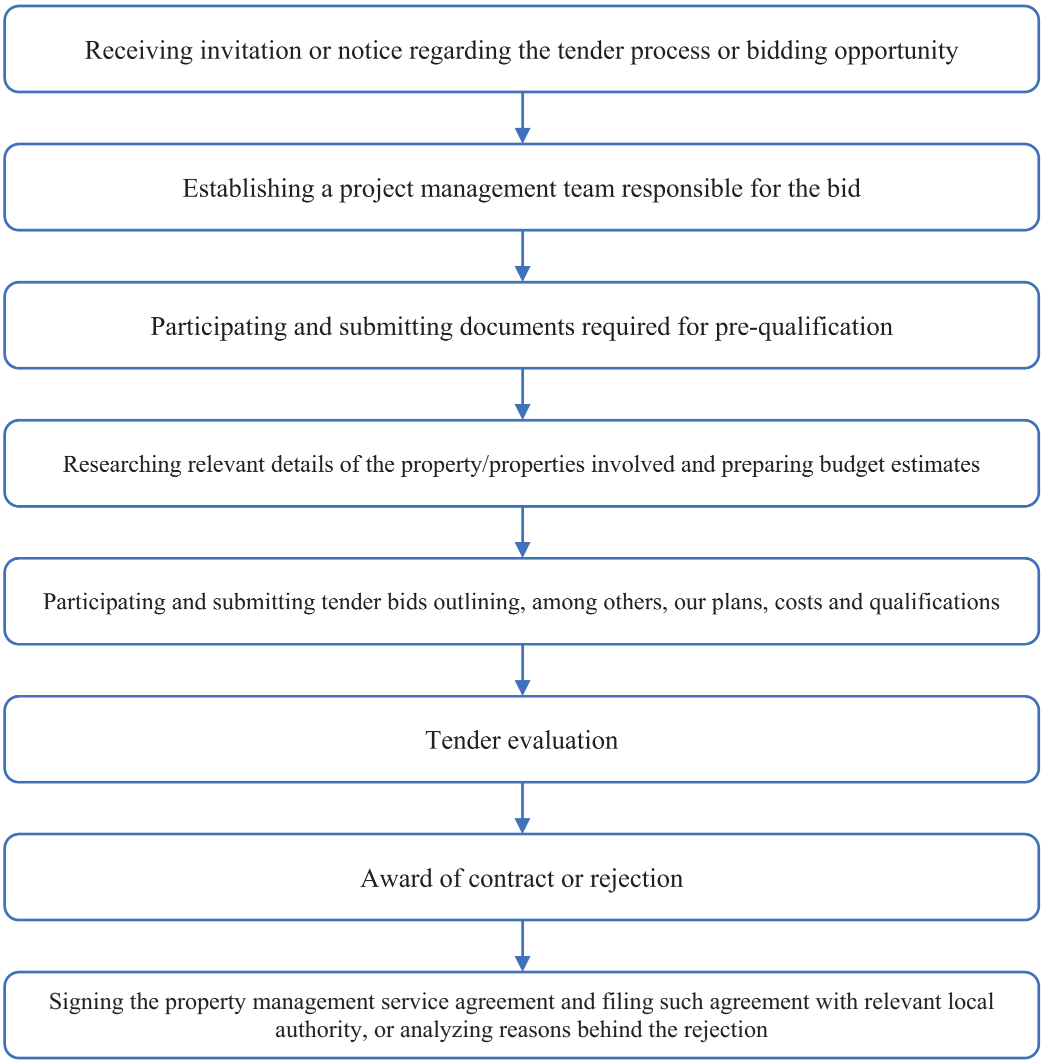
Under PRC laws and regulations, property management companies are required to obtain preliminary property management service agreements for residential properties through participation in the tender process. If there are fewer than three bidders or the scale of the properties is relative small, the property developer can select and hire qualified property management company by directly entering into an agreement with the approval of the real estate administrative department of the relevant district or county government where the property is located. In addition, pursuant to the Regulations on Property Management (2018 revision) (《物業管理條例》) (2018年修訂), owners of non-residential properties are not required to select a property management company through tender process. However, tender process may also be required under PRC laws and regulations for PRC government, public institutions and bodies with public fiscal funds to engage property management companies for properties. Such as government buildings and public facilities. Please refer to "Regulatory Overview — PRC Laws and Regulations relating to Property Management Services — Appointment of Property Management Enterprises" in this document on the relevant legal requirements on tender processes.

We typically enter into preliminary property management service agreements for residential properties by going through the tender process before the establishment of property owners' associations. Once the property owners' associations are established, we typically enter into property management services agreements through negotiation with the property owners' associations pursuant to provisions under the preliminary property management service agreements. 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. During the Track Record Period, our bidding success rate for properties developed by Redco Group and properties developed by Redco Group's joint ventures and associates was 100%. Subsequent to the Track Record Period and up to the Latest Practicable Date, we had submitted three tender bids for providing property management services to properties developed Redco Group, and won the bids. In 2018, 2019, 2020 and the nine months ended September 30, 2021, we submitted four, 16, 24 and 18 bids for properties developed by Independent Third Parties, and our bidding success rate for properties developed by Independent Third Parties was approximately 25.0%, 18.8%, 27.8% and 22.2% for 2018, 2019, 2020 and the nine months ended September 30, 2021,respectively. The lower bidding success rates for properties developed by Independent Third Parties as compared to those of the properties developed by Redco Group or Redco Group's joint ventures or associates was primarily because we participated in a large number of tender processes during the Track Record Period as part of an effort to obtain more engagements, diversify our project portfolio and expand into new markets.

As of the Latest Practicable Date, we obtained 16 property management service agreements for residential properties without going through the required tender process. Such properties had an aggregate GFA under management of approximately 1.7 million sq.m. as of September 30, 2021. Our revenue for such properties amounted to approximately RMB11.4 million, RMB11.1 million, RMB12.8 million and RMB15.6 million, respectively, in 2018, 2019, 2020 and the nine months ended September 30, 2021, accounting for approximately 9.2%, 6.1%, 5.8% and 6.0%, respectively, of our total revenue for the same periods.

The lack of a tender and bidding process for the selection of preliminary property management service providers for the abovementioned projects was caused by the relevant property developers but not us and we obtained the relevant property management service agreements through regular business negotiations at arm's length. As advised by our PRC Legal Advisor, the property management service provider is not the responsible party to organize the tender and bidding process, according to the relevant PRC laws and regulations. The local government may require the relevant property developers to rectify this issue within a prescribed period of time, and there are no specific PRC laws and regulations in effect which would impose administrative penalties upon property management companies for entering into preliminary property management service agreements without going through the tender and bidding process. We also confirm that, based on the opinion given by our PRC Legal Advisor and the percentage of the revenue from the abovementioned projects to our total revenue during the Track Record Period, the lack of a tender and bidding process for the abovementioned projects will unlikely have any material and adverse impact on our business, financial position or results of operations. As of the Latest Practicable Date, we were not aware of any administrative penalties or any notice of any potential administrative penalties from the relevant competent authorities on the relevant property developers in relation to such property management service agreements. Please refer to "Risk Factors — Risks relating to Our Business and Industry — Our property management agreements may have been obtained without going through the required tender and bidding process."

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



The following table sets forth our bidding success rate for property management services to properties developed by type of customer for the periods indicated:

	For the year ended December 31,			For the nine months ended September 30,
	2018	2019	2020	2021
	(%)			
Redco Group[1]	100.0	100.0	100.0	100.0
Redco Group's joint ventures and associates[2]	100.0	100.0	100.0	100.0
Independent third-party property developers[3]	25.0	18.8	27.8	22.2

Notes:

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

(2) Refers to properties jointly developed by Redco Group and independent third-party property developers where Redco Group did not hold a controlling interest in such properties.

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

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 typically organize tendering process to engage property management companies after they have obtained the relevant land use rights of the land parcel to develop properties from the relevant government authorities for their projects. Accordingly, in line with industry practice, we usually go through a tender process by submitting tender bids for property management service agreements for residential properties. After the relevant property developers have gained the rights to develop properties on the land and, if we are successful in securing the bid, we generally enter into preliminary property management service agreements with the relevant property developer within approximately one to three months before the commencement of pre-sale for the properties.

In relation to residential properties that have already been delivered but the property owners' associations have not been established or the property owners' associations have not hired a new property management provider, 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.

In relation to residential properties that have already been delivered and property owners' associations have been established, we generally enter into property management service agreements with property owners' associations on behalf of property owners. During the Track Record Period, a majority of our revenue from property management services was generated from preliminary property management service agreements entered into with property developers.

Key Terms of Agreements with Property Developers

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

- *Scope of services*. A typical preliminary property management service agreement with property developer sets out the required services by phase. After the construction of a project is completed, we generally provide property management services to public areas and facilities, including cleaning, security, greening and gardening and maintenance.

- *Performance standards*. The preliminary property management service agreements set forth the scope and expected standards for our property management services. We may specify the frequency with which certain types of services are performed, for example, how often public area maintenance is carried out.

- *Property management fees*. The preliminary property management service agreements set forth the unit price of property management fees payable, typically on a lump sum basis. The property developer is responsible for paying the property management fees for the units that remain unsold. For overdue property management fees, property developers pay an overdue penalty as specified in the agreement.

- *Property developer's obligations*. The property developer is primarily responsible for, among other things, obtaining a commitment from property buyers that they will commit to their obligations in relation to the payment of property management fees after property delivery. The property developer is also responsible for information, documents and other support necessary for carrying out our contractual obligations.

- *Term of service and termination*. Our preliminary property management service agreements typically do not have fixed terms, but will specify that they automatically terminate when a property owners' association is established or a new property management service agreement is entered into with us and becomes effective to replace the existing one.

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

- *Subcontracting*. We are allowed to outsource part of the property management services to subcontractors but we are responsible for the performance of our subcontractors.

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 Civil Code of the PRC, the Regulations on Property Management and the Guidance Rules of the Owners' Meeting and the Property Owners' Association stipulate that a property owners' association may be established at property owners' meeting by a vote of at least half of the property owners and by the property owners who own over half of the delivered GFA in the residential community. In order to secure and continue to secure property management service agreements, we must consistently provide quality services at competitive prices. According to the PRC Civil Code (《中華人民共和國民法典》), a quorum for the general meeting of the property owners to engage or dismiss a property management enterprise shall consist of the property owners who holding more than two-thirds of exclusive parts and representing more than two-thirds of the total number of property owners. A general meeting of the property owners of a community can engage or dismiss a property management company with affirmative votes of property owners who participate in the voting and own more than half of the exclusive parts and who account for more than half of the total number of the property owners participating in the voting. See "Regulatory Overview — PRC Laws and Regulations Relating to Property Management Services — Appointment of Property Management Enterprises." According to the Interpretations of the Supreme People's Court on Issues Relating to Application of Laws for Trial of Property Management Service Dispute Cases (《最高人民法院關於審理物業服務糾紛案件具體應用法律若干問題的解釋》) (the "Interpretations"), a preliminary property management service agreement entered into between a property developer and a property management service company in accordance with the PRC laws and regulations is legally binding on the relevant property owners. According to the Interpretations, where any property owner argues that the preliminary property management service agreement is not applicable on the ground that he/she is not a party to the same, the relevant People's Court shall not uphold such claim. According to the Regulations on Property Management, a sales contract concluded by a property developer and a property buyer shall include the contents stipulated in the relevant preliminary property management service agreement. Therefore, as advised by our PRC Legal Advisor, 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 agreements. In addition, according to the Regulations on Property Management (2018 revision) (《物業管理條例》) (2018年修訂), 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 Advisor, there is no compulsory requirement for property owners of residential properties to form property owners' associations under the Civil Code of the PRC and relevant PRC laws and regulations.

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 September 30, 2021, 20 of the residential projects under our management had established property owners' associations, accounting for approximately 25.0% of the total number of residential projects under our management. The property owners' associations are independent from us. In order to secure and continue to secure property management service agreements, we must consistently provide quality services at competitive prices. According to the Regulations on Property Management, property owners' associations may hire or dismiss property management service providers by votes from more than half of the property owners and by the property owners who own over half of the GFA of delivered projects at the property owner meeting, provided that such decision will not constitute a violation of applicable law or a breach of the respective contract. The property owners' meeting may either hire a new property management service provider through the tender process or select one based on specific standards to do with terms and conditions of service, quality and price. Please refer to "Regulatory Overview — PRC Laws and Regulations Relating to Property Management Services — Appointment of Property Management Enterprises" in this document.

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

Key Terms of Agreements with Property Owners' Associations

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

- *Scope of services*. We typically agree to provide property management services including cleaning, security, greening and repair and maintenance services. We also include customized services, which property owners or residents may request by paying additional fees to us.

- *Property management fees*. The property management fee typically is payable on a lump sum basis by property owners and residents. The fee due from each owner or resident is proportional to the size of the GFA they occupy. For overdue property management fees, property owners and residents are required to pay an overdue penalty as specified in the service agreement. If we have agreed to provide property management service of car parks, the property management service agreement will also detail the fees payable for such services.

- *Rights and obligations of property owners and residents*. Property owners' associations have the right to be informed of and supervise the use of housing maintenance funds and the management of common areas and public facilities and review the annual budget and property management plan prepared by us. Property owners' associations are required to provide necessary support to us to facilitate our work, such as to assist us in collecting payments of property management fees and to ensure property owners and residents understand and fulfil their obligations as stipulated by the property owners' association.

- *Terms of service and termination*. Our property management service agreements generally have a fixed term of one to three years. Generally, these contracts may be terminated by mutual consent and do not provide either party with a unilateral termination right prior to the expiration date.

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

- *Outsourcing arrangement*. We may outsource certain services to sub- contractor. A property management service agreement may set out the scope of outsourced services and other matters related to subcontractors and outsourced services.

Under PRC law, property owners' associations represent the interests of property owners in matters concerning property management. Decisions that are within the authorized scope of the property owners' association are binding on all property owners. Agreements between property owners' associations and property management service providers are valid and legally binding on all property owners concerned, irrespective of whether or not the property owners are individual parties to such agreements. 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.

Key Terms of Agreements for Non-Residential Properties

We typically enter into property management service agreements with property owners for the management of non-residential properties. The following summarizes the general terms of our property management service agreements for non-residential properties.

- *Scope of services*. We typically agree to provide property management services including cleaning, security, greening and repair and maintenance services. We may also provide other customized services, which property owners or residents may request by paying additional fees to us.

- *Performance standards*. The property management service agreement would set forth the scope and expected standards for our property management services. For example, we may specify the frequency with which certain types of services are performed and the qualification requirements of relevant personnel.

- *Property management fees*. The property management fee is payable typically on a lump sum basis by property owners according to the relevant service agreement. We may specify different property management fees for different types of properties. For overdue property management fees, property owners pay an overdue penalty as specified in the service agreement. If we have agreed to provide property management service of car parks, the property management service agreement will also detail the fees payable for such services.

- *Rights and obligations of property owners*. The property owners are primarily responsible for, among other things, payment of property management fees, providing us 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 with fixed term generally have a term of one to five years.

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

- *Outsourcing arrangement*. We are allowed to outsource part of the property management services to subcontractors but we are responsible for the performance of our subcontractors.

Our Pricing Policy

We generally price our services by taking into account various factors, such as characteristics, property type, project size, locations, market price, our budget, target profit margins, property owners' and residents' profiles and the scope and quality of our services. Under PRC law, if we want to raise the property management fees, we need to publicize the fee adjustment plan, adjustment reasons, changes of costs and other relevant information. In addition, we need to negotiate with the property owners' associations and obtain consent from property owners' meetings. If the property owners' general meeting and the property owners' associations have not yet been established, we need to obtain the affirmative votes of owners who own more than half of the GFA of the community and who account for more than half of the total number of the property owners.

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》), which required provincial-level price administration authorities to liberalize the price control or guidance policies on residential properties, with certain exceptions. Under the relevant PRC regulations, property management fees charged shall remain to be determined with reference to the government guidance price or the market price, which is based on the nature and features of the relevant properties to which the property management services are provided. The specific pricing principles shall be determined by the competent price administration departments and property administration departments of the local governments of provinces, autonomous regions and municipalities. According to the Notice of the Ministry of Housing and Urban-Rural Development and Other Departments on Strengthening and Improving the Work of Residential Property Management (《住房和城鄉建設部等部門關於加強和改進住宅物業管理工作的通知》), the pricing of residential property management shall be formed mainly by market competition, and may be adjusted based on the service standard and price index. For the property management prices subject to government guidance, the competent pricing regulatory department shall, together with the competent housing and urban-rural development department, promulgate and publicize the standard price and fluctuation scope, and shall adopt dynamic price adjustment mechanism. Please refer to "Regulatory Overview — PRC Laws and Regulations Relating to Property Management Services — Property Service Charges" and "Risk Factors — Risks Relating to Our Business — We are susceptible to changes in regulatory landscapes of the PRC property management and PRC real estate industries" in this document for related discussions.

We may charge property management fees on an annual, semi-annually, quarterly or monthly basis, depending on the terms of our property management service agreements. The following table sets forth the amount of property management fees that we collected during each period of the Track Record Period, categorized based on whether the relevant property management service agreements stipulate the property management fees are charged on an annual, semi-annually, quarterly or monthly basis:

	For the year ended December 31,						For the nine months ended September 30,	
	2018		2019		2020		2021	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Amount of property management fees collected								
Charged on annual basis	14,641	17.2	15,193	14.5	16,260	12.6	27,403	18.3
Charged on semi-annual basis	35,409	41.6	40,776	38.9	50,906	39.5	67,646	45.1
Charged on quarterly basis	1,947	2.3	2,683	2.6	2,847	2.2	3,348	2.2
Charged on monthly basis	33,173	38.9	46,078	44.0	58,852	45.7	51,634	34.4
Total amount of property management fees collected	85,170	100.0	104,730	100.0	128,865	100.0	150,031	100.0

Our property management fees are billed in arrears and are not billed in advance. If any customer fails to make payment for a prolonged period, we typically demand payment for our property management services by sending a demand note to property owners and residents which, according to CIA, is consistent with the property management industry norm in the PRC. We primarily accept payments for property management fees through online transfers, auto-pay or third-party payment platforms. Please refer to "Financial Information — Description of Certain Consolidated Balance Sheets Items — Trade Receivables" in this document. To the extent permitted by relevant laws and regulations, we charge property owners at the properties in some cities that we manage utility fees for water and electricity consumed by public facilities, public equipment and in common areas in proportion to the GFA occupied by them in addition to the agreed property management fees.

As of the Latest Practicable Date, 64 of our total contracted projects were subject to government guidance price, contributing to a total contracted GFA of approximately 11.9 million sq.m. as of September 30, 2021 and generated a total revenue of RMB73.3 million in the nine months ended September 30, 2021. Among these projects subject to government guidance price, after comparing the average property management fees of these properties with the highest guidance price enforced by the local PRC authorities in the cities where such properties are located, we estimate that 27 projects have room to increase their average property management fees by over 30%; nine projects have room to increase their average property management fees by 20% to 30%; three projects have room to increase their average property management fees by 10% to 20%; and 25 projects have room to increase their average property management fees by less than 10%. However, our ability to increase property management fees for a project is generally subject to negotiations upon contract renewal and a number of factors such as pricing of comparable projects and market conditions. There can be no guarantee that we will be able to increase property management fees for any of the aforementioned properties as estimated. During the Track Record Period and up to the Latest Practicable Date, the property management fees for preliminary residential properties charged by us complied with the relevant PRC laws and regulations in relation to such pricing control. According to CIA, our property management fees for residential properties were generally in line with the relevant market trends with respect to property management fees for residential properties charged by property management companies in the PRC during the Track Record Period. 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."

VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

We also provide a series of value-added services to non-property owners, primarily property developers. Our value-added services to non-property owners primarily include but are not limited to (i) pre-sale management services, (ii) pre-delivery services, which include inspection and cleaning at the pre-delivery stage, (iii) preliminary planning and design consultancy services and (iv) information technology services, where we develop smart software and hardware primarily applied in the property development and property management-related industries.

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

	For the year ended December 31,						For the nine months ended September 30,			
	2018		2019		2020		2020		2021	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Pre-sale management services	14,635	70.7	38,316	78.1	49,508	80.9	41,611	80.7	53,347	76.0
Pre-delivery services	4,748	22.9	4,979	10.1	6,149	10.0	5,026	9.8	2,563	3.7
Preliminary planning and design consultancy service	1,331	6.4	5,777	11.8	5,553	9.1	4,918	9.5	1,610	2.3
Information technology services	—	—	—	—	—	—	—	—	12,658	18.0
Total	**20,714**	**100.0**	**49,072**	**100.0**	**61,210**	**100.0**	**51,554**	**100.0**	**70,178**	**100.0**

The following table sets forth the revenue from value-added services to non-property owners by customer for the periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2018		2019		2020		2020		2021	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Redco Group	20,714	100.0	46,482	94.7	53,656	87.7	45,689	88.6	63,755	90.8
Redco Group's joint ventures and associates	—	—	2,590	5.3	7,554	12.3	5,865	11.4	4,356	6.2
Independent Third Parties	—	—	—	—	—	—	—	—	2,067	3.0
Total	**20,714**	**100.0**	**49,072**	**100.0**	**61,210**	**100.0**	**51,554**	**100.0**	**70,178**	**100.0**

Pre-sale Management Services

We may be contracted by property developers to provide pre-sale management services during the pre-sale stage. We help property developers with their preparation of marketing activities and recognize revenue based on the services we rendered, which are determined according to the pre-sale management service agreement.

We deploy staff to assist property developers with their marketing activities on-site which may include cleaning, security, and the maintenance of display units and sales office. We enter into a sales office management service agreement with the property developer for such work, generally with a fixed term. In 2018, 2019, 2020 and the nine months ended September 30, 2021, we entered into 25, 35, 45 and 53 pre-sale management service agreements with property developers, respectively. Under our pre-sale management service agreements, we are obligated to follow the service standards specified by our customers, while our customers are obligated to provide us with the facilities and equipment necessary to provide our services. We recognize revenue based on the fees we charge, which are generally determined based on a profit mark-up (typically ranging from 10% to 15%) on top of our costs and the costs we may incur. The estimated costs of each pre-sale management service project depend on the service scope, number of staff involved, size and location of the project and length of the pre-sale management service agreement. As advised by CIA, the fees we charged for pre-sale management services were in line with the market rates (typically a profit mark-up ranging from 6% to 20% on top of cost) during the Track Record Period.

Pre-Delivery Services

We may be contracted by property developers to provide cleaning and inspection at the pre-delivery stage of the property sales. We provide unit cleaning services before the delivery of properties to make the properties suitable for delivery. We may also be employed by property developers to conduct quality inspection of properties, identify quality issues, report to the property developers to rectify defects and conduct re-inspection. We offer our pre-delivery services through our employees and subcontractors. For our property delivery services, we generally enter into service agreements and charge our fees by GFA and price per sq.m. The price per sq.m. is determined with reference to the local market rate (which is primarily affected by size and location of the project), and the total revenue for our pre-delivery services is generally the result of the total GFA multiplies the price per sq.m. We typically charge RMB1.2 per sq.m. to RMB4.5 per sq.m. for pre-delivery cleaning services, RMB5.0 per sq.m. to RMB10.0 per sq.m. for pre-delivery inspection services. As advised by the CIA, those property management companies with similar geographic coverage generally charge a pre-delivery cleaning services fee ranging from RMB1.0 per sq.m. to RMB12.0 per sq.m. and a pre-delivery inspection services fee ranging from RMB3.0 per sq.m. to RMB10.0 per sq.m. Accordingly, as advised by CIA, the fees we charged for pre-delivery services were in line with the market rates during the Track Record Period. We typically grant a credit term of one to two years for our pre-delivery services, which is in line with industry norm, according to CIA.

Preliminary Planning and Design Consultancy Services

We provide preliminary planning and design consultancy services to property developers during the planning and construction stages and assess the projects to make sure that property, facility layouts, building design and construction quality meet the requirements of property management and the needs of targeted property owners and residents. We provide preliminary planning and design consultancy services to property developers from the perspective of property management with respect to property development site selection, positioning, preliminary planning and design, engineering and construction. Property developers engage us for such services to improve their own project design and performance more from the end users' perspective as we have closer access to property owners and residents' needs and requirements through our provision of property management and community value-added services on a daily basis and we possess the operating data of property facilities throughout the management of the projects. Our preliminary planning and design consultancy services involve on-site consulting during construction to facilitate the understanding of the needs of end-users of properties, so that property developers may design buildings that conform as much as possible to expected standards. We will participate in the creation and review of blueprints and other construction planning documents. The scope of our assessment covers individual units, common areas and facilities and landscapes. During construction, we will conduct on-site inspections from time to time and follow up on any quality issues we may find from the property management service provider's perspective. In 2018, 2019, 2020 and the nine months ended September 30, 2021, we had 16, 19, 33 and 17 employees for our preliminary planning and design consultancy services, respectively. For our preliminary planning and design consultancy services, we generally charge our fees by GFA and a unit fee per sq.m. typically ranging from RMB3.0 per sq.m. to RMB5.0 per sq.m., taking into account the service scope, number of staff involved, size and location of the project. As advised by CIA, the fees we charged for preliminary planning and design consultancy services were in line with the market rates (typically ranging from RMB2.8 per sq.m. to RMB8.5 per sq.m.) during the Track Record Period. We typically grant a credit term of one to two years for preliminary planning and design consultancy services, which is in line with industry norm, according to CIA.

Information technology services

As part of our information technology services initiative, we are developing smart software and hardware primarily applied in the property development, property management and related industries. Our information technology services primarily include the following:

- *Internal operational management systems*. We develop internal operational management systems for property developers and property management companies with an aim to improve their operational efficiency. For example, we develop enterprise resource planning (ERP) systems and digitalization systems for property developers, and develop integrated management platforms for property management companies.

- *Community management systems*. With a goal for building smart communities and enhance residents' living experience, we developed an integrated smart community management system with both users' end and management's end, incorporating various functional modules such as smart property management fee payment system, smart carpark management system, smart visitor management system, smart traffic control system and smart security control system.

- *Healthcare service management systems.* To support our community healthcare services, we developed a healthcare service management systems. Through these software, users will be able to monitor their health conditions, checking health reports and news articles and connect with doctors. For details of our community healthcare services, see "— Community Value-added Services — Community Healthcare Services" below.

We commenced our information technology services based on the following considerations. First of all, we believe advanced information technology systems will enable us to streamline our operational procedures and improve both efficiency and customer experience. They will further help us reduce the reliance on manual labor and thus reducing operating costs. Secondly, instead of purchasing information technology service software from third-party vendors, we commenced our information technology services business department to develop our in-house research and development, operation and maintenance capabilities. Such in-house capabilities allow us to tailor the software to the needs or characteristics of a specific property management project in a more efficient and accurate manner, and we can also timely upgrade the software according to the development of the relevant property management project. Thirdly, we see intelligent community management as a business area with great growth potential but heavily relying on the development of information technology. Therefore, by commencing our information technology services, we train and retain our own talent in this area and develop our own core technologies. For our information technology services, our fees are generally determined based on a profit mark-up (typically ranging from 15% to 20%) on top of our costs. As advised by CIA, the fees we charged for information technology services were in line with the market rates during the Track Record Period.

We conducted a feasibility study before commencing the information technology services and believe this business will bring us the following costs and benefits. Given that our information technology services business is at a relatively early stage, its costs are primarily the staff costs for our information technology personnel. We provide competitive compensation to our personnel, and on the other hand, endeavor to optimize our organizational structure to maximize the contribution from each employee. The information technology services business is expected to bring benefits such as improving operational efficiency, enhancing customers' experience, and fostering our in-house research and development capabilities.

We believe our information technology services is supported by adequate market demand given that property management companies in China are in a transitional stage where they endeavor to reduce their reliance on manual labor and increase their operational efficiency through implementing intelligent management systems. There were approximately 200,000 property management service providers operating in China in 2020, according to CIA. Among the property management service companies within CIA's research scope, although many companies have utilized IT systems to some extent, approximately 211 property management service companies have integrated management platforms and enterprise resources planning systems. On the other hand, property management companies, as well as property developers, lack the technical expertise to develop their own information technology software or tailor those software purchased from third-party software developers according to their operational needs. According to CIA, currently only 40 property management service companies provide information technology services, among which only 16 companies have in-house capabilities and the other 24 companies rely on collaboration with professional IT service providers. Leveraging our solid experience in providing property management services, we have gained in-depth understanding of the technological supports most needed by property management companies. Thanks to our long-time commitment to fostering our talent in information technology, we have gained rich in-house capability to develop, upgrade and maintain information technology software tailored to the needs or characteristics of the relevant property management projects, which may allow us to distinguish ourselves from our peers. Based on the foregoing, CIA is of the view that our information technology services is supported by adequate market demand.

Given that information technology services segment is relatively new compared with property management services, we believe this business segment has different profitability and risk profiles. We expect to incur higher front-loaded costs at the early stage of this business, such as employee recruitment and training expenses, and marketing and promotional expenses. We may not be able to successfully develop information technology software as we planned, and our products may not be endorsed by the customers. Also, given that we have less experience in this area, we may not be able to compete successfully with incumbent players and may not develop a solid customer base. See "Risk Factors — Risks Relating to our Business and Industry — Our information technology services may not grow as planned."

We provide information technology services through Zhongtian Yunlian and its subsidiaries, which our Group acquired on December 17, 2020. See "History, Reorganization and Corporate Structure—Reorganization—1. Acquisition of Zhongtian Yunlian" for details. As of the Latest Practicable Date, we obtained confirmed orders from 12 Independent Third Party customers in an aggregate amount of RMB4.9 million. The 12 customers included eight construction service providers and four Internet Technology service providers. We also provide information technology services to Redco Group under a framework agreement. See "Connected Transactions — 4. Information Technology Services" for details.

According to the Administrative Measures on Internet Information Services (互聯網信息服務管理辦法) which was issued by the State Council with effect from September 25, 2000 and amended on January 8, 2011, internet information services refer to the provision of information to web users through the internet, which can be divided into commercial internet information services and non-commercial internet information services. Commercial internet information services refer to paid services of providing information to or creating web pages for web users through the internet. Non-commercial internet information services refer to free services of providing public, commonly-shared information to web users through the internet. Whether certain internet information service is regarded as commercial or non-commercial depends on various facts, such as whether the provision of internet information is free or to be charged.

As advised by our PRC Legal Advisor, (i) services provided through the products developed under our information technology services are regarded as "non-commercial internet information services" considering relevant facts such as that we do not charge any fees for provision of the internet information services through such products; (ii) we have completed all material filings in respect of our provision of non-commercial internet information services through our such products; (iii) a license for value-added telecommunication services is not necessary for providing non-commercial internet information services; and (iv) our current information technology services is not subject to foreign ownership restrictions under relevant PRC laws and regulations.

We believe our information technology services will be a growth driver for us in the foreseeable future, and we intend to devote more financial and management resources to further develop and expand this business line.

COMMUNITY VALUE-ADDED SERVICES

In order to improve the community living experience of owners and residents in the properties under our management and create more value for our services, we provide a wide variety of community value-added services to property owners and residents. The community value-added services we offer primarily include (i) common area management services, such as utility management, waste disposal services, public space leasing, carpark management and advertising services, (ii) carpark sales agency services, (iii) turnkey decoration and furnishing services (拎包入住服務), (iv) home-living services, which primarily include home repair and maintenance services and (v) community healthcare services.

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

	For the year ended December 31,						For the nine months ended September 30,			
	2018		2019		2020		2020		2021	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Common area management services	18,685	89.6	18,271	67.5	21,097	86.3	13,088	81.9	26,646	62.6
Carpark sales agency services	1,874	9.0	8,436	31.2	2,447	10.0	2,234	14.0	1,946	4.6
Turnkey decoration and furnishing services	169	0.8	322	1.2	650	2.7	473	3.0	680	1.6
Home-living services	121	0.6	38	0.1	252	1.0	183	1.1	716	1.7
Community healthcare services	—	—	—	—	—	—	—	—	12,584	29.6
Total	**20,849**	**100.0**	**27,067**	**100.0**	**24,446**	**100.0**	**15,977**	**100.0**	**42,571**	**100.0**

The following table sets forth the revenue from community value-added services by customer for the periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2018		2019		2020		2020		2021	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Redco Group	1,874	9.0	8,436	31.2	2,447	10.0	2,234	14.0	13,142	30.9
Redco Group's joint ventures and associates	—	—	—	—	—	—	—	—	40	0.1
Independent Third Parties	18,975	91.0	18,631	68.8	21,999	90.0	13,743	86.0	29,389	69.0
Total	**20,849**	**100.0**	**27,067**	**100.0**	**24,446**	**100.0**	**15,977**	**100.0**	**42,571**	**100.0**

Common Area Management Services

We offer a wide spectrum of common area management services to property owners and residents, such as utility management services, waste disposal services, public space leasing, carpark management and advertising services. For example, we lease certain common areas to third parties for advertising, including posting advertisements in elevators and on exterior walls and holding promotion activities in common areas. Our fees are generally determined with reference to the local market rates and are subject to adjustments due to the specific circumstances of the relevant projects.

For example, the fees for waste disposal services are determined based on estimated costs and a profit mark up ranging between 5% to 10%; fees for carpark management and advertising services are determined by references to the local market rates. As advised by CIA, the fees we charged for common area management services were in line with the market rates during the Track Record Period.

Carpark Sales Agency Services

Under carpark sales agency services, we assist property developers in selling carpark spaces in designated carparks of properties under our management. In 2018, 2019, 2020 and the nine months ended September 30, 2021, we assisted the sales of 97, 450, 200 and 143 carparks, respectively. We charge a percentage of the sales proceeds as our commission. We typically enter into sales agency agreements with property developers which authorize us to facilitate sales of carpark spaces. Our fees for carpark sales agency services are around 35% of the sales proceeds, which is in line with market rates (around 40% of the sales proceeds) as advised by CIA.

Turnkey Decoration and Furnishing Services

Through providing advertising spaces in the community, we connect our customers with third-party decoration providers with move-in furnishing capabilities, which may include purchases and arrangement on the installation of furniture, home appliances and accessories according to the property owners or the residents' preferences and budgets. We charge a referral fee pursuant to relevant service contracts, typically a fixed percentage based on the contract amount (for example, 5% of the total contract amount if only basic furnishing is provided; and 12% of the total contract amount if full furnishing is provided) or a lump sum. As advised by CIA, the fees we charged were in line with the market rates during the Track Record Period.

Home-Living Services

We offer home-living services to improve the overall living experiences of residents, which mainly include home repair and maintenance services. Specifically, we offer repair and installation of home appliances and fixtures. We offer these services either by ourselves or through subcontractors. We directly work with property owners and residents who request such services and charge property owners and residents for our services in according to pricing schedules, which vary depending on the specific home appliances and fixtures to be repaired or installed. As advised by CIA, the fees we charged were in line with the market rates during the Track Record Period.

Community Healthcare Services

We provide community healthcare services under our Yearning Healthcare ("怡鄰健康") brand. We currently operate two Yearning Health Centers ("怡鄰健康中心"), including one in Nanchang and the other in Yantai, which commenced operations in 2017 and 2019, respectively. The Yearning Health Centers are located at the public areas of the residential communities under our management, so that they can serve both residents of the residential communities and non-resident customers. An additional ten and 11 Yearning Health Centers are planned to commence operations in 2022 and 2023, respectively. These new Yearning Health Centers are planned to be located in Ganzhou and Nanchang of Jiangxi Province, Jinan and Yantai of Shandong Province, Taizhou of Jiangsu Province, Hefei of Anhui Province, Zhanjiang, Huizhou and Jiangmen of Guangdong Province, Tianjin, Quanzhou and

Putian of Fujian Province and Xiangtan of Hunan Province. Generally, for each new Yearning Health Center, we plan to staff a manager, an assistant manager and about five medical staffs specializing in, for example, nursing, massage, traditional Chinese medicine, medical examination and healthcare consultation. The services we provide in Yearning Health Centers mainly include:

- *Healthcare clinics and healthcare management*. A Yearning Health Center typically includes a general clinic (綜合門診部), which provides preliminary diagnosis and treatments for non-emergent conditions. Customers with mild symptoms may benefit from such services, as they do not need to make hospital visits, which usually are usually more time-consuming and more expensive. A Yearning Health Center also has several specialty clinics, such as dental clinic and traditional medicine clinic, offering general dentistry treatments and orthodontic treatments. Leveraging our smart technology solutions, we provide customers with healthcare planning and management services based on our digitalized healthcare management service platform. We also provide postoperative recovery services for customers who took major surgeries and need assistance in the recovery process.

- *Elderly care services*. We provide comprehensive elderly care services, integrating nursing home services, at-home caregiving services and community elder activities. A Yearning Health Center typically includes a nursing home, which provides comprehensive, all-day care services to the elderly who live in such nursing homes. We aim to assist them in the recovery of physical capabilities and improvement of the quality of life. In addition, we also offer at-home nursing services. For elderly residents who have relatively better health conditions and prefer living in their own homes, we have home caregivers who visit the clients' home and provide requested caregiving services. Further, we also aim to build Yearning Health Center as a community activity center for the elderly to gather and socialize. We regularly hold health workshops for the elderly and have a dining hall in Yearning Health Center, providing healthy meal plans taking into account the elderly's nutritious needs.

As part of a promotional package for home buyers who purchase properties from Redco Group, since 2020, Redco Group had purchased from our Group healthcare services cards at a price of RMB3,000 per household and provided such healthcare services cards to Redco Group's property purchase customers. Users of the healthcare service cards are entitled to access free healthcare consultancy, nutrition, health assessment and health management services through a digitalized online healthcare management service platform. See "Connected Transactions — Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements — 3. Healthcare Services."

We commenced our community healthcare services based on the following considerations. First, our rich experience in managing residential projects allows us to understand the significant unmet needs for well-rounded community healthcare services from the residents, especially the elderly and their family members. We believe residents are eager to have healthcare resources within or near the residential communities that they live for non-urgent medical issues to relieve them from the burden of travelling to public hospitals. For elderly residents and their family members, we believe they prefer to have diversified elderly care services among which they could choose based on the elderly's health conditions, personal preferences and their family members' capacity. Secondly, we are aware that as a result of the enhanced standard of living, residents also look for healthcare management resources, which allow them to monitor various health parameters and take preventive measures before the occurrence of any medical unwellness. Our fee for community healthcare services is charged as RMB3,000 per household for three years, which is in line with market rates as advised by CIA.

We conducted a feasibility study before commencing the community healthcare services and believe this business will bring us the following costs and benefits. Given that our community healthcare services business is at a relatively early stage, the costs are primarily related to the opening of Yearning Healthcare Centers, namely, rental cost, refurbishing cost, cost for equipment purchases and staff cost. On the other hand, providing community healthcare services is expected to bring us stable, long-term revenue, as our management of residential projects enables us to have a solid customer base, and such customers are more likely to be our long-term customers given that the improvement of health conditions is a long-term commitment.

We believe our community healthcare services are supported by adequate market demand given that the Chinese population has a growing awareness for health management, while convenient and accessible healthcare resources are limited. Also as a result of the aging population, the demand for customized elderly care services is also rising significantly. We are committed to become the "lifestyle + healthcare" dual butlers to our customers. Our rich experience in providing property management services allows us to have a large pool of potential customers, who may be attracted to our community healthcare services as a result of their appreciation of our quality property management services. Further, our healthcare services are tailored to the needs of our customers. For example, our elderly care services integrate professional nursing home services and at-home caregiving services, among which the elderly and their family members can choose according to their preferences. In addition, Redco Group procures from us certain healthcare services for the owners, occupants or residents of certain residential properties developed by it and its subsidiaries pursuant to a framework agreement. See "— Connected Transactions — 3. Healthcare Services" for detail.

Given that community healthcare services segment is relatively new compared with property management services, we believe this business segment has different profitability and risk profiles. We expect to incur higher front-loaded costs during the beginning stage of this business, such as refurbishing and equipment purchase expenses, employee recruitment and training expenses, and marketing and promotional expenses. Our customers may not endorse the healthcare services we offer, and we may not further diversify our services as we planned. Also, given that we have less experience in this area, we may not be able to compete successfully with incumbent players and our investment in developing this business segment may not be recovered in a timely manner. As advised by our PRC Legal Advisor, our Yearning Health Centers are categorized as medical institutions under relevant PRC laws and regulations. The two operating Yearning Health Centers, which are located in Nanchang and Yantai, have duly obtained the requisite Medical Institution Practicing Licenses (醫療機構執業許可證) . Given that Yearning Health Centers are categorized as medical institutions under the relevant PRC laws and regulations, they are subject to restrictions on foreign investment under PRC laws and regulations. Specifically, according to the Special Administrative Measures for Access of Foreign Investment (Negative List) (2021 Edition) (《外商投資准入特別管理措施(負面清單)(2021年版)》) promulgated by the NDRC and MOFCOM in December 2021, foreign investments in medical institutions are limited to sino-foreign joint ventures. Also, according to the Interim Measures for Administration of Sino-foreign Equity Joint and Contractual Joint Medical

Institutions (《中外合資、合作醫療機構管理暫行辦法》) jointly promulgated on May 15, 2000 and came into effect on July 1, 2000, establishment of an equity joint or contractual joint medical institution shall meet certain requirements, including that the equity percentage of the PRC partner in the joint venture shall not be less than 30%. See also "Regulatory Overview—PRC Laws and Regulations Relating to Foreign Investment." We provide community healthcare services through Shenzhen Redco Health and its subsidiaries. As advised by our PRC legal advisor, Redco Properties' or our Group's then holding of 100% of the equity interests in Shenzhen Redco Health had not been in full compliance with all the applicable rules and regulations in relation to foreign investment restrictions on medical institutions in the PRC (collectively, the "**Foreign Investment Restrictions**") until Jinan Yingli Enterprise Management Consulting Co. Ltd. (濟南盈力企業管理諮詢有限公司) ("**Yingli**")'s capital injection on June 10, 2021, resulting in Shenzhen Redco Health being owned as to 30.07% by Yingli and as to 69.93% by Weiye (HK)("**Yingli Capital Injection**"). Prior to June 10, 2021, Shenzhen Redco Health was indirectly wholly-owned by Redco Properties from its establishment up to our Group's acquisition of Weiye International on December 30,2020 and indirectly wholly-owned by our Company from December 30, 2020 to June 10, 2021. Both Redco Properties and our Company were incorporated in the Cayman Islands and Shenzhen Redco Health was neither a sino-foreign joint venture nor 30% owned by a PRC partner prior to June 10, 2021. Therefore, up to June 10, 2021, Redco Properties' or our Company's holding of 100% of the equity interests in Shenzhen Redco Health was not in full compliance with the Foreign Investment Restrictions, considering that direct and indirect foreign investments in medical institutions in the PRC are both subject to the Foreign Investment Restrictions.

The Directors are of the view that such historical non-compliance is an immaterial non-compliance and not likely to have a material adverse effect on our Group's business operations or results given (1) as advised by our PRC Legal Advisors, such non-compliance has been rectified after the Yingli Capital Injection on June 10, 2021, and currently the abovementioned entities are in full compliance with the Foreign Investment Restrictions; (2) the period of non-compliance is less than six months and the net income derived from such period was minimal; (3) Nanchang Redco Zhangzhewu, Yantai Redco Kang'an (the operating entities of the current two Yearning Health Centers) and Shenzhen Redco Health have conducted interviews with and obtained confirmation letters from the relevant competent authorities, confirming that, among others, Shenzhen Redco Health had not been subject to any administrative penalties due to such non-compliance and Nanchang Redco Zhangzhewu and Yantai Redco Kang'an will not be subject to potential administrative penalties; and (4) as of the Latest Practicable Date, our Group has not received any notice from any regulatory authority with respect to potential administrative penalties.

We provide community healthcare services through Weiye International and its subsidiaries, which our Group acquired on December 30, 2020. See "History, Reorganization and Corporate Structure—Reorganization—2. Acquisition of Weiye International" for details. No revenue from Weiye International was consolidated with our Group in 2018, 2019 and 2020. Prior to the acquisition of Weiye International, Nanchang Yearning Health Center served 951, 9,283 and 9,013 customers in 2018, 2019 and 2020, respectively, and had 39, 47 and 36 staffs as of December 31, 2018, 2019 and 2020, respectively. In 2018, 2019 and 2020, excluding healthcare services cards purchased by Redco Group, Nanchang Yearning Health Center recorded revenue of RMB0.7 million, RMB2.8 million, RMB3.3 million, respectively. It recorded a net loss of RMB4.8 million, RMB3.6 million and RMB3.3 million in 2018, 2019 and 2020, respectively, in 2020. Yantai Yearning Health Center, opened in March 2019, served 2,823 and 5,245 customers in 2019 and 2020, respectively, and had 35 and 26 staffs as of December 31, 2019 and 2020, respectively. In 2019 and 2020, Yantai Yearning Health Center recorded revenue of RMB0.4 million and RMB5.3 million, respectively, and a net loss of RMB4.2 million and RMB4.6 million, respectively. In addition to the revenue derived from operations of the Nanchang Yearning Health Center and Yantai Yearning Health Center, healthcare services cards purchased by Redco Group as part of a promotional package for home buyers who purchase properties from Redco Group since 2020, contributed RMB10.5 million of revenue to Weiye International in 2020.

Upon our acquisition of Weiye International, its financial performance and cash flow as of and for the nine months ended September 30, 2021 were consolidated with our Group. During the nine months ended September 30, 2021, we recorded revenue of RMB12.6 million for our community healthcare services. In the nine months ended September 30, 2021, Nanchang and Yantai Yearning Health Centers served 6,071 and 3,141 customers, respectively, and had 32 and 18 staffs, respectively, as of September 30, 2021.

RECENT REGULATORY DEVELOPMENT

Proposed PBOC Standards in Controlling the Scale of Interest-Bearing Debts of Property Developers

The PBOC and the Ministry of Construction started to control the scale of interest-bearing debts of property developers in China by applying a newly proposed standard in the assessment of the debt burden of property developers since January 1, 2021. In particular, under such new standard, for a property developer, (i) the pro forma liability asset ratio (calculated as total liabilities less contract liabilities divided by total assets less contract liabilities), shall not exceed 70%; (ii) the net gearing ratio (calculated as total interest-bearing liabilities less cash and bank balances divided by total equity) shall not exceed 100%; and (iii) the cash to short-term borrowing ratio (calculated as cash and bank balances divided by short-term interest bearing liabilities) shall not be lower than 1.0. The PBOC standard further stipulates that (i) for property developers which comply with all the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 15% annually; (ii) for property developers which only comply with two of the above-mentioned three limits, their size of interest bearing liabilities shall increase by less than 10% annually; (iii) for property developers which only comply with one of the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 5% annually; and (iv) for property developers which fail to comply with any of the above-mentioned three limits, their size of interest-bearing liabilities shall not increase at all.

As of September 30, 2021, based on the unaudited accounts of Redco Group, using the above-mentioned calculation methods, Redco Group's pro forma liability asset ratio would be 76.9%; net gearing ratio would be 52.1%; and cash to short-term borrowing ratio would be 1.23. As such, in the event that the above-mentioned standard mentioned comes into effect, Redco Group may fail to comply with one of the above-mentioned three limits and Redco Group's ability to obtain additional financing may be materially adversely affected. Failure to secure sufficient external financing may hinder Redco Group's ability to implement its business strategies, acquire land parcels and complete the development of our property projects. In addition, if Redco Group were to be prohibited from increasing the aggregate size of interest-bearing liabilities, it may not be able to draw down on credit facilities before it repays existing debts, and may need to slow down its land acquisition activities to ensure it would have sufficient cash to complete the existing property projects. If this risk materializes, Redco Group's business, financial condition and results of operations may be materially adversely affected. Given that a vast majority portion of our revenue from property management services and substantially all of our revenue from value-added services to non-property owners during the Track Record Period was generated from services we provided to properties developed by Redco Group and its joint ventures and associates, our business, financial condition and results of operations may be materially adversely affected as well. As of the Latest Practicable Date, our Directors are of the view and the Sole Sponsor concurs, that the proposed policy to limit the growth rate of real estate developers' interest-bearing liabilities will have limited impact on our financial and operational performance, primarily because: (i) Redco Group has been on track of deleveraging and optimizing financial stability in light of the failure to comply with one of the above mentioned three financial ratio limits, as manifested by the decrease in pro forma asset liability ratio from 79.5% in 2019 to 76.9% in the first nine months of 2021; (ii) based on our discussions with Redco Group, Redco Group has been prudent on land acquisition and will continue to diversify its financing channels and optimize its financial structure. For example, to further enhance its capital management and optimize its financial structure, in November 2021, Redco Group repurchased certain of its senior notes in the aggregate principal amount of US$68.4 million before they become due; (iii) we have been actively expanding our services provided to third-party property developers to reduce overall reliance on Redco Group. In particular, our GFA under management for properties developed by Independent Third Parties increased from approximately 0.8 million sq.m. as of December 31, 2018 to 6.5 million sq.m. as of September 30, 2021. The proportion of revenue from property management services contributed by providing property management services to properties developed by Independent Third Parties also grew correspondingly from 3.3% for the year ended December 31, 2018 to 29.6% for the nine months ended September 30, 2021 of our total revenue generated from property management; and (iv) we also actively expand our services to industries less closely associated with the property development industry. For example, we commenced our community healthcare services in December 2020, which primarily include medical services provided through general and specialty clinics and elderly care services, and we derived revenue of RMB12.6 million from community healthcare services during the nine months ended September 30, 2021. We also commenced our information technology services in December 2020 and derived revenue of RMB12.7 million from information technology services during the nine months ended September 30, 2021.

Recent Changes in Provision of Mortgage Loans to Purchasers of New and Second-Hand Properties

On December 28, 2020, PBOC and CBIRC jointly promulgated the Notice on Establishing a Centralization Management System for Real Estate Loans of Banking Financial Institutions (《關於建立銀行業金融機構房地產貸款集中度管理制度的通知》), which put forward certain limitation for the proportion of real estate loans and the personal housing loans to all RMB loans in banking financial institutions (excluding overseas branches). On March 26, 2021, the General Office of CBIRC, the General Office of MOHURD and the General Office of PBOC jointly promulgated the Notice on Preventing the Illegal Flow of Business Loans into Real Estate Market (《關於防止經營用途貸款違規流入房地產領域的通知》), which requires the local counterparts of CBIRC, MOHURD and PBOC to strengthen supervisory inspection on the illegal flow of business loans into real estate market, enhance non-compliance complaint mechanism, and promptly share and jointly investigate clues on such violations. Also, relevant authorities shall consider illegal flow of business loans into real estate market and other related issues as important content of various inspections, strictly enforce relevant obligations in accordance with laws, strengthen joint punishment, and promptly include the information on relevant administrative penalties on enterprises and individuals in the credit reporting system.

On July 13, 2021, the MOHURD and other seven departments jointly promulgated the Notice on Continuous Rectification and Regulation of Real Estate Market Order (《關於持續整治規範房地產市場秩序的通知》), which prohibits arbitrage of or assistance on arbitrage of non-housing loans like business loans or consumer loans to use them on purchasing properties.

On September 24, 2021, the Monetary Policy Committee of PBOC held the third quarterly meeting of 2021 (its 94th meeting), which said that PBOC will keep the real estate market stable and protect the legitimate rights and interests of property purchasers. See "Regulatory Overview — PRC Laws and Regulations Relating to Property Management Services — Recent Changes in Provision of Mortgage Loans to Purchasers of New and Second-Hand Properties" for details. Our Directors confirm that, to the best of their information, knowledge and belief, as of the Latest Practicable Date, the completion and delivery schedule of properties developed by Redco Group was not adversely affected by the relevant regulations on provision of personal housing loans to purchasers of new and second-hand properties. Accordingly, neither Redco Group or the Company had experienced material adverse effect to their results of operation or financial conditions as a result of such regulations.

Recent Changes in Property Management Service Regulations

As China has entered into a new stage of urbanization, with a view to improving the service standards of property management industry and responding to the requirements of the newly revised national regulations on property management and PRC Civil Code, recently several local authorities have made amendments to the property management regulations successively. In addition, on July 13, 2021, the MOHURD and other seven departments jointly promulgated the Notice on Continuous Rectification and Regulation of Real Estate Market Order (《關於持續整治規範房地產市場秩序的通知》) ("**Regulatory Notice**"), requiring the implementation of policies to highlight the key rectification points and focus on the rectification of real estate development, housing sales, housing leasing and property services. See "Regulatory Overview — PRC Laws and Regulations Relating to Property Management Services — Recent Changes in Property Management Service Regulations" for details. Considering that (i) as of the Latest Practicable Date, we had no pending litigation of more than RMB500,000 in consideration related to the performance of property management service contracts; (ii) during the Track Record Period, we had not been imposed any material administrative penalties in relation to our provision of property management services; (iii) as of the Latest Practicable Date, we had not received any investigation or notice relating to the Regulatory Notice from any competent governmental authorities under the Regulatory Notice, nor received any complaint or report from clients or property owners based on the Regulatory Notice; (iv) 29 of our PRC subsidiaries and branches engaging in property management services have obtained the written confirmations from competent governmental authorities. The 29 subsidiaries recorded a total revenue of RMB96.5 million, RMB138.9 million, RMB168.8 million and RMB191.4 million in 2018, 2019, 2020 and the nine months ended September 30, 2021, representing 77.6%, 76.8%, 76.2% and 73.5% of our total revenue during the same periods, respectively. The confirmation letters were obtained through December 2021 to January 2022. The confirmation letters confirmed that: (a) the subsidiary and/or branch was in compliance with the requirements in relation to the laws and regulations of property management services and/or (b) no relevant material administrative penalty was imposed by them; and (v) we have also established internal rules to ensure that there will be no material violations of the above recent laws and regulations and the Regulatory Notice in our future operations and will make timely improvement plans based on any future new regulatory developments. Based on the foregoing, our PRC Legal Advisors are of the view that there is no violation of the above recent laws and regulations and the Regulatory Notice in all material aspects. Our Directors are of the view that the above recent laws and regulations and the Regulatory Notice did not and will not have a material adverse impact on our business operation and financial performance.

SALES AND MARKETING

Our sales and marketing team is primarily responsible for planning and developing our overall marketing strategy, conducting market research, coordinating our sales and marketing activities to acquire new customers and maintain and strengthen our relationships with existing customers. Our headquarters manages our overall sales and marketing strategies, while our regional subsidiaries and branches support the implementation of our sales and marketing activities within their respective regions.

In addition to maintaining our long-term relationship with Redco Group, we will endeavor to expand our cooperation with Independent Third Party property developers. We implement various incentive measures to encourage our employees to obtain property management service agreements developed by Independent Third Party developers. This is done primarily through analyzing and communicating with target customers in the real estate industry. In addition, we utilize various communication channels to advertise our services.

CUSTOMERS

Our customer base primarily consists of property developers, property owners and residents. We assess prospective customers by evaluating key factors such as the nature, size, revenue, profitability as well as the type of properties.

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

Business Lines	Major Customers
Property management services	Property developers, property owners, property owners' associations and residents
Value-added services to non-property owners .	Property developers
Community value-added services	Property owners and residents

In 2018, 2019, 2020 and the nine months ended September 30, 2021, revenue from our five largest customers in each period during the Track Record Period amounted to RMB32.1 million, RMB70.1 million, RMB71.5 million and RMB90.2 million, respectively, accounting for 25.9%, 38.8%, 32.3% and 34.6% of our total revenue for the same periods, respectively. During the Track Record Period, our largest customer was Redco Group and its associates and joint ventures, to whom we provided property management services and value-added services to non-property owners. In 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, revenue generated from our services provided to Redco Group and its associates and joint ventures amounted to RMB29.7 million, RMB66.2 million, RMB67.6 million, RMB57.2 million and RMB86.8 million, respectively, accounting for 23.9%, 36.6%, 30.5%, 35.7% and 33.3% of our total revenue, respectively.

During the Track Record Period and as of the Latest Practicable Date, save as Redco Group, 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 in each period during the Track Record Period. None of our five largest customers in each period during the Track Record Period was one of our five largest suppliers in each period during the Track Record Period.

Our Top Five Customers

The following table sets forth details of our top five customers for the nine months ended September 30, 2021:

Ranking	Customer	Nature of the customer's business	Commencement of business relationship	Payment terms	Total transaction amount	Percentage of the Group's total revenue
					RMB'000	%
1	Redco Group and its associates and joint ventures	Property development	Since 2009	By month	86,759	33.3
2	Customer A	Government institution	Since 2017	By month	1,529	0.6
3	Customer C	Media and advertisement	Since 2018	By year	900	0.3
4	Customer F	Communication services	Since 2014	By year	580	0.2
5	Customer G	IT service	Since 2021	By contract milestone	411	0.2

The following table sets forth details of our top five customers in 2020:

Ranking	Customer	Nature of the customer's business	Commencement of business relationship	Payment terms	Total transaction amount	Percentage of the Group's total revenue
					RMB'000	%
1	Redco Group and its associates and joint ventures	Property development and sales	Since 2009	By month	67,611	30.5
2	Customer A	Government institution	Since 2017	By month	2,039	0.9
3	Customer B	Media and advertisement	Since 2018	By year	1,065	0.5
4	Customer C	Communication service	Since 2014	By year	663	0.3
5	Customer D	Communication service	Since 2013	By year (before May 1)	162	0.1

The following table sets forth details of our top five customers in 2019:

Ranking	Customer	Nature of the customer's business	Commencement of business relationship	Payment terms	Total transaction amount	Percentage of the Group's total revenue
					RMB'000	%
1	Redco Group and its associates and joint ventures	Property development and sales	Since 2009	By month	66,228	36.6
2	Customer A	Government institution	Since 2017	By month	1,869	1.0
3	Customer B	Media and advertisement	Since 2018	By year	1,008	0.6
4	Customer C	Communication service	Since 2014	By year	519	0.3
5	Customer E	Hotel and property management	Since 2019	By month	457	0.3

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

Ranking	Customer	Nature of the customer's business	Commencement of business relationship	Payment terms	Total transaction amount	Percentage of the Group's total revenue
					RMB'000	%
1	Redco Group and its associates and joint ventures	Property development and sales	Since 2009	By month	29,668	23.9
2	Customer A	Government institution	Since 2017	By month	1,734	1.4
3	Customer B	Media and advertisement	Since 2018	By year	407	0.3
4	Customer C	Communication service	Since 2014	By year	194	0.2
5	Customer D	Communication service	Since 2013	By year (before May 1)	126	0.1

SUPPLIERS

During the Track Record Period, our suppliers primarily included (i) subcontractors providing engineering, cleaning, security, greening and gardening, and repair and maintenance services and (ii) vendors of materials needed for our daily operations. We have established stable business relationships with most of our major suppliers.

Our Top Five Suppliers

All of our five largest suppliers in each period during the Track Record Period were subcontractors that were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their respective close associates or our Shareholders who, to the best knowledge of our Directors, owned more than 5% of the total number of issued Shares held any interest in any of our five largest suppliers in each period during the Track Record Period. In 2018, 2019, 2020 and the nine months ended September 30, 2021, purchases from our five largest suppliers in each period during the Track Record Period amounted to RMB8.4 million, RMB12.4 million, RMB12.6 million and RMB10.4 million, respectively, accounting for 8.6%, 9.9%,8.7% and 6.0% of our total purchase for the same periods, respectively.

The following table sets forth details of our top five suppliers for the nine months ended September 30, 2021:

Ranking	Supplier	Major services/ materials provided	Commencement of business relationship	Payment terms	Total transaction amount	Percentage of the Group's total revenue
					RMB'000	%
1	Supplier G	Cleaning service	Since 2017	By month	2,388	0.9
2	Supplier H	Security service	Since 2018	By month	2,237	0.9
3	Supplier I	Cleaning service	Since 2019	By month	1,950	0.7
4	Supplier C	Cleaning service	Since 2018	By month	1,907	0.7
5	Supplier A	IT service	Since 2020	By contract milestone	1,876	0.7

The following table sets forth details of our top five suppliers in 2020:

Ranking	Supplier	Major services/ materials provided	Commencement of business relationship	Payment terms	Total transaction amount	Percentage of the Group's total revenue
					RMB'000	%
1	Supplier A	Cleaning service	Since 2018	By month	3,683	1.7
2	Supplier B	Security service	Since 2018	By month	2,825	1.3
3	Supplier C	Cleaning service	Since 2017	By quarter	2,585	1.2
4	Supplier D	Cleaning service	Since 2019	By month	1,806	0.8
5	Supplier E	Cleaning service	Since 2017	By month	1,676	0.8

The following table sets forth details of our top five suppliers in 2019:

Ranking	Supplier	Major services/ materials provided	Commencement of business relationship	Payment terms	Total transaction amount	Percentage of the Group's total revenue
					RMB'000	%
1	Supplier A	Cleaning service	Since 2018	By month	3,785	2.1
2	Supplier C	Cleaning service	Since 2017	By month	2,745	1.5
3	Supplier B	Security service	Since 2018	By month	2,447	1.4
4	Supplier F	Floor paint renovation	Since 2018	By 25 days after completion	1,958	1.1
5	Supplier E	Cleaning service	Since 2017	By month	1,476	0.8

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

Ranking	Supplier	Major services/ materials provided	Commencement of business relationship	Payment terms	Total transaction amount	Percentage of the Group's total revenue
					RMB'000	%
1	Supplier G	Security service	Since 2016	By month	2,340	1.9
2	Supplier E	Cleaning service	Since 2017	By month	1,657	1.3
3	Supplier H	Cleaning service	Since 2017	By month	1,562	1.3
4	Supplier C	Cleaning service	Since 2017	By month	1,501	1.2
5	Supplier A	Cleaning service	Since 2018	By month	1,377	1.1

Selection and Management of Our Subcontractors

In general, our headquarters is responsible for establishing and updating our internal standards and contract template, supervising and reviewing the selection, management and evaluation of our subcontractors and makes the relevant policy decisions in this aspect of our business operations. Our subsidiaries and branches support our headquarters in their supervision, review and decision-making processes.

We aim to create and maintain an effective and comprehensive system for subcontractor management. We constantly monitor and evaluate the subcontractors on their ability to meet our requirements. To ensure the overall quality of our subcontractors, we maintain a list of qualified subcontractors, the selection of which are based on factors including, among other things, its background, qualifications and past performance in providing subcontracted services to us. We typically inspect the work of subcontractors on a periodic basis and record any issues detected.

Key Terms of Our Subcontracting Agreements

Our subcontracting agreements typically include the following key terms:

- *Term*. Such agreements are typically signed for one-year terms and may be renewed by mutual consent. We will consider re-engaging the subcontractors based on the quality of their services.

- *Performance standards*. The subcontracting agreement would set forth the scope and detailed standards of the subcontractor's services, including, but not limited to, the areas to which the subcontracting services relate, the age, background and qualifications of the subcontractors' employees and the frequency of specific services. We also require our subcontractors to adhere to our internal policies, such as those to do with quality standards, safety, reporting times, uniforms and etiquette guidelines.

- *Our rights and obligations*. Generally, we have both the right and obligation to supervise and evaluate our subcontractors. We are also responsible for providing them with the necessary support for the completion of their services. We are 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 compensating their own employees who suffer damages to person or property in the course of providing the contracted services. They are also responsible for damages to, or losses of, any person or property arising in the course of providing the contracted services.

- *Procurement of raw materials*. Our subcontractors typically purchase the tools and other raw materials required for providing the contracted services.

- *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 obligations, make repeated mistakes or if we receive multiple complaints from our customers in relation to their services.

- *No assignment*. Subcontractors may not assign or subcontract their obligations to any third party.

EFFECTS OF THE COVID-19 PANDEMIC

Effects of the COVID-19 Pandemic on Our Business Operations

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

According to CIA, the PRC property management industry was under pressure in the short term as property management companies are required to suspend certain services and incur additional costs to comply with additional regulations and government measures. In particular, our following services have experienced certain short-term impacts as a result of the COVID-19 pandemic:

- *Property management services.* To comply with government regulations and measures to combat the COVID-19 pandemic, we assigned additional staff and incurred additional medical material costs, which affected the short-term financial performance of our property management services.

- *Value-added services to non-property owners.* The temporary lock-down or delay in construction or delivery was relatively brief and had limited impact on our value-added services to non-property owners. Our revenue from value-added services to non-property owners increased steadily from 2019 to 2020.

- *Community value-added services.* As a result of the temporary lock-down due to COVID-19, we saw an increase in demand for our resident services driven by increasing needs for our additional miscellaneous resident services that address the daily needs of property owners and residents.

To the best of our Directors' knowledge, as of the Latest Practicable Date, there had been no reported cases of COVID-19 infection of the residents, tenants or our staff of properties we managed in the PRC and none of our staff was subject to the mandatory quarantine requirements and thus failed to report to duties. Since the outbreak of COVID-19 and up to the Latest Practicable Date, we had not encountered any prolonged and material disruption to the services provided by our subcontractors and utilities service providers and the supply of materials from our suppliers. Our Directors consider that while the supply chains in all industries are disrupted to a certain extent by the outbreak of COVID-19, particularly due to the prolonged suspension of business operations in the PRC and the instability of workforce arising from the mandatory quarantine requirements, in view of the nature of our business, our Directors do not expect that we will encounter any prolonged and material disruptions of our supply chain given our diversified locations throughout the PRC and that we do not rely on any particular service subcontractors or material suppliers and there are many other readily available subcontractors and suppliers in the market as back-up. In view of the foregoing, our Directors are confident that our Group can continue to provide our services and discharge our obligations under existing contracts.

Since the outbreak of COVID-19 and up to the Latest Practicable Date, no project contracted to us for property management services experienced any delay in delivery from their originally planned delivery date. In addition, since the outbreak of COVID-19 and up to the Latest Practicable Date, there has not been any material delay in the receipt of the property management fees or other services fee due to us from our customers, including our related parties and Independent Third Parties.

According to CIA, unlike other industries such as retail and manufacturing which may be subject to extensive or even complete suspension of operations for a period of time as a result of the COVID-19 pandemic, risks of property management service providers having to suspend operations or terminate the provision of property management and value-added services to customers, experience material interruption to the services provided by subcontractors and utility service providers and supplies of raw materials, and reduce property management fees as a result of the COVID-19 pandemic are remote. As such, our Directors are of the view that the risk of our Group having to suspend our operations is remote. Based on the above, our Directors are of the view that no material adverse effect on our operations and financial performance is expected to result from the COVID-19 pandemic.

The actual impact caused by the outbreak of COVID-19 will depend on its subsequent development; therefore, it is a possibility that such impact to our Group may be out of our Director's control and beyond our estimation and assessment. Please refer to "Risk Factors — Risks Relating to Our Business and Industry — Risks relating to natural disasters, epidemics, acts of terrorism or war in the PRC and globally may materially and adversely affect our business" in this document about risks related to COVID-19 pandemic.

Our Contingency Plan and Response towards the COVID-19 Pandemic

In response to the COVID-19 pandemic, we have implemented a contingency plan and adopted enhanced hygiene and precautionary measures across our projects, including visitor and vehicle control, routine common area disinfection, frequent patrolling, intrusion alarm, infrared temperature screening and other modern technological means. As of the Latest Practicable Date, we incurred aggregate costs for implementing these enhanced measures of approximately RMB0.6 million. This mainly represents the material costs for masks, alcohol hand wash, disinfectants and infrared thermometers. Our Directors expect that the additional costs associated with the enhanced measures would not have a significant impact on our financial position for the year ending December 31, 2021.

Effects of the COVID-19 Pandemic on Our Business Strategies

We intend to further expand our business scale and solidify our market positions in the PRC. While the property market in the PRC may experience certain extent of impact as a result of the COVID-19 pandemic, given the continuous rise in the urban population and urbanization rate in China, we believe that the demand for residential and commercial properties will remain stable. According to the CIA Report, the outbreak of COVID-19 is expected to cause certain short-term economic slowdown across the PRC but it will unlikely affect the regional macroeconomic development plan and talent attraction plan in the long run. We therefore believe that our expansion plan as discussed above is feasible, and it is unlikely that we would change the use of the [REDACTED] from the [REDACTED] as disclosed in the "Future plans and [REDACTED]" in this document as a result of the COVID-19 pandemic.

We prioritize quality in our services and believe quality control is crucial to our long-term success and future prosperity. We have established a comprehensive quality control procedure, which includes, management of our services and employees as well as the selection, supervision and evaluation of third-party subcontractors and vendors.

Quality Control of Our Services

We first obtained the ISO 9001 international quality management system certificate in 2018. We also obtained ISO 14001 environmental management certification and ISO 45001 international occupational health and safety management system certification in recognition of our service quality. As advised by our PRC Legal Advisors, our Directors confirm that, as of the Latest Practicable Date, we had obtained all material licenses, permits, certificates and approvals from relevant authorities for our operations in the PRC. We are required to renew such licenses, permits and certificates from time to time. We do not expect material difficulties in obtaining such renewals as long as we meet the applicable requirements and conditions set by relevant laws and regulations.

Feedback and Complaint Management

To ensure the effective and consistent delivery of our high quality services, we have established various procedures and systems to monitor and maintain the quality of our services in our managed projects. In the ordinary course of our business operations, we from time to time receive feedback, suggestions and complaints from property owners and residents of the properties we manage regarding our services. We set up a national service hotline to manage customer feedback and complaints.

We have also established internal procedures to record, process, and respond to the feedback and complaints, and conduct follow-up reviews of our responses to customers' feedback and complaints. For example, our internal procedure requires our employees to respond to customers' requests and complaints in a timely manner and solve the problems within a specified period of time according to the nature of the feedback or complaint. Our headquarters conducts sampling tests on our responses to customers' feedback or complaint. We also evaluate our employees based on their responses to customers' complaint and punish employees who fail to respond to customers' complaint or feedback properly. During the Track Record Period and up to the Latest Practicable Date, we did not experience any customer complaints in relation to our business and operation which we expect to have a material adverse impact on our operations or financial results.

Quality Control of Subcontractors

We typically include in the agreements with subcontractors detailed quality standards for the services to be provided. We regularly monitor and evaluate the performance of the subcontractors and may require the subcontractors to take necessary rectification measures when their services do not meet the agreed standards. We also conduct annual surveys among property owners and residents regarding the quality of services provided by our subcontractors. We typically have the contractual right to adjust the subcontracting fees and decide whether to continue our subcontracting contract depending on the performance of the subcontractors. We typically have the right to terminate the agreements with subcontractors if they fail to meet certain performance standards. Please refer to "— Subcontracting — Selection and Management of Subcontractors" in this section.

Quality Control of Third-party Vendors

We implement various measures and policies to ensure the quality of the products and services offered by third-party vendors, such as screening candidate vendors by examining their qualifications and conducting on-site inspection of their business premises, before entering into cooperation agreements with them. We also conducted regular assessment on our vendors in respect of transaction volume, service quality and after-sales service. The vendors are also required to indemnify us for losses incurred due to their defective products or substandard services. We typically have the right to terminate the cooperation agreement with a vendor in the event of substandard performance.

INTELLECTUAL PROPERTY

We regard our intellectual property rights as material to our business. As of the Latest Practicable Date, we had registered one domain names and 11 trademarks registered in the PRC which, in the opinion of our Directors, are material to our business. Please refer to "Statutory and General Information — Intellectual property right of our Group" in Appendix IV to this document. As of the Latest Practicable Date, we were not aware of any infringement which could have a material adverse effect on our business operations by our Group against any intellectual property rights of any third party or by any third party against any intellectual property rights of our Group, or disputes with third parties with respect to intellectual property rights.

AWARDS AND RECOGNITIONS

The following table set forth some of our awards received as of the Latest Practicable Date:

Year	Award/Recognition	Awarding entity
2015	First Grade Qualifications of Property Management (一級物業管理企業資質)	PRC Department of Housing and Urban-Rural Development
2018	Ranked 68th among Top 100 Property Management Companies in China (中國物業服務百強企業)	China Index Academy
2019	Ranked 60th among Top 100 Property Management Companies in China (中國物業服務百強企業) in term of comprehensive strengths	China Index Academy
2020	Shenzhen Junyu Garden (深圳君禦花園) and Xianyang Yujing Bay (咸陽禦景灣), two projects managed by us, were awarded the "2020 Five Stars Property Management Services Community" (2020 中國五星級物業服務小區)	China Index Academy
2020	Ranked 48th among Top 100 Property Management Companies in China (中國物業服務百強企業)	China Index Academy
2021	Ranked 40th among Top 100 Property Management Companies in China (中國物業服務百強企業) in term of comprehensive strengths	China Index Academy
2021	Redco Future Town (力高•未來城) and Redco Tianyue Fu (力高•天悅府), two projects managed by us, were awarded the "2021 Five Stars Property Management Services Community" (2021 中國五星級物業服務小區)	China Index Academy
2021	Outstanding Operating Property Management Companies in China — Healthy Life Service (中國物業服務優秀運營企業—健康生活服務)	China Index Academy

COMPETITION

The property management industry in the PRC is intensely competitive and highly fragmented with numerous market participants. However, according to CIA, property management market in China is becoming increasingly concentrated. Large-scale property management companies in China experienced improvement in profitability in the past years, which is partially attributable to the stable growth in GFA under management and effective cost control measures.

As a reputable player in comprehensive property management segment, according to the CIA report, we primarily compete against both national and regional property management companies. We believe the core competitiveness lies in factors including, among other things, our existing market leading position, support from Redco Property, standardized service models, advanced technological capabilities, diversified sources of revenue and experienced management team. Please refer to "Industry Overview" in this document about the industry and markets that we operate in.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENTAL MATTERS

We are subject to PRC laws in relation to labor, safety and environment protection matters. We have established occupational safety and sanitation systems, implemented the ISO45001 standards in our operations and provided employees with workplace safety trainings on a regular basis to increase their awareness of work safety issues. During the Track Record Period and up to the Latest Practicable Date, we had complied with PRC laws in relation to workplace safety in all material respects and had not had any incidents which have materially and adversely affected our operations.

We hire employees based on their merits and it is our corporate policy to offer equal opportunities to our employees regardless of gender, age, race, religion or any other social or personal characteristics. 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. Given the nature of our operations, we do not believe we are subject to material environmental liability risk or compliance. During the Track Record Period and up to the Latest Practicable Date, no fines or penalties for material non-compliance of PRC environmental laws had been imposed on us, and we have not been subject to any material administrative penalties due to violation of environmental laws in the PRC.

Our Directors consider that establishing and implementing sound environmental, social and governance ("ESG") principles and practices will help increase the investment value of our Company and provide long-term returns to our stakeholders. To ensure the effectiveness of our ESG measures, our Directors will be responsible for overseeing the formulation and reporting of our ESG strategies and determining the ESG-related risks. We have worked intensely in the following aspects to promote health, safety and environmental aspects of our operations: (i) to promote the reduction in emissions, solid wastes and consumption of water, paper, energy and other supplies; (ii) to organize regular training programs to all employees on environmental protection; (iii) to prioritize environment-friendly suppliers in the decision-making process for procurement; (iv) to maintain first-aid kits and fire-fighting equipment and facilities regularly; (v) to provide comfortable office furniture and air cleaner and to regularly sanitize the premises, water dispensers and air-conditioners for a good working and living environment; (vi) to follow the corporate policy on equal opportunities and to hiring, evaluate and promote based on merits; (vii) to provide paid leaves, insurances and allowances for employees and to organize parties and other activities to promote work-life balance and cordial working environment; and (viii) to provide adequate training and supervision for new employees and training programs for employees' career advancement.

Since our inception, we have been dedicated to serving the communities where we operate, and have implemented the following measures to fulfill our social responsibilities:

- *Combat of the COVID-19 pandemic*. Since the outbreak of the COVID-19 pandemic, we have been on the frontline of preventing the spread of the pandemic. We closely verify the identities and monitor the health status of people entering properties under our management, and offered comprehensive community living services to residents under quarantine, such as delivery of food, water and medicine.

- *Social welfare activities*. We regularly organize or participate in social welfare activities. For example, we collect information for elderly residents who live alone, and regularly visit them, help them do housekeeping and bring grocery in needed. We also regularly make charitable donations to non-profit organizations for poverty relief, education and environmental protection.

- *Environmental protection*. We have established various policies to save energy and achieve a low carbon footprint, which guide the performance of our employees. We also actively guide property owners and residents to participate in efforts to save energy and improve the environment. For example, we have been introducing energy-saving lights and reclaimed waters for garden irrigation in several properties under our management. We have also actively promoted waste recycling in various communities and increased our efforts in introducing professional subcontractors to recycle and separate waste from the properties under our management.

- *Employee benefits*. We truly appreciate the services of our employees, and care about their wellbeing. To that end, we offer employee benefits such as vacation packages, group trips, and birthday gifts. We have organized various employee affinity groups where employees can explore their personal interests.

INSURANCE

We believe that our insurance coverage is in line with the industry practice in the PRC and is sufficient to cover our current operation. We maintain insurance policies against major risks and liabilities arising from our business operations, primarily including pension insurance, medical insurance, maternity insurance, work injury insurance and unemployment insurance, which are mandatory under PRC laws, employer responsibility insurance, commercial vehicle insurance and public liability insurance, which are not mandatory under PRC laws.

We are covered by property and liability insurance policies with coverage features that we believe are customary for similar property management companies in the PRC. However, our insurance coverage may not adequately protect us against certain operating risks and other hazards, which may result in adverse effects on our business. Please refer to "Risk Factors — Risks Relating to Our Business and Industry — Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter associated during the ordinary course of operation" in this document.

EMPLOYEES

Overview

We believe that our quality personnel are our key to success and future development. We place strong emphasis on recruiting and training quality personnel. We recruit talent from various sources, and provide on-going training and promotion opportunities to our staff members.

As of September 30, 2021, we had a total of 2,484 full time employees in the PRC. The following table sets forth a breakdown of our employees by function as of September 30, 2021:

Function	Number of employees	% of our total employees
Property Management Services	2,230	89.8
Management and Operation	84	3.4
Human Resources and Administration	54	2.2
Finance	37	1.5
Internal Control and Legal	6	0.2
Information Technology	17	0.7
Healthcare Services	56	2.3
Total	**2,484**	**100.0**

We have maintained good working relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, our employees did not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant difficulties in recruiting suitable employees for our business operations. Nor 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.

We endeavor to hire talented employees in the market by offering competitive wages and benefits, systematic training opportunities and internal upward mobility. We provide systematic and extensive training programs to our employees to improve and enhance their technical and service skills, as well as to provide them with the knowledge of industry quality standards and workplace safety standards. We provide orientation training to new hires, introducing them to our corporate culture, procuring them to adapt to teamwork and showing them videos to demonstrate our service standards and procedures. We also assign our experienced managers to serve as mentors to newly hired fresh graduates. The mentors provide the fresh graduates with tailored coaching and guidance. We provide online training courses and regular seminars on various aspects of our business operations, such as quality control and customer relationship management, to our employees.

OUR BANK ACCOUNT AND CASH MANAGEMENT POLICY

We have a bank account and cash management system to manage the cash inflows and outflows of our branches in their ordinary course of business in accordance with PRC laws and regulations. We have established a cash management policy to monitor the work process of our subsidiaries and branches, including but not limited to, requiring approval from headquarters for opening bank accounts, closing bank accounts, and making cash payments from our headquarters. We also check cash balances monthly as well as reconcile the accounts monthly to lower the risk associated with cash management. The use of cash by our subsidiaries and branches needs to be pre-approved by our headquarters. The payment should check the amount of cash payment and the [REDACTED] against our headquarters' approval. Furthermore, we strictly control our employees' use of cash and expressly forbid our employees to use our cash for private or other purposes not in line with our ordinary course of business.

INTERNAL CONTROL AND RISK MANAGEMENT

We have implemented various risk management policies and measures to identify, assess, manage and monitor risks arising from our operations. Risks identified by our management team, internal and external reporting mechanism, remedial measures and contingency management have been codified in our policies. Please refer to "Risk Factors — Risks Relating to Our Business and Industry" in this document for the major risks identified by our management.

In addition, we face various financial risks, including but not limited to interest rate, price, credit and liquidity risks that arise during our ordinary course of business. Please refer to "Financial Information — Market Risks" in this document.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the [REDACTED], we have adopted or will adopt, among others, the following risk management and internal control measures:

- we have adopted various quality control and supervision measures and procedures to prevent risks relating to our services. Please refer to "— Quality Control of Our Services" in this document.

- we will establish an audit committee responsible for overseeing our financial records and risk management and internal control procedures and policies. Please refer to "Directors, Supervisors and Senior Management-Board Committees — Audit Committee" in this document for details on the qualifications and industry experiences of the committee members and description of the duties and responsibility of the committee.

- our human resources department is responsible for monitoring compliance with our internal rules and procedures by our employees to ensure that we comply with the relevant regulatory requirements and the applicable laws so as to reduce our legal risks.

We strive to foster a strong compliance culture among our employees. To achieve such compliance culture and set the expectations for individual behavior across our Group, we adopted procedures and policies to ensure strict accountability of individual employees, and regularly conduct internal compliance checks and inspections and conduct compliance training.

Taking into consideration the adoption and implementation of the above-referenced internal policies and controls, our Directors' view is that our enhanced internal control measures are adequate and effective for our current business environment.

PROPERTIES

As of Latest Practicable Date, we did not own properties in the PRC, and we owned an office and a car park in Hong Kong. As of the Latest Practicable Date, we leased 45 properties in China with a total GFA of more than 12,956.4 sq.m. primarily for office premises and staff dormitories in the PRC. None of these properties is individually material to our operations.

As of the Latest Practicable Date, we had not filed the lease agreements for 45 of our leased properties under which we are tenants with local housing administration authorities as required under PRC laws. We require cooperation from the landlords of the leased properties to register such lease agreements, as the registration requires the submission of certain documents from the landlords, including their identification documentation and property ownership certificates, to the relevant authorities. Therefore, the registration is subject to the cooperation of landlords which is not within our control. Our PRC Legal Advisors have advised us that we might be ordered to rectify this non-filing by competent authorities and if we fail to rectify within a prescribed period, an administrative penalty of a fine up to RMB10,000 for each unregistered lease may be imposed on us as a result of such non-filing. As at the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to rectification or potential administrative penalties as a result of our failure to file the lease agreements described above. Our PRC Legal Advisors have also advised us that the risk of us being penalized is low, mainly because any penalty would only be imposed after any failure to rectify the issue after a prescribed period instituted by the relevant PRC authorities as discussed above and the fact that we would continue to exert best efforts to seek the landlords' cooperation and register such lease agreements. Accordingly, no provision has been made in our financial statements. Our PRC Legal Advisors have also advised us that the failure to file the lease agreements would not affect the validity of the lease agreements nor would such non-filing have a material adverse effect on our business operations or constitute a material legal obstacle for the [REDACTED]. Please refer to "Risk Factors — Risks relating to Our Business — Some landlords may not have provided to us relevant title certificates with respect to some of our leased properties in the PRC and some of our lease agreements were not registered with the relevant government authorities" in this document.

We had no single property with a carrying amount of 15% or more of our total assets as of the Latest Practicable Date and, therefore, we did not need to prepare a valuation report with respect to our property interests in reliance upon the exemption provided by section 6(2) of the Companies (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may be involved in legal proceedings or disputes in the ordinary course of business from time to time, such as contract disputes with our customers and suppliers. As of the Latest Practicable Date, there were no litigation or arbitration proceedings or administrative proceedings pending or threatened against us or any of our Directors which would have a material adverse effect on our business, financial position or results of operations.

Compliance

Except for the following historical non-compliance incident, our Directors confirmed that we had not been subject to any material fines or legal actions involving non-compliance with any PRC laws or regulations relating to our business during the Track Record Period and up to the Latest Practicable Date. In particular, we are not aware that we had been the subject of any enquiry, review or investigation by the relevant authorities up to the Latest Practicable Date in respect of any recently promulgated data privacy and security laws, regulations or policies, including, but not limited to, the PRC Personal Information Protection Law (中華人民共和國個人信息保護法) and the Data Security Law of the PRC (中華人民共和國數據安全法).

Failure to Make Full Contributions to Social Insurance and Housing Provident Fund

During the Track Record Period, some of our PRC subsidiaries and branches failed to register for and/or make full contribution to the social insurance and housing provident funds for some of our employees as required under PRC law.

Reasons for Not Making Full Contributions

This incident was primarily because (i) some of our employees, especially our on-site personnel providing cleaning, greening and gardening, security, repair and maintenance services who typically demonstrate high mobility, prefer not to contribute to social insurance and housing provident funds; and (ii) some migrant workers who have purchased new rural insurance at their residences requested us not to pay to social insurance and housing provident funds for them.

Legal Consequences and Potential Maximum Penalties

According to the relevant PRC laws and regulations, if we fail to pay the full amount of social insurance contributions as required, (i) the relevant PRC authorities may demand us to pay the outstanding social insurance contributions within a stipulated time period and we may be subject to a late payment fee equal to 0.05% of the outstanding amount for each day of delay; if we fail to make such payments, we may be subject to a fine of one to three times to the amount of the outstanding contributions. Based on the unpaid amount of our social insurance contribution for the Track Record Period, the potential maximum fine which may be imposed on us if we fail to make required payment within the prescribed period as required by the government is RMB8.2 million as of September 30, 2021; 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 period, an application may be made to PRC courts for compulsory enforcement. Based on the unpaid amount of our housing provident fund contribution for the Track Record Period, the potential maximum housing provident fund contributions we may need to make up for is RMB0.8 million. See "Risk Factors — We have failed to register for and/or fully contribute to social insurance and housing provident funds for some of our employees."

Our Directors have considered the following in assessing our exposures relating to social insurance and housing provident fund contributions: (i) as of the Latest Practicable Date, we had not received any notification from relevant government authorities requiring us to pay shortfalls or the penalties with respect to social insurance and housing provident funds; (ii) during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative penalties, material litigations and legal proceedings, nor were we aware of any material employee complaints nor involved in any material labor disputes with our employees with respect to social insurance and housing provident funds; (iii) a majority of relevant PRC subsidiaries and branches have obtained written confirmations from competent local government authorities which confirmed that no penalties had been imposed on us with respect to social insurance and housing provident funds during the Track Record Period; (iv) as advised by our PRC Legal Advisors, the risk of being penalized by the relevant authorities is remote; (v) we made provisions for social insurance and housing provident fund contributions of RMB0.5 million, RMB0.5 million, RMB1.5 million and RMB0.2 million, respectively, in 2018, 2019, 2020 and the nine months ended September 30, 2021; (vi) we will make full contributions or pay any shortfall within a prescribed time period if demanded by the relevant government authorities; and (vii) Mr. Wong, Mr. Huang and Redco Properties will provide on indemnity in favor of our Group in relation to any failure to register for and/or make full contribution to social insurance and housing provident fund during the Track Record Period as disclosed in "Statutory and General Information — D. Other Information — Tax and other indemnities". We believe that the provisions for social insurance and housing provident fund contributions are sufficient, having considered the above-mentioned reasons.

Based on the foregoing, our PRC Legal Advisors are of the view that the risk that we would be subject to material administrative penalties by relevant authorities is remote. In light of the above, our Directors believe that our failure to fully contribute to social insurance and housing provident funds during the Track Record Period would not have any material adverse effect on our business operations or results of operations.

Remedial Measures

We have introduced further internal policies pursuant to which our risk management department shall check the compliance status of social insurance and housing provident fund contributions. We also made a specific plan to gradually end outsourcing of social insurance and housing provident fund contribution related work and begin to conduct such work internally to better monitor and control our compliance with relevant laws and regulations on social insurance and housing provident fund contribution. We have also formulated a plan to ensure full contribution to the social insurance and housing provident funds according to relevant laws and regulations going forward. The plan lists in details our current compliance status and major obstacles anticipated during the rectification process.

Licenses, approvals and permits

As advised by our PRC Legal Advisors, our Directors confirm that, during the Track Record Period and as at the Latest Practicable Date, we had obtained all material licenses, approvals and permits from relevant PRC authorities for our business operations in the PRC. The following table sets out a list of major licenses and permits currently held by us for the operation of community healthcare services:

No.	Entity	Name of the License	Expiry Date
1.	Nanchang Redco Zhangzhewu Health Industry Co., Ltd. 南昌力高長者屋健康產業有限責任公司 / Nanchang Xianghu Redco Zhangzhewu Comprehensive Clinic 南昌象湖力高長者屋綜合門診部	Medical Institution Practising License (醫療機構執業許可證)	June 21, 2025
		Radiotherapy License (放射診療許可證)	—
		Elderly Service Institution Establishment License (養老機構設立許可證)	May 2, 2023
2.	Yantai Redco Kangan Health Management Company Limited煙台力高康安健康管理有限公司 / Yantai Redco Kangan Health Management Company Limited Shunhe Yilin Comprehensive Clinic 煙台力高康安健康管理有限公司順河怡鄰綜合門診部	Medical Institution Practising License (醫療機構執業許可證)	March 4, 2024
		Radiotherapy License (放射診療許可證)	—
3.	Yantai Redco He'an Elderly Service Co., Ltd. 煙台力高鶴安養老服務中心有限公司	Elderly Service Institution Establishment Certificate (設置養老機構備案回執)	—
		Food Business License (食品經營許可證)	August 28, 2024

OVERVIEW

Immediately upon completion of the [REDACTED] and the [REDACTED] and without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED], TGI will hold [REDACTED]% of the issued share capital of our Company. TGI is wholly owned by Redco Holdings, which in turn is directly wholly owned by Redco Properties. As of the Latest Practicable Date, Redco Properties was owned as to approximately 39.76% by Global Universe and 0.33% by Global Investment, which in turn are wholly owned by Mr. Wong, approximately 26.66% by Times International, which in turn is wholly owned by the Honour Family Trust, a discretionary trust of which Mr. Huang is the settlor and Mr. Huang and his family members are beneficiaries and approximately 3.16% by Times Properties, which in turn is wholly owned by Mr. Huang. Mr. Wong is the brother of Mr. Huang and both Mr. Wong and Mr. Huang have agreed to act in concert with each other. Accordingly, Mr. Wong, Mr. Huang, Global Universe, Global Investment, Times International, Times Properties, Redco Properties, Redco Holdings and TGI constitute a group of our Controlling Shareholders under the Listing Rules.

Each of Global Universe, Global Investment, Times International, Times Properties, Redco Holdings and TGI is an investment holding company. Redco Group is principally engaged in residential and commercial properties development, property investment, cultural tourism and education (the "**Retained Business**"). See "— Delineation of Business — The Retained Business" below for details.

Mr. Wong and Mr. Huang are the ultimate controlling shareholders of Redco Properties. Each of Mr. Wong and Mr. Huang has over 20 years of experience in the property development industry. As of the Latest Practicable Date, Mr. Wong was serving as the chairman of the board and an executive director of Redco Properties and Mr. Huang was serving as the president and an executive director of Redco Properties.

Each of Mr. Wong and Mr. Huang, as our Controlling Shareholders, has entrusted the management and operations of our Company to our independent, experienced and professional management team in order to allow us to operate our own business independently from our Controlling Shareholders. Therefore, Mr. Wong is currently neither a Director of our Company nor senior management member of our Group. Mr. Huang will only assume the role of non-executive Director of our Company.

DELINEATION OF BUSINESS

The Retained Business

Our Directors are of the view that there is clear delineation between the Retained Business and our business as a result of which, none of the Retained Business would compete, or is expected to compete, directly or indirectly, with our business upon [REDACTED].

The table below sets forth the principal business operations of our Group and the Redco Group as of the Latest Practicable Date:

	Redco Group	Our Group
Principal business operations	(i) residential and commercial properties development; (ii) property investment; (iii) cultural tourism; and (iv) education.	(i) property management services to property developers, property owners, with a wide range of services including cleaning, security, greening, public area maintenance services and other property management related services; (ii) value-added services to non-property owners which primarily consist of (i) pre-sale management services, (ii) pre-delivery services, which include inspection and cleaning at the pre-delivery stage, (iii) preliminary planning and design consultancy services and (iv) information technology services, where we develop smart software and hardware primarily applied in property management and relevant industries; and (iii) community value-added services primarily consist of (i) common area management services, such as utility management, waste disposal services, public space leasing, carpark management and advertising services, (ii) carpark sales agency services, (iii) turnkey decoration and furnishing services , (iv) home-living services, which primarily include home repair and maintenance services and (v) community healthcare services provided through Yearning Health Centers, which primarily include medical services provided through general and specialty clinics and elderly care services.

Given the different nature of businesses between our Group and the Redco Group, there is clear delineation between the businesses of our Group and that of the Redco Group. Our Directors are therefore of the view that there is no competition between the businesses of our Group and the Retained Business.

As of the Latest Practicable Date, none of our Controlling Shareholders and our Directors had any interest in any other 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.

OUR BUSINESS RELATIONSHIP WITH THE REDCO GROUP

We have a well-established and ongoing business relationship with the Redco Group. Property management services are important to the daily operations of the Redco Group as a property developer in the PRC. Our major operating subsidiaries have been providing services to the Redco Group for over 10 years.

As confirmed by CIA, the business relationship between the Redco Group and us is common among PRC residential property management companies and their parent group companies and has been mutually beneficial and complementary. In addition, according to CIA, high-quality property management services enhance the satisfaction of property owners and residents and the market reputation of property developers for their developed properties. Thus, property developers tend to select and work closely with well-resourced property management companies that provide a comprehensive range of services. Benefiting from such a long standing relationship, we consider that we are familiar with the strategies, standards and requirements of the Redco Group and are therefore able to provide tailored services to them in order to meet their specific needs. Despite the vast choices of service providers that provide similar services in the market, we believe that it would not be in the best interest of the Redco Group to select and engage other service providers, considering the amount of time and relevant experience required for such other service providers to provide equally satisfying services that are comparable to that of our Group. Over years of cooperation, our Group on one hand, and the Redco Group on the other hand, have gained thorough understanding of the business operations of each other and hence their relationships have become mutually beneficial and complementary. We believe our close and long-term cooperative relationship with the Redco Group is instrumental to their respective success in establishing a nationally distinguished and well-recognized brand image, while enabling us to reinforce our existing market position and enhance our competitiveness in the PRC property management industry. It is therefore commercially beneficial for both the Redco Group and our Group to maintain a stable business relationship.

The success rate of 100.0% of the tender bids submitted by our Group for the properties developed by the Redco Group during the Track Record Period is a testament to their trust in our quality services and reputation. Our high retention rate during the Track Record Period also led to the Redco Group relying on our support to promote their brand image by continuously delivering quality property management services to property owners and residents of their developed properties. Most of the existing property management contracts entered into by our Group with the Redco Group as of September 30, 2021 do not have a fixed term and shall expire only when the property owners' association is established or the property owners' association chooses to terminate the contract in favor of a new contract with a different service provider. Considering the above, our Directors are of the view that the relationship of our Group with the Redco Group will unlikely to be terminated or have a material adverse change. Given there is a certain degree of mutuality and complementarity of ongoing business between the Redco Group and our Group, as well as our proven track record in securing property management service engagements from the Redco Group, we consider that we have a competitive advantage that distinguishes us from our competitors and believe we will continue to be able to secure future engagements from them and be able to maintain our revenue from them upon [REDACTED]. Our provision of property management and related services to the Redco Group will constitute continuing connected transactions for our Company upon [REDACTED]. For details, see "Connected Transactions".

Our Directors consider that the reliance of our Group on the Redco Group is not significant, having considered that (i) our Group had provided property management and related services to 13, 16, 42 and 44 properties developed by independent property developers, the GFA under management in respect of which represented approximately 14.2%, 16.8%, 43.2% and 42.9% of the total GFA under management of our Group as of December 31, 2018 and 2019, 2020 and September 30, 2021, respectively, which shows an increasing trend; (ii) the revenue of our Group generated from the Redco Group and its joint ventures or associates represented only approximately 23.9%, 36.6%, 30.5% and 33.3% of the total revenue of our Group for the years ended December 31, 2018, 2019 and 2020 and the nine months ended September 30, 2021, respectively, which is not substantial; (iii) the majority of our Group's customers are Independent Third Parties and they contributed to approximately 76.1%, 63.4%, 69.5% and 66.7% of the total revenue of our Group for the years ended December 31, 2018, 2019 and 2020 and the nine months ended September 30, 2021, respectively; (iv) the GFA of the properties developed by the Redco Group and its joint ventures or associates under management of our Group represented approximately 85.8%, 83.2%, 56.8% and 57.1% of the total GFA under management of our Group as of December 31, 2018, 2019, 2020 and September 30, 2021, respectively, which shows a decreasing trend; and (v) our Group generated approximately 94.6%, 94.0%, 94.1%, and 93.0%, of its revenue from the provision of property management to residential properties for the years ended December 31, 2018, 2019 and 2020 and the nine months ended September 30, 2021, respectively, and the initial engagement of our Group to provide preliminary property management services to residential properties was generally procured through a standard tender procedure governed by the relevant PRC laws and regulations, and our Group considers that no preferential treatment has been accorded to it. During the Track Record Period, in order to reduce reliance on the Redco Group, we secured in 2019 and 2020 two residential projects in Nanchang, Jiangxi Province, with GFA under management of approximately 295,000 sq.m and 36,000 sq.m., respectively. In December 2020, we contracted with an Independent Third Party developer for pre-sale management services in Jiangxi Province. In December 2020, we further reduced reliance on the Redco Group through the acquisition of 51% equity interest in Wuhu Senlin from an Independent Third Party. Wuhu Senlin is a comprehensive property management company based in Anhui Province and is providing property management and related services to projects developed by developers independent of the Redco Group. Through the acquisition of Wuhu Senlin, we obtained 25 projects with a total contracted GFA of approximately 4.5 million sq.m. For details, see "History, Reorganization and Corporate Structure — Our Corporate Developments — Acquisitions during the Track Record Period." Going forward, our reliance on the Redco Group will further be reduced given that we plan to use 55% of the [REDACTED] from the [REDACTED] to acquire other property management companies. For details, see "[REDACTED]".

Procurement of and achievements in securing external projects

We will enhance our contacts and communications with the management committee of the third party residential communities with the objective of securing more direct appointment should the opportunities arise. We also plan to gradually increase our cooperation with Independent Third Party developers to obtain property service projects primarily through bidding. We consider that the pursuit of external projects and acquisition opportunities a major part of our future development strategy and have been exploring business opportunities for properties developed by Independent Third Parties (the "**External Projects**"). We have set up a business development department to oversee and facilitate collaboration with Independent Third Parties, including Independent Third Party property developers. Since then, we have been actively seeking high-quality tenders and acquisition targets. For example, in October 2019, we successfully won the bid for a residential property project in Nanchang that was developed by an Independent Third Party and we acquired Wuhu Senlin in December 2020.

Since the end of the Track Record Period, we have proposed to enter into an acquisition agreement to acquire 70% equity interest of Nanjing Fudou Property Management Co., Ltd (南京富都物業管理有限公司), a property management company in the PRC. For details, see "Waivers from Strict Compliance with the Requirements under the Listing Rules and Exemption from Strict Compliance with the Companies (WUMP) Ordinance — Equity Interest Proposed to be Acquired After the Track Record Period". As of the Latest Practicable Date, we had been contracted to provide property management services and/or related value-added services to 51 External Projects with an aggregate contracted GFA of approximately 7.4 million sq.m., accounting for 30.02% of our contracted GFA as of the same date. We are also in the process of negotiating and/or pursuing additional engagements with Independent Third Parties.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS AND THEIR CLOSE ASSOCIATES

We believe that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates (other than our Group) after [REDACTED] for the following reasons:

Management Independence

Our Board comprises three executive Directors (namely Mr. Tang Chengyong, Ms. Wong Yin Man and Ms. Huang Yanqi) and one non-executive Director (namely Mr. Huang).

It is expected that upon [REDACTED], one executive Director and one non-executive Director will also hold positions in Redco Group as set out below:

Name of our Director	Major position(s) held in our Company	Major position held in Redco Group
Mr. Huang	Non-executive Director and chairman of the board	Executive director and president of Redco Properties
Mr. Tang Chengyong	Executive Director and president	Executive director of Redco Properties

Despite the overlapping directorship and family relationships between our executive Directors and the Redco Group, we consider that our executive Directors will and are able to devote sufficient time and resource to manage our operations and act in the best interest of our Company. Ms. Wong Yin Man and Ms. Huang Yanqi currently do not hold any other directorships or assume any employment other companies, whether listed or unlisted, in Hong Kong or overseas, they will and are able to devote sufficient time and resource to manage our operations. Notwithstanding Mr. Tang Chengyong's role in our Group and the Redco Group, he has been, and will continue to be, able to devote sufficient time to discharge his duties as our executive Director, on the basis that:

(a) the board of directors of Redco Properties currently has three executive directors including Mr. Tang Chengyong, and three independent non-executive directors. The responsibilities of such board are sufficiently shared among the six members of the board such that Mr. Tang Chengyong is not required to devote a disproportionately substantial amount of his time and effort to the matters of Redco Properties which would impair his ability to discharge his duties as our executive Director;

(b) Mr. Tang Chengyong has been involved the management and operation of our Group since April 2008 as he joined our Group's first operating subsidiary, UG Management, as the president since its establishment. Mr. Tang Chengyong has been in charge of the property management service segment in the Redco Group since April 2008 and is expected to, while continuing to be supported by the experienced senior management team in our Group as he has been historically, devote his time to the day-to-day operations of our Group upon [REDACTED]; and

(c) despite assuming executive roles in both Redco Group and our Group, Mr. Tang Chengyong has been and will continue to be supported by the separate and independent boards and senior management teams of Redco Group and our Group to perform his duties.

In addition, given Mr. Huang is our non-executive Director, he will not be involved in the day-to-day management or affairs and operations of our businesses. Other than Mr. Tang Chengyong and Mr. Huang, none of our Directors and members of our senior management holds any directorship or senior management role in our Controlling Shareholders or their respective close associates.

As of the Latest Practicable Date, save for Mr. Huang, who has an indirect interest in the shares of Redco Properties, none of our Directors held any interests in the Redco Group.

In the event any Director with conflict of interest needs to abstain from voting at any board meeting, our remaining Directors will be able to make decisions in the best interests of our Company and the Shareholders, including decisions relating to the business of our Group. It is currently expected that under normal circumstances and assuming that all Directors (except for Mr. Huang) continue to not hold any shareholding interest in Redco Properties, the only Directors who will be required to abstain from voting in matters concerning transactions between the Group and the Redco Group will be Mr. Huang and Mr. Tang Chengyong, given their dual-directorship in both listed companies. In the event that all executive Directors and non-executive Director are required to abstain from any board meeting of our Company on any matter which may give rise to a potential conflict of interest, we consider that our remaining independent non-executive Directors will have sufficient expertise and experience to fully consider any such matter. Our independent non-executive Directors have a mix of experiences, including corporate governance, property investment, import and export trading, management services, investment, accounting, corporate financial management. Our independent non-executive Directors have also held directorship in listed companies in Hong Kong and have experience in executing various kinds of corporate actions. Should our independent non-executive Directors wish to obtain further advice from personnel with relevant industry experience, they are supported by the experienced team of senior management of our Group, the members of which have on average more than 14.5 years of experience in the property management industry. Generally, our independent non-executive Directors do not require specialized skills or professional advices in making property management-related decisions, but they are entitled to seek independent professional advice from external parties in appropriate circumstances at the Company's expense. Taking into account our independent non-executive Directors' respective education background and work experience, including positions in other listed companies, and the skills and experience possessed by other Directors and senior management of the Company, the Company considers the board can uphold its effective functioning and promote good corporate governance. Given the close relationships of our Directors with Redco Group, we will further implement the additional corporate governance measures to address any potential conflicts of interest between our Group and the Redco Group, see "Corporate Governance Measures" in this section below.

As a result, our Directors including our independent non-executive Directors, are of the view that our Board is able to manage our business independently from our Controlling Shareholder and their respective close associates, for the following reasons:

(i) each of the Directors is aware of his/her fiduciary duties as a Director, which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(ii) according to the Articles of Association, in the event that there is any potential conflict of interest arising out of any transaction to be entered into between our Group and any of the Directors or their respective close associates, unless otherwise permitted by the Articles, the interested Directors shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum; and

(iii) we have three independent non-executive Directors to provide a balance between potentially interested Directors and independent Directors, with a view to promoting the interests of our Company and Shareholders as a whole. Certain matters of our Company, including continuing connected transactions and other matters referred to in the Deed of Non-competition, details of which are set out in the paragraph headed "—Deed of Non-Competition" below, must always be referred to the independent non-executive Directors for review.

Based on the reasons above, our Directors are of the view that our Group is capable of managing our business independently from our Controlling Shareholders and their respective close associates upon [REDACTED].

Operational Independence

We have make all decisions on, and carry out, our own business operations independently from our Controlling Shareholders and their respective close associates and will continue to do so after [REDACTED].

Project procurement

At the pre-sale and pre-delivery stages, we generally procure initial property management service engagements for residential properties (including non-residential properties in the same development under management) developed by the Redco Group through a standardized tender and bidding process initiated by the Redco Group whereby tenders would be evaluated by a tender evaluation committee established by the Redco Group in accordance with the Interim Measures for the Administration of Tendering and Bidding for Preliminary Property Management (前期物業管理招投標管理暫行辦法). The tender evaluation committee shall consist of an odd number of no less than five members, including at least a two-thirds majority of property management experts which are independent of our Group and the representative members from the Redco Group, and selected on a random basis from a list of experts compiled by the local real estate administrative department. In evaluating the bids, the tender evaluation committee would consider a number of factors, including reputation, quality of service, management system, human resources management and the proposed management plan. We could choose whether or not to take part in the processes initiated by the Redco Group. Accordingly, our Directors consider that we do not enjoy any preferential treatment in the selection process for properties developed by the Redco Group and are not granted property management contracts simply due to our relationship with the Redco Group.

At the post-delivery stage, the property management services are provided by us directly to the property owners or tenants. The property owners of residential properties may establish a property owners' association to manage the properties. The property owners' association, if formed, will be operated by the property owners and will be independent of the Redco Group and may select and engage property management service providers at its own discretion. Our Group needs to provide quality and competitive services to the residents/owners of the properties in order to secure its appointment by the property owners' association. During the process, the property owners are entitled to conduct their own evaluation procedures in engaging (or dismissing) the residential property management services provider and our Group and Redco Group do not have any role or influence over the engagement (or dismissal) of the relevant residential property management services provider.

During the period between the delivery of the properties to the property owners and the formation of the property owners' association, the property management contract entered into between the Redco Group and our Group at the pre-sale and pre-delivery stages (the "**Preliminary Management Contract**") would remain effective and bind the owners of the properties who are obligated to pay the management fees directly to our Group within the effective period of the Preliminary Management Contract. Most of our Group's Preliminary Management Contracts do not have a fixed term and would expire only when a property owners' association is established or the property owners' association chooses to terminate the contract in favor of a new contract with a different service provider.

In the event that after the delivery of the properties, the property owners' association has not been formed or the Preliminary Management Contract expires before the property owners' association can be formed, then (i) the Preliminary Management Contract will be renewed automatically until a new property management contract is entered into by the property owners' association if there is an automatic renewal provision in the Preliminary Management Contract, or (ii) the property owners and our Group may choose to extend the Preliminary Management Contract absent any automatic renewal provision and public tender.

Licenses and IT systems required for operation

We hold and enjoy the benefit of all relevant licenses and permits material to the operation of our business. We do not share any IT systems or corporate functions with the Redco Group.

Access to customers

We conduct our own sales and marketing primarily through our own sales and marketing team. Our Group has a large and diversified base of customers that are unrelated to our Controlling Shareholders and/or their respective close associates.

Operational facilities

As of the Latest Practicable Date, we were leasing one office premise in Hong Kong for our operations from Mr. Wong, and two premises in the PRC for our healthcare services operations from subsidiaries of Redco Properties. Our Directors are of the view that such leased premises can be easily replaced by other comparable premises with comparable rentals, without any material disruptions to our operations.

Save as disclosed above, all the properties and facilities necessary for our business operations are independent from our Controlling Shareholders and/or their respective close associates.

Employees

We recruit our full-time employees independently from our Controlling Shareholders and their respective close associates and primarily through both internal referrals and external sources such as recruiting websites.

Connected transactions with our Controlling Shareholders

The section headed "Connected transactions" in this document sets out the continuing connected transactions between our Group and our Controlling Shareholders or their associates which will continue after [REDACTED]. All such transactions will determined after arm's length negotiations and will be on normal commercial terms. We expect that we will be able to maintain the aggregate amounts of the continuing connected transactions with our Controlling Shareholders or their respective associates at a reasonable percentage with respect to our total revenues after [REDACTED]. Accordingly, such continuing connected transactions are not expected to affect our operational independence as a whole.

Financial Independence

We have established our own finance department with a team of financial staff which is responsible for financial control, accounting, reporting, group credit and internal control of our Group, which is independent from our Controlling Shareholders and their respective close associates.

All loans, advances and balances of a non-trade nature due to or from our Controlling Shareholders and their respective close associates which did not arise out of the ordinary course of business of our Group will be settled immediately before [REDACTED]. All share pledges and guarantees provided by or to our Controlling Shareholders and their respective close associates on the borrowings of our Group or our Controlling Shareholders and their respective close associates will also be fully released immediately before [REDACTED].

Accordingly, we believe we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

DEED OF NON-COMPETITION

Each of Mr. Wong, Mr. Huang and Redco Properties (our "**Undertaking Controlling Shareholders**") has unconditionally and irrevocably undertaken to us in the Deed of Non-Competition that he/it will not, and will procure his/its Close Associates (save for members of our Group) not to, directly or indirectly conduct or be involved in any business (other than our business) that directly or indirectly competes, or may compete, with our business, being the provision of property management services, value-added services to non-property owners and value-added services to property owners and residents (collectively referred to as the "**Restricted Businesses**"), or hold shares or interest in any companies or business that compete directly or indirectly with the business engaged by our Group, except where our Undertaking Controlling Shareholders and their Close Associates hold (i) less than 30% of the total issued share capital of any company (whose shares are listed on the Stock Exchange or any other stock exchange); or (ii) less than 50% of interest of any private company, which is engaged in any business that is or may be in competition with any business engaged by any member of our Group and they do not possess the right to control the board of directors of such company. The above restrictions do not apply when our Group engages in a new business that is not a Restricted Business and at the time of commencement of such new business, any of our Undertaking Controlling Shareholders had already been conducting or been involved in, or otherwise been interested in, the relevant business.

Further, each of our Undertaking Controlling Shareholders has undertaken that if any new business investment or other business opportunity relating to the Restricted Businesses (the "**Competing Business Opportunity**") is identified by or made available to him/it or any of his/its Close Associates (save for members of our Group), he/it shall, and shall procure that his/its Close Associates shall, refer such Competing Business Opportunity to our Company on a timely basis by giving written notice (the "**Offer Notice**") to our Company within 30 business days of identifying such Competing Business Opportunity, the nature of the Competing Business Opportunity, the investment or acquisition costs and all other details reasonably necessary for our Company to consider whether to pursue such Competing Business Opportunity.

Upon receiving the Offer Notice, our Company shall seek approval from a board committee comprising only our independent non-executive Directors who do not have an interest in the Competing Business Opportunity (the "**Independent Board Committee**") as to whether to pursue or decline the Competing Business Opportunity (any Director who has actual or potential interest in the Competing Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the Independent Board Committee) and voting at, and shall not be counted in the quorum for, any meeting convened to consider such Competing Business Opportunity). The Independent

Board Committee shall consider the financial impact of pursuing the Competing Business Opportunity offered, whether the nature of the Competing Business Opportunity is consistent with our Group's strategies and development plans and the general market conditions of our business. If appropriate, the Independent Board Committee may appoint independent financial advisors and legal advisors to assist in the decision making process in relation to such Competing Business Opportunity. The Independent Board Committee shall, within 30 days of receipt of the Offer Notice, inform our Undertaking Controlling Shareholders in writing on behalf of our Company its decision whether to pursue or decline the Competing Business Opportunity.

Our Undertaking Controlling Shareholders shall be entitled but not obliged to pursue such Competing Business Opportunity if he/it receives a notice from the Independent Board Committee declining such Competing Business Opportunity, or if the Independent Board Committee fails to respond within the 30-day period as mentioned above. If there is any material change in the nature, terms or conditions of such Competing Business Opportunity, our Undertaking Controlling Shareholders shall refer or procure the referral of such revised Competing Business Opportunity to our Company as if it were a new Competing Business Opportunity.

The Deed of Non-Competition will lapse automatically if our Undertaking Controlling Shareholders cease to hold, whether directly or indirectly, 30% or above of our Shares with voting rights or if our Shares cease to be [REDACTED] on the Stock Exchange. In the event we cease to conduct any of the Restricted Businesses, our Undertaking Controlling Shareholders will no longer be prohibited under the Deed of Non-Competition from conducting such business.

In order to promote good corporate governance practices and to improve transparency, the Deed of Non-Competition also includes the following provisions:

- each of our Undertaking Controlling Shareholders has undertaken to us that he/it will provide and procure his/its Close Associates (save for members of our Group) to provide on best endeavor basis, all information necessary for the annual review by our independent non-executive Directors on the compliance status of the Deed of Non-Competition; and

- Our Undertaking Controlling Shareholders will make a declaration in each of our annual reports on the compliance with the Deed of Non-Competition in accordance with the principle of voluntary disclosure in the corporate governance report.

In addition, our Company has taken, or will take, the following measures to safeguard good corporate governance standards in respect of the Deed of Non-Competition:

- our independent non-executive Directors shall review on an annual basis the Deed of Non-Competition and compliance with the Deed of Non-Competition by our Undertaking Controlling Shareholders;

- we will disclose in our annual report or by way of announcement in accordance with the requirements of the Listing Rules, the decisions on matters reviewed by the Independent Board Committee (including the reasons for not taking up any Competing Business Opportunity referred to our Company) and the review by our independent non-executive Directors on the compliance with, and the enforcement of, the Deed of Non-Competition; and

- in the event that any of our Directors and/or their respective close associates has material interests in any matter to be deliberated by our Board in relation to the compliance and enforcement of Deed of Non-Competition, he/she may not vote on the resolutions of our Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles of Association.

CORPORATE GOVERNANCE MEASURES

Each of our Controlling Shareholders has confirmed that he/she/it fully comprehends his/her/its obligations to act in our Shareholders' best interests as a whole. 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 [REDACTED], we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

(b) a Director with material interests shall make full disclosure in respect of matters that may have conflict or potentially conflict with any of our interest and abstain from the board meetings on matters in which such Director or his/her associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;

(c) we have a "Conflict of Interest Management Policy" in place to manage and monitor any potential conflicts of interest at the managerial level. The human resources director of our Group is responsible for coordinating the daily management of conflicts of interest. In particular, the human resources director will review and approve the conflict of interest declaration of the management team of the Company and will take appropriate measures to investigate/inspect and determine the possible conflict of interests. The results of the conflict review will be reported to the Audit Committee for final approval and determination.

(d) we are committed that our Board should include a balanced composition of executive Directors and independent non-executive Directors. We have appointed independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. For details of our independent non-executive Directors, see "Directors and Senior Management—Board of Directors—Independent non-executive Directors" in this Document;

(e) we have appointed UOB Kay Hian (Hong Kong) Limited as our compliance advisor to 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;

(f) as required by the Listing Rules, our independent non-executive Directors shall review any continuing connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole;

(g) on an annual basis, our independent non-executive Directors will review the non-compete undertakings provided by our Undertaking Controlling Shareholders pursuant to the Deed of Non-competition and their compliance with such undertakings;

(h) on an annual basis, our independent non-executive Directors will review the compliance of Rule 8.10 of the Listing Rules by our Controlling Shareholders; and

(i) our Company will disclose in its annual report each year the compliance status of the Deed of Non-Competition.

Given the close relationships of our Directors with Redco Group, we will implement the following additional corporate governance measures to address any potential conflicts of interest between our Group and the Redco Group by establishing a Conflicts Committee whose objective is to evaluate directors' interests in any business of our Board and to advise on whether the proposed contracts to be entered into between our Group and the Redco Group are in the interests of the Company and the Shareholders as a whole.

The Conflicts Committee shall determine if any conflict or potential conflict of interest does or may arise when our Board evaluates and make decisions on matters or transactions concerning or with the Redco Group. The Conflicts Committee is independent to the Group and directly reports to our Board. The members of the Conflicts Committee shall comprise all of our independent non-executive Directors and upon the request of our independent non-executive Directors from time-to-time on an as-needed basis include an additional external advisor engaged at the expense of the Company. Such external advisor shall be an Independent Third Party and not be an employee of the Group. The qualifications and background of the external advisor shall be determined by our independent non-executive Directors.

The major function of the Conflicts Committee is to determine whether each of Ms. Wong Yin Man and Ms. Huang Yanqi, or any other Director, is disinterested for the purpose of considering and approving the entering into of any proposed transactions between our Group and the Redco Group and whether each of them will be required to abstain from voting given their family relationship with the executives of Redco Properties.

The review process of the Conflicts Committee will be as follow:

(a) the business, finance and internal control teams within our Group will, per the Company's internal policies for new transactions and renewal of existing continuing connected transaction framework agreements, present the relevant proposal to our Board;

(b) if the counter-contracting party to the proposed transaction is a member of the Redco Group, our Board will refer the proposal to the Conflicts Committee;

(c) the Conflicts Committee will consider the nature of the proposed transaction and request all executive and non-executive Directors to declare their interests, in any, in the proposed transaction. Upon considering the nature of the proposed transaction and the then current relationship of the relevant Directors and the Redco Group (including but not limited to family, shareholding, business and employment relationships), the Conflicts Committee will decide whether any Director shall abstain from considering and approving the proposed transaction;

(d) in the event the Conflicts Committee considers advice from an external advisor (e.g. lawyer) is required, it shall make such request to the Board, which shall then procure the Company to engage an external advisor who meets the qualification and background criteria determined by the Conflicts Committee;

(e) the Conflicts Committee shall inform the Board of its decision on whether and which Directors will need to abstain from the Board meeting for approving the relevant proposed transaction; and

(f) all decisions on potential conflict of interest made by the Conflicts Committee, including any decision requiring any Director to abstain from voting at any Board meeting, shall be final and conclusive.

Members of the Board who are determined by the Conflicts Committee to be disinterested in the proposed transaction shall proceed to consider the proposed transaction per the usual proceedings of the Board. Upon our Board's approval of the proposed transaction, the relevant day-to-day execution of the approved transaction (including the process relating to for example individual purchase orders relevant to the approved transaction), will be in accordance with the applicable internal procedures and policies of our Group.

Our Group has entered into a number of agreements with parties which will, upon completion of the [REDACTED], become our connected persons, and the transactions disclosed in this section will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [REDACTED].

CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT, CIRCULAR AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1. Property Management and Related Services

On March 14, 2022, our Company entered into a property management services framework agreement (the "**Property Management Services Framework Agreement**") with Redco Properties, pursuant to which we agreed to provide various property management and related services to Redco Properties and its subsidiaries, joint ventures and associates including (i) preliminary planning and design consulting services; (ii) sales offices and display units management services; (iii) pre-delivery quality inspection and cleaning services : (iv) property management services for unsold and vacant properties of the Redco Group; and (v) repairs and maintenance services for properties used or owned by Redco Group, including but not limited to properties delivered by Redco Group during the warranty period of properties ("**Property Management and Related Services**") for a term commencing from the [REDACTED] to December 31, 2023, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

As the Property Management Services Framework Agreement is a framework agreement, relevant subsidiaries of Redco Properties and relevant members of our Group will enter into separate agreements which will set out the specific terms and conditions according to the principle terms provided in the Property Management Services Framework Agreement.

Historical transaction amounts

For each of the years ended December 31, 2018, 2019 and 2020 and the nine months ended September 30, 2021, the total service fees paid by Redco Properties and its subsidiaries, joint ventures and associates to us for the provision of the Property Management and Related Services amounted to approximately RMB27.8 million, RMB57.8 million, RMB65.2 million and RMB61.7 million, respectively.

Annual caps

Our Directors estimate that the annual service fees in relation to the Property Management and Related Services to be provided under the Property Management Services Framework Agreement for each of the years ending December 31, 2022 and 2023 will not exceed RMB92.2 million and RMB101.7 million, respectively. The service fees to be charged for the Property Management and Related Services shall be determined with reference to a number of factors, including (i) prevailing market prices (taking into account the location and condition of the relevant properties); (ii) the scope of services; (iii) the anticipated operational costs including but not limited to labor costs, administrative costs and costs of materials; and (iv) historical transaction amounts.

The following factors were considered in arriving at the above annual caps:

- the historical transaction amounts with Redco Properties and its subsidiaries, joint ventures and associates in relation to the Property Management and Related Services during the Track Record Period in particular the transaction amount for the nine months ended September 30, 2021 of RMB61.7 million;

- the projected transaction amounts pursuant to existing contracts with Redco Properties and its subsidiaries, joint ventures and associates for which we are engaged to provide the Property Management and Related Services;

- the expected increase in GFA of the properties to be developed by Redco Properties and its subsidiaries, joint ventures and associates for which we anticipate we will be engaged to provide the preliminary planning and design consulting services, the pre-delivery quality inspection and cleaning services, the property management services as well as the repair and maintenance services, which has been estimated based on the land bank of Redco Properties and the expected development and delivery schedules and contracted sales of Redco Properties and its subsidiaries, joint ventures and associates;

- the expected increase in the number of sales offices and display units for which we anticipate we will be engaged to provide sales offices and display units management services for which was estimated based on the land bank of Redco Properties and the expected development schedules of Redco Properties and its joint ventures and associates; and

- the expected fee rate to be charged for the Property Management and Related Services for the two years ending December 31, 2023, which is expected to remain unchanged.

Implications under the Listing Rules

Redco Properties is one of our Controlling Shareholders and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Property Management Services Framework Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [REDACTED].

As one or more of the applicable percentage ratios in respect of the annual caps for each of the two years ending December 31, 2023 in relation to the Property Management Services Framework Agreement is expected to be more than 5% on an annual basis, such transactions will constitute continuing connected transactions for our Company that will be subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Carpark Sales Agency Services

On March 14, 2022, our Company entered into a carpark sales agency services framework agreement (the "**Carpark Sales Agency Services Framework Agreement**") with Redco Properties, pursuant to which we agreed to provide carpark sales agency services to Redco Group, including but not limited to acting as sales and leasing agent for carparks of Redco Group ("**Carpark Sales Agency Services**") for a term commencing from the [REDACTED] to December 31, 2023, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

As the Carpark Sales Agency Services Framework Agreement is a framework agreement, relevant subsidiaries of Redco Properties and relevant members of our Group will enter into separate agreements which will set out the specific terms and conditions according to the principle terms provided in the Carpark Sales Agency Services Framework Agreement.

Historical transaction amounts

For each of the years ended December 31, 2018, 2019 and 2020 and the nine months ended September 30, 2021, the total service fees paid by Redco Group to us for provision of the Carpark Sales Agency Services amounted to approximately RMB1.9 million, RMB8.4 million, RMB2.4 million, and RMB1.9 million, respectively.

Annual caps

Our Directors estimate that the annual service fees in relation to the Carpark Sales Agency Services to be provided under the Carpark Sales Agency Services Framework Agreement for each of the years ending December 31, 2022 and 2023 will not exceed RMB12.4 million and RMB12.4 million, respectively. The service fees to be charged for the Carpark Sales Agency Services shall be determined with reference to a number of factors, including (i) prevailing market rates; and (ii) the anticipated operational costs including but not limited to labor costs and administrative costs for providing such services.

The following factors were considered in arriving at the above annual caps:

- the expected number of car parking spaces to be sold for the two years ending December 31, 2023 with reference to our existing signed contracts with Redco Group for the Carpark Sales Agency Services and our estimation of the delivery schedule of Redco Group;

- the estimated sales price of car parking spaces developed by the Redco Group; and

- the estimated agency fee charged for each car parking space with reference to the historical agency fee charged by our Group.

Implications under the Listing Rules

Redco Properties is one of our Controlling Shareholders and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Carpark Sales Agency Services Framework Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [REDACTED].

As one or more of the applicable percentage ratios under the Listing Rules in respect of the annual caps for each of the two years ending December 31, 2023 in relation to the Carpark Sales Agency Services Framework Agreement is expected to be more than 5% on an annual basis, such transactions will constitute continuing connected transactions for our Company that will be subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. Healthcare Services

On March 14, 2022, our Company entered into a healthcare services framework agreement (the "**Healthcare Services Framework Agreement**") with Redco Properties, for a term commencing from the [REDACTED] to December 31, 2023, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. Pursuant to the Healthcare Services Framework Agreement, Redco Properties agreed to procure from us, and we agreed to provide, healthcare services to the owners, occupants or residents of certain residential properties developed by Redco Properties and its subsidiaries, including but not limited to healthcare consultancy, nutrition, health assessment and health management services ("**Healthcare Services**"). Based on the terms of the existing arrangements between our Group and Redco Group prior to the entering of the Healthcare Services Framework Agreement, Redco Group purchased from our Group healthcare services cards at a price of RMB3,000 per household, which were gifted by Redco Group to its property purchase customers as a home purchase offer being part of the marketing activities of Redco Group. Each healthcare services card was non-transferable and entitled the household of the property purchase customer to use the Healthcare Services provided by the Group within a three-year period. The agreement for the provision of the Healthcare Services to the property purchase customers of Redco Group was solely between Redco Group and our Group and there was no separate agreement between Redco Group and its property purchase customers in respect of the provision of the Healthcare Services. However, Redco Group would inform its property purchase customers verbally at the time of gifting the healthcare services cards as to the service period and other details.

As the Healthcare Services Framework Agreement is a framework agreement, relevant subsidiaries of Redco Properties and relevant members of our Group will enter into separate agreements which will set out the specific terms and conditions according to the principle terms provided in the Healthcare Services Framework Agreement.

Historical transaction amounts

We started to provide the Healthcare Services to Redco Group in the first half on 2021. For each of the years ended December 31, 2018, 2019 and 2020 and the nine months ended September 30, 2021, the total service fees paid by Redco Group to us for provision of the

Healthcare Services amounted to nil, nil, nil and approximately RMB11.2 million, respectively. From 2018 to 2020, there was no historical transaction amount for our Group, as the companies of our Group now engaged in the provision of the healthcare services were acquired from TGI and were only included in the financial statements of the Group from the date of the acquisition of their offshore holding company which was December 30, 2020, based on the acquisition method of accounting which is used to account for business combinations our Group.

Annual caps

Our Directors estimate that the annual service fees in relation to the Healthcare Services to be paid under the Healthcare Services Framework Agreement for each of the years ending December 31, 2022 and 2023 will not exceed RMB22.8 million and RMB27.4 million, respectively. The service fees to be charged for the Healthcare Services shall be determined with reference to, among others, (i) prevailing market prices (taking into account the services provided by other providers); (ii) the scope of services; and (iii) the anticipated operational costs including but not limited to labor costs and administrative costs.

The following factors were considered in arriving at the above annual caps:

- the historical revenue from healthcare services provided by Shenzhen Redco Health, the PRC holding company of our Group of our healthcare services business, and its subsidiaries, based on the unaudited management accounts of Shenzhen Redco Health during the Track Record Period;

- the increase in the expected number of households which Redco Group is expected to provide our Healthcare Services to its property purchaser customers as home purchase offers, which has been estimated based on (i) the existing contracts under which we are engaged to provide Healthcare Services to the households which have received home purchase offers from Redco Group; and (ii) the estimated number of households of the property projects to be developed by Redco Group for which we anticipate we will be engaged to provide the Healthcare Services in relation to the home purchase offers; and

- the estimated number of new Yearning Health Centers to be established through which we will have increased capacity to provide the Healthcare Services to an increasing number of households. We plan to open ten and 11 Yearning Health Centers in 2022 and 2023, respectively.

Implications under the Listing Rules

Redco Properties is one of our Controlling Shareholders and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Healthcare Services Framework Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [REDACTED].

As one or more of the applicable percentage ratios under the Listing Rules in respect of the annual caps for each of the two years ending December 31, 2023 in relation to the Healthcare Services Framework Agreement is expected to be more than 5% on an annual basis, such transactions will constitute continuing connected transactions for our Company that will be subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

4. Information Technology Services

On March 14, 2022, our Company entered into an information technology framework agreement (the "**Information Technology Services Framework Agreement**") with Redco Properties, pursuant to which we agreed to provide information technology services to Redco Properties and its subsidiaries, including but not limited to the design and development of smart software and hardware primarily applied in property development for different projects developed by Redco Group ("**Information Technology Services**") for a term commencing from the [REDACTED] to December 31, 2023, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

As the Information Technology Services Framework Agreement is a framework agreement, relevant subsidiaries of Redco Properties and relevant members of our Group will enter into separate agreements which will set out the specific terms and conditions according to the principle terms provided in the Information Technology Services Framework Agreement.

Historical amounts

We started to provide the Information Technology Services to Redco Group in the first half on 2021. For each of the years ended December 31, 2018, 2019 and 2020 and the nine months ended September 30, 2021, the total service fees paid by Redco Group to us for provision of the Information Technology Services amounted to nil, nil, nil and approximately RMB11.9 million, respectively. From 2018 to 2020, there was no historical transaction amount for our Group, as the company engaged in provision of information technology services was acquired from Hong Kong Wealth Properties Company Limited and was only included in the financial statements of our Group from the date of the acquisition which was December 17, 2020, based on the acquisition method of accounting which is used to account for business combinations by our Group.

Annual caps

Our Directors estimate that the annual service fees in relation to the Information Technology Services to be provided under the Information Technology Services Framework Agreement for each of the years ending December 31, 2022 and 2023 will not exceed RMB16.0 million and RMB19.3 million, respectively. The service fees to be charged for the Information Technology Services shall be determined with reference to a number of factors, including (i) the operation cost (including labor costs and hardware purchase cost) for the provision of the Information Technology Services, and (ii) prevailing market rate for similar information technology services.

The following factors were considered in arriving at the above increasing annual caps:

- the historical revenue generated by Zhongtian Yunlian through which we now conduct our information technology business, based on the unaudited management accounts of Zhongtian Yunlian during the Track Record Period;
- the expected increment in the operational costs for the provision of the Information Technology Services for the two years ending December 31, 2023; and
- the increase in the expected number of projects which require our Information Technology Services, which has been estimated based on (i) the existing number of contracts under which we are engaged to provide Information Technology Services to the projects developed by Redco Group; and (ii) the projects to be developed by Redco Group for which we anticipate we will be engaged to provide the Information Technology Services.

Implication under the Listing Rules

Redco Group is our Controlling Shareholder and therefore is a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Information Technology Services Framework Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [REDACTED].

As one or more of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the annual caps for each of the two years ending December 31, 2023 in relation to the Information Technology Services Framework Agreement is expected to be more than 5% on an annual basis, such transactions will constitute continuing connected transactions for our Company that will be subject to the reporting, annual review, announcement, circular and the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

APPLICATION FOR WAIVER

The transactions described in "— Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements" in this section constitute our continuing connected transactions under the Listing Rules which are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements of the Listing Rules.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange [has granted] us, waivers exempting us from strict compliance with the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "— Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements" in this section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

DIRECTORS' VIEWS

Our Directors (including our independent non-executive Directors) consider that all the continuing connected transactions described in "— Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements" in this section have been and will be carried out: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms; and (iii) in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Our Directors (including our independent non-executive Directors) are also of the view that the annual caps of the continuing connected transactions in "— Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements" in this section are fair and reasonable and are in the interests of our Shareholders as a whole.

SOLE SPONSOR'S VIEW

The Sole Sponsor is of the view (i) that the continuing connected transactions described in "— Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements" in this section have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms, that are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and (ii) that the proposed annual caps (where applicable) of such continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

BOARD OF DIRECTORS

Our Board currently consists of seven Directors comprising three executive Directors, one non-executive Director and three independent non-executive Directors. The powers and duties of our Board include convening general meetings and reporting our Board's work at our Shareholders' meetings, determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions and exercising other powers, functions and duties as conferred by the Articles. We have entered into service agreements with each of our executive Directors and letters of appointment with each of our non-executive Directors and independent non-executive Directors.

The following table sets forth certain information in respect of members of our Board and senior management of our Company:

Members of our Board

Name	Age	Date of joining our Group	Date of appointment as Director	Existing position in our Group	Roles and responsibilities in our Group	Relationship with Redco Group	Relationship with other Directors and senior management
Non-executive Directors							
Mr. Huang Ruoqing (黃若青)	53	February 2021	February 10, 2021	Non-executive Director and chairman of the Board	Responsible for providing guidance and formulation of strategies for the overall development of our Group	Executive director and president of Redco Properties	Father of Ms. Huang Yanqi and uncle of Ms. Wong Yin Man
Executive Directors							
Mr. Tang Chengyong (唐承勇)	58	April 2008	February 10, 2021	Executive Director	Responsible for supervising the overall management and operations of our Group	Executive director of Redco Properties	Nil
Ms. Wong Yin Man (黃燕雯)	30	September 2015	February 10, 2021	Executive Director	Responsible for the operational management and development of our Group	Nil	Niece of Mr. Huang

Name	Age	Date of joining our Group	Date of appointment as Director	Existing position in our Group	Roles and responsibilities in our Group	Relationship with Redco Group	Relationship with other Directors and senior management
Ms. Huang Yanqi (黃燕琪)	26	May 2018	February 10, 2021	Executive Director	Responsible for the brand management and formulation and implementation of business strategies of our Group	Nil	Daughter of Mr. Huang
Independent non-executive Directors							
Mr. Lau Yu Leung (劉與量)	69	March 14, 2022	March 14, 2022	Independent non-executive Director	Responsible for providing independent advice on the operations and management of our Group	Nil	Nil
Mr. Sze Irons (施榮懷), *B.B.S., J.P.*	60	March 14, 2022	March 14, 2022	Independent non-executive Director	Responsible for providing independent advice on the operations and management of our Group	Nil	Nil
Mr. Chow Ming Sang (周明笙)	48	March 14, 2022	March 14, 2022	Independent non-executive Director	Responsible for providing independent advice on the operations and management of our Group	Nil	Nil

Members of our senior management

Name	Age	Date of Joining our Group	Date of appointment to current position	Existing position in our Group	Roles and responsibilities in our Group	Relationship with Redco Group	Relationship with other Directors and senior management
Mr. Jiang Yue (姜玥) .	50	June 2020	March 2021	General manager of property management department	Responsible for overall management of our property management business	Nil	Nil
Ms. Lin Mei (林梅) .	51	January 2016	March 2021	Deputy general manager of property management department	Responsible for daily operation management of our property management business	Nil	Nil
Mr. Xiang Guoxiang (向國祥)	38	July 2016	March 2021	General manager of IT department	Responsible for overall operation management of our information technology services	Nil	Nil
Mr. Hui Chunyu (惠春雨)	40	December 2013	December 2013	General manager of financial management center	Responsible for finance and accounting matters of our Group	Nil	Nil
Mr. Mu Yuansong (穆遠松)	37	August 2020	August 2020	General manager of the internal control and legal department	Responsible for regulatory compliance and internal control of our Group	Nil	Nil

Non-executive Director

Mr. Huang Ruoqing (黃若青), aged 53, was appointed as our Director on February 10, 2021 and was re-designated as our non-executive Director and appointed as the chairman of our Board on June 1, 2021, where he is primarily responsible for providing guidance and formulation of strategies for the overall development of our Group. Mr. Huang is also one of our Controlling Shareholders. Mr. Huang is the father of Ms. Huang, our executive Director. He is also the uncle of Ms. Wong, our executive Director.

Mr. Huang has over 30 years of experience in the real estate industry in the PRC. Prior to joining our Group, from August 1990 to May 1994, Mr. Huang worked as an architecture designer, assistant architect and project manager successively in Quanzhou Construction Design Institute (泉州市建築設計院), an institution primarily engaged in building design, where he was primarily responsible for building design, geological survey and prospecting. Mr. Huang joined Redco Group in May 1994 and has been an executive director and president of Redco Properties since January 2014. Mr. Huang is also currently a director of certain subsidiaries of Redco Properties.

Mr. Huang was a director or supervisor of (i) Quanzhou Fengze Lida Real Estate Development Co., Ltd. (泉州市豐澤區力達房地產開發有限公司) and (ii) Quanzhou Lifeng Industry Trade Co., Ltd. (泉州力豐工貿有限公司), each a company established in the PRC, prior to their respective dissolution by way of revocation of business license on February 20, 2005. The dissolution of each company was due to absence of business activities and failure to attend to the annual inspection. Mr. Huang confirmed that each of the aforementioned companies was solvent prior to their dissolutions, and there was no wrongful act on his part leading to the dissolution. Mr. Huang is also not aware of any actual or potential claim that has been or will be made against him as a result of each dissolution.

Mr. Huang was appointed as a visiting professor at Jiangxi University of Finance and Economics (江西財經大學) from November 2015 to November 2018 and a visiting professor at School of Architecture & Urban Planning, Shenzhen University (深圳大學建築與城市規劃學院) in the PRC in September 2020.

Mr. Huang has received multiple awards in recognition of his experience in the real estate industry. He was named as one of the "CIHAF new leaders of the China's real estate industry" (CIHAF中國房地產新領軍人物) by China International Real Estate & Architectural Technology Fair (中國國際房地產與建築科技展覽會) in 2015, the "2015 Boao fashion icon of the China's real estate industry" (博鰲2015中國地產風尚人物) by Organizing Committee of 2015 Bo'ao Real. Estate Forum (博鰲房地產論壇組委會) in August 2015, the "2019 China Top 10 CEOs of the listed real estate companies" (2019中國房地產上市公司十大金牌CEO) by China Index Academy (中國指數研究院) in May 2019 and the "2020 China Influential Figure in Real Estate Industry of the Year" (2020中國年度影響力地產人物) by the Guandian Index Academy (觀點指數研究院) in August 2020.

Mr. Huang obtained a bachelor's degree in architecture from Huaqiao University (華僑大學) in the PRC in July 1990.

Executive Directors

Mr. Tang Chengyong (唐承勇), aged 58, was appointed as our Director on February 10, 2021 and was re-designated as our executive Director on June 1, 2021. Mr. Tang joined our Group as the president of UG Management in April 2008 and is primarily responsible for supervising the overall management and operations of our Group. He is also a director of our various subsidiaries.

Mr. Tang has over 28 years of experience in the real estate industry in the PRC. From 1993 to 2001, Mr. Tang worked for Jiangsu Province Supply and Marketing Cooperative (Group) Company (江蘇省供銷社(集團)總公司), a company primarily engaged in property development, with his last position as the deputy general manager and the deputy head of the department of economic development, where he was primarily responsible for real estate projects. In August 2001 Mr. Tang joined the Redco Group as a general manager of Yantai Redco Development Co., Ltd. (煙台力高置業有限公司), a real estate development company indirectly owned by Redco Properties, where he was primarily responsible for the daily operations of the company. From May 2006 to February 2012, Mr. Tang was successively appointed as the general manager of Jiangxi Man Wo Property Development Co., Ltd. (江西萬和房地產開發有限公司), Jiangxi Redco Property Development Co., Ltd. (江西力高房地產開發有限公司), Redco Development (Jiangxi) Co., Ltd. (力高置業(江西)有限公司), Shandong Redco Real Estate Development Co., Ltd. (山東力高房地產開發有限公司) and the vice president of Redco (China) Real Estate Co., Ltd. (力高(中國)地產有限公司), where he was primarily responsible for the daily operations of the companies and overseeing real estate projects. Since October 2013, Mr. Tang has been serving as a director of Redco Properties and was re-designated as an executive director in January 2014.

Mr. Tang obtained a bachelor's degree in engineering from Shenyang Institute of Architectural Engineering (瀋陽建築工程學院) in the PRC in July 1986.

Ms. Wong Yin Man (黃燕雯), aged 30, was appointed as our Director on February 10, 2021 and was re-designated as our executive Director on June 1, 2021. She is primarily responsible for the operational management and development of our Group. Ms. Wong joined our Group as an assistant to the president of UG Management in September 2015. Ms. Wong is the niece of Mr. Huang, our Controlling Shareholder, non-executive Director and the chairman of our Board.

Ms. Wong obtained a bachelor's degree in urban planning from Peking University (北京大學) in the PRC in July 2015.

Ms. Huang Yanqi (黃燕琪), aged 26, was appointed as our Director on February 10, 2021 and was re-designated as our executive Director on June 1, 2021. She is primarily responsible for the brand management and formulation and implementation of business strategies of our Group. Ms. Wong joined our Group as an assistant to the president of Shenzhen Redco Kang'an Health Management Co., Ltd. (深圳力高康安健康管理有限公司), a subsidiary of our Group engaged in the provision of healthcare services, in May 2018. Ms. Huang is the daughter of Mr. Huang, our Controlling shareholder, a non-executive Director and the chairman of our Board.

Ms. Huang obtained a bachelor's degree in environment and interior design from the Hong Kong Polytechnic University in Hong Kong in September 2018 and a master's degree in food design and innovation from Scuola Politecnica di Design (米蘭工業設計學院) in Italy in December 2019.

Independent non-executive Directors

Mr. Lau Yu Leung (劉與量), aged 69, was appointed as our independent non-executive Director on March 14, 2022 and he is responsible for providing independent advice on the operations and management of our Group.

Mr. Lau has over 25 years of experience in corporate governance. From November 1978 to May 1993, Mr. Lau worked in Hyaline Shipping (HK) Co. Ltd. (海豐船務(香港)有限公司), a company principally engaged in shipping business, with his last position as a deputy managing director, where he was primarily responsible for overseeing the operation of vessels liner and cargo handling services.

Mr. Lau found the Group of Ever Harvest Group Holdings Limited (永豐集團控股有限公司) in 1993, and since October 2015, Mr. Lau has been serving as an executive director and the chairman of the board of Ever Harvest Group Holdings Limited (永豐集團控股有限公司), a waterborne trade and freight service providers in the PRC whose shares are listed on the Main Board of the Stock Exchange (stock code: 1549), where he is primarily responsible for the overall strategic planning, development, decision making on important matters, important investment strategies and management of senior executives.

Mr. Lau also serves in a number of positions in various organizations and associations in Hong Kong and the PRC. Mr. Lau serves as a committee member of the 9th, 10th and 11th Chinese People's Political Consultative Conference in the Fujian Province, the PRC (中國人民政治協商會議福建省委員會) ("**Fujian CPPCC**"), and a member of the Standing Committee of the 11th Fujian CPPCC. Mr. Lau is also a committee member of the 7th and 8th Chinese People's Political Consultative Conference in the Licheng District, Quanzhou Municipality, Fujian Province, the PRC (中國人民政治協商會議福建省泉州市鯉城區委員會). In April 2008, Mr. Lau was appointed as the permanent honorary president of The Fukienese Association Limited (香港福建同鄉會有限公司). In August 2009, Mr. Lau was appointed as the permanent honorary president of Hong Kong Quanzhou Clans United Association (香港泉州市同鄉總會). In March 2011, Mr. Lau was appointed as the permanent honorary president of Hong Kong Quanzhou Associations Limited (香港泉州同鄉會有限公司). In March 2013, Mr. Lau was appointed as the vice-president of Association of Hong Kong Quanzhou Charity Promotion Limited (香港泉州慈善促進總會有限公司). In November 2013, Mr. Lau was appointed as the vice-chairman of Hong Kong Federation of Fujian Associations Limited (香港福建社團聯會有限公司). In April 2014, Mr. Lau was appointed as the president of Hong Kong CPPCC of Fujian Association Limited (福建省港區政協委員聯誼會有限公司).

Mr. Lau was a director of (i) Haida Shipping Company Limited (開達船務有限公司), (ii) Star Ocean Logistics Limited (海星物流有限公司) and (iii) Best Base Logistics Limited (德基物流有限公司), each a private company incorporated in Hong Kong, prior to their respective dissolution by way of deregistration on August 22, 2003, August 25, 2017 and April 4, 2019 respectively. Each of the aforementioned companies was dissolved due to cessation of business. Mr. Lau confirmed that each of the aforementioned companies was solvent prior to their dissolutions, and there was no wrongful act on his part leading to the dissolution. Mr. Lau is also not aware of any actual or potential claim that has been or will be made against him as a result of such dissolution.

Mr. Lau received a medal of honour (榮譽勳章) from the Hong Kong Government in July 2011.

Mr. Sze Irons (施榮懷), *B.B.S., J.P.*, aged 60, was appointed as our independent non-executive Director on March 14, 2022 and he is responsible for providing independent advice on the operations and management of our Group.

Since March 1984, Mr. Sze has been serving as a director of Hang Tung Resources Holding Limited, a private company in Hong Kong principally engaged in property investment, import and export trading, provision of management services and shares investment, where he has been primarily responsible for the day-to-day management of the business operations and the overall strategic planning of the company.

In addition, Mr. Sze currently holds directorships in the following listed companies:

Name of company	Principal business	Place of listing and stock code	Position	Period of service
Jianzhong Construction Development Limited (建中建設發展有限公司)	Construction firm	Main Board of the Stock Exchange (stock code: 0589)	Independent non-executive director	February 2020 to present
Best Mart 360 Holdings Limited (優品360控股有限公司)	Leisure food retailer	Main Board of the Stock Exchange (stock code: 2360)	Independent non-executive director	December 2018 to present
ST International Holdings Company Limited (智紡國際控股有限公司)	Functional knitted fabrics supplier	Growth Enterprise Market of the Stock Exchange (stock code: 8521)	Independent non-executive director	April 2018 to present
Chevalier International Holdings Limited (其士國際集團有限公司)	Property Developer in Hong Kong	Main Board of the Stock Exchange (stock code: 0025)	Independent non-executive director	November 2016 to present
Continental Holdings Limited (恒和珠寶集團有限公司)	Jewellery retailer	Main Board of the Stock Exchange (stock code: 0513)	Independent non-executive director	October 2008 to present

Mr. Sze was appointed as a non-executive director of two companies listed on the Stock Exchange, including, (i) China Weaving Materials Holdings Limited (stock code: 3778), a company principally engaged in the manufacturing of yarn products, from May 2011 to June 2019; and (ii) Bel Global Resources Holdings Limited (stock code: 761) since February 2017. The trading in the shares of Bel Global Resources Holdings Limited had been suspended since 4 July 2011 and the listing of the shares was cancelled by the Stock Exchange with effect from 24 August 2018.

Mr. Sze was a director of a number of private companies which were incorporated in Hong Kong and dissolved by way of (i) deregistration; (ii) striking off by the Registrar of Companies of Hong Kong pursuant to section 291 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) prior to its repeal and replacement on 3 March 2014 by the Companies (WUMP) Ordinance (the "**Predecessor Companies Ordinance**"); or (iii) creditors' voluntary winding up pursuant to section 248 of the Predecessor Companies Ordinance. The details of the dissolution of such companies are particularized below:

	Company name	Principal business activity	Date of dissolution	Means of dissolution	Reasons for dissolution
1	Jack King Limited (崑崙有限公司)	No business operation	9 February 2001	Deregistration *(Note 1)*	Ceased to carry out business
2	Glory Hall Properties Limited (國鴻置業有限公司)	No business operation	21 September 2001	Striking off *(Note 2)*	Ceased to carry out business
3	Best Liaison International Limited (順鷹國際有限公司)	No business operation	6 September 2002	Striking off *(Note 2)*	Ceased to carry out business
4	King Mate (H.K.) Limited (帝業(香港)有限公司)	No business operation	6 September 2002	Striking off *(Note 2)*	Ceased to carry out business
5	Realgood International Investment Limited (利好國際投資有限公司)	No business operation	6 September 2002	Striking off *(Note 2)*	Ceased to carry out business
6	Grandrays Precision Products Limited (輝旺工業有限公司)	No business operation	11 October 2002	Striking off *(Note 2)*	Ceased to carry out business
7	Sun Fortune Properties Limited (信祥置業有限公司)	No business operation	20 June 2003	Striking off *(Note 2)*	Ceased to carry out business
8	Yan Tung Investment Limited (燕通投資有限公司)	No business operation	20 June 2003	Striking off *(Note 2)*	Ceased to carry out business
9	Flamingo Property Agency Limited (紅旗地產代理有限公司)	No business operation	4 March 2005	Deregistration *(Note 1)*	Ceased to carry out business
10	Berco Group Company Limited (保高集團有限公司)	No business operation	13 April 2007	Deregistration *(Note 1)*	Ceased to carry out business
11	Treasure Properties Limited (達威置業有限公司)	Property development	3 August 2007	Creditors' voluntary winding up *(Note 3)*	Creditors' voluntary winding up
12	Capital Hall (Hong Kong) Limited (加豪(香港) 有限公司)	No business operation	12 February 2010	Deregistration *(Note 1)*	Ceased to carry out business
13	CMA Marketing Solutions Limited (香港中華廠商聯合會市場策劃及推廣有限公司)	Marketing, public relations, event management and advertising services	15 July 2016	Deregistration *(Note 4)*	Ceased to carry out business
14	Supreme Bright Development Company Limited (浚盈發展有限公司)	No business operation	25 November 2016	Deregistration *(Note 4)*	Ceased to carry out business
15	Grandwin Century Investment Company Limited (領豐世紀投資有限公司)	No business operation	21 December 2018	Deregistration *(Note 4)*	Ceased to carry out business

Notes:

1. Deregistration in this context refers to deregistration under the Predecessor Companies Ordinance.

2. Under section 291 of the Predecessor Companies Ordinance, a company will be struck off if the Registrar of Companies in Hong Kong has reasonable cause to believe that a company is not carrying on business or in operation.

3. Pursuant to section 228A of the Predecessor Companies Ordinance, where the directors of a company resolved that the company cannot by reason of its liabilities continue its business, they may deliver to the Registrar of Companies in Hong Kong a winding-up statement, appoint a provisional liquidator and call of a creditor's meeting within 28 days from the delivery of the winding-up statement. A liquidator will be appointed at the creditor's meeting. Pursuant to section 248 of the Predecessor Companies Ordinance, after all the affairs of the company have been fully wound up and the liquidator has filled the final accounts and final return to the Registrar of Companies in Hong Kong, the company will be dissolved on the expiration of three months from the registration of such final accounts and final return by the Registrar of Companies in Hong Kong.

   Mr. Sze was a director of Treasure Properties Limited, a company incorporated in Hong Kong with limited liability on 7 April 1994. He was one of its director and shareholder since its incorporation. On 11 May 2004, the directors of Treasure Properties Limited filed a statement with the Companies Registry pursuant to section 228A(1) of the Predecessor Companies Ordinance to commence a voluntary winding up of Treasure Properties Limited. Treasure Properties Limited was subsequently dissolved on 3 August 2007.

4. Deregistration in this context refers to deregistration under the Companies (WUMP) Ordinance.

Mr. Sze confirmed that save and except for Treasure Properties Limited, all of the aforementioned companies were solvent at the time of the dissolution. Mr. Sze also confirmed that there was no wrongful act on his part leading to the dissolution, nor is he aware of any actual or potential claim that has been or will be made against him as a result of such dissolution. Regarding Treasure Properties Limited, Mr. Sze confirmed that all liquidation documents had already been filed, and the liquidation process of Treasure Properties Limited has been completed and that there was no outstanding unresolved issue relating thereto, and no action had been brought by the creditors or court against him in his capacity as a director of Treasure Properties Limited.

Mr. Sze was a director or legal representative or chairman of the following companies prior to their respective dissolution:

	Company name	Place and date of incorporation	Principal business activity	Date of dissolution	Means of dissolution	Reasons for dissolution
1	Hunan Gangxiang Apartment Management Co., Ltd. (湖南港湘公寓管理有限公司)	PRC, Hunan August 29, 2018	Property management	December 10, 2020	Deregistration	Ceased to carry out business
2	Hunan Zhenghuai Real Estate Co., Ltd. (湖南正懷置業有限責任公司)	PRC, Hunan August 29, 2018	Property development	December 10, 2020	Deregistration	Ceased to carry out business
3	Hunan Yishan Construction Property Management Co., Ltd. (湖南一山建物業管理有限責任公司)	PRC, Hunan August 29, 2018	Property management	December 10, 2020	Deregistration	Ceased to carry out business
4	Hunan Rongtong Chemical Fiber Company Limited (湖南榮通化纖有限公司)	PRC, Hunan March 24, 2000	Fiber Products manufacturer	June 20, 2006	Deregistration	Ceased to carry out business
5	Hunan Zhiyue Media Co., Ltd. (湖南芝越傳媒有限公司)	PRC, Hunan October 10, 2018	Event planning services	April 30, 2019	Deregistration	Ceased to carry out business
6	Hengtong (Xinyang) Energy Saving Materials Company Limited (恒通(信陽)節能環保材料有限公司)	PRC, Henan December 20, 2011	Manufacturing environmental friendly materials	July 5, 2018	Deregistration	Ceased to carry out business
7	Hunan Gangxiang Commercial Trading Co., Ltd. (湖南港湘商貿有限公司)	PRC, Hunan August 29, 2018	Wholesale trade	May 23, 2019	Deregistration	Ceased to carry out business
8	Wuxi Hengtong Chemical Fiber Co., Ltd. (無錫恒通化纖有限公司)	PRC, Jiangsu October 8, 1993	manufacturing and sales of nylon yarn products	January 26, 2005	Revocation of business licence	No business activities and did not attend to annual inspection

Mr. Sze confirmed that each of the aforementioned companies was solvent with no outstanding liabilities arising from any material non-compliance incidents, claims, litigations or proceedings arising from their operations immediately prior to their dissolutions and there was no wrongful act on his part leading to the dissolution. Mr. Sze is also not aware of any actual or potential claim that has been or will be made against him as a result of such dissolution.

Mr. Sze obtained his bachelor's degree in science from the University of Wisconsin-La Crosse in the United States in May 1985. He was the deputy director of the Population, Resources and Environment Committee of the National Committee（全國政協人口資源環境委員會副主任）, a member of the Beijing Committee of the Chinese People's Political Consultative Conference（中國人民政治協商會議北京市委員會委員）and a member of the HKSAR Labour Advisory Board during the period from 2021 to 2022. He is currently the permanent honorary president of the Chinese Manufacturers' Association of Hong Kong and has been a member of the HKSAR Election Committee since 2006. Mr. Sze was appointed as the Justices of the Peace and awarded the Bronze Bauhinia Star (銅紫荊星章) by the Government of the HKSAR in 2011 and 2015, respectively.

Mr. Chow Ming Sang (周明笙), aged 48, was appointed as our independent non-executive Director on March 14, 2022 and he is responsible for providing independent advice on the operations and management of our Group.

Mr. Chow has over 14 years of experience in accounting, corporate financial management and corporate governance. From January 2007 to September 2018, he served as an advisory partner of Ernst & Young (China) Advisory Limited (安永(中國)企業諮詢有限公司), where he was primarily responsible for managing the risk advisory sub-service line's strategic growth and development in various regions of the PRC. From September 2018 to June 2019, he served as the general manager of risk & control department of Tahoe Group, Beijing Branch (泰禾集團股份有限公司北京分公司), a property developer in the PRC, whose shares are listed on the Shenzhen Stock Exchange (stock code: 000732), where he was primarily responsible for risk management of the company. Since July 2019, Mr. Chow has been serving as a director and the general manager of Beijing Xinshi Anye Management Consulting Co., Ltd. (北京信實安業管理諮詢有限公司), a consulting firm in the PRC, where he has been primarily responsible for strategic planning and the overall management of the company.

In addition, Mr. Chow currently holds the following directorships in the following listed companies:

Name of company	Principal business	Place of listing and stock code	Position	Period of service
Teamway International Group Holdings Limited	Investment holding company	Main Board of the Stock Exchange (stock code: 1239)	Independent non-executive director	June 2019 to present
China Rundong Auto Group Limited (中國潤東汽車集團有限公司)	Automobiles dealer	Main Board of the Stock Exchange (stock code: 1365)	Independent non-executive director	December 2020 to present
China Modern Dairy Holdings Ltd. (中國現代牧業控股有限公司) . .	Production and sale of raw milk	Main Board of the Stock Exchange (stock code: 1117)	Independent non-executive director	July 2021 to present

From 2014 to 2016, Mr. Chow was the Committee Member of The Internal Controls General Standards Committee of The Ministry of Finance (PRC) (中國財政部內部控制標準委員會委員). He is currently serving as a supervisor of Shenzhen Youth Development Foundation (深圳市青少年發展基金).

Mr. Chow obtained his bachelor's degree in accounting from the Hong Kong University of Science and Technology (香港科技大學) in Hong Kong in November 1995. He has been a Certified Internal Auditor (註冊內部審計師) since November, 2003 and received the Certification of Fund Practice Qualification (基金從業資格證書) from the Asset Management Association of China (中國證券投資基金業協會) in April, 2019. He is currently a fellow member of the Hong Kong Institute of Certified Public Accountants (香港會計師公會) and the Association of Chartered Certified Accountants (特許公認會計師公會).

SENIOR MANAGEMENT

Mr. Jiang Yue (姜玥), aged 50, joined our Group as the chairman of UG Management in June 2020 and was appointed as the general manager of the property management department of our Group in April 2021. He is primarily responsible for overall management of our property management business.

Mr. Jiang has over 19 years of experience in the real estate industry in the PRC. From April 2002 to June 2015, he worked in China Evergrande Group (中國恒大集團) (formerly known as Evergrande Real Estate Group Limited (恒大地產集團有限公司)), a property developer in the PRC whose shares are listed on the Main Board of the Stock Exchange (stock code: 3333), with his last position as the chairman of Chengdu Branch of the group, where he was primarily responsible for the overall management and operation. From July 2015 to March 2019, he served as the vice president of Guangzhou Aoyuan Property Services Company Limited (廣州奧園物業服務有限公司), where he was primarily responsible for the management of the daily operation of the property management services business and the commercial operational services business. From December 2018 to January 2020, he served as a general manager of the property affairs department of Fujian Zhonggeng Property Management Co., Ltd. Shanghai Branch (福建省中庚物業管理有限公司上海分公司), a property developer in the PRC where he was primarily responsible for supervising the overall management and business operations.

Mr. Jiang has received multiple awards in recognition of his experience in the real estate industry. He was named as one of the "Top Ten Outstanding Professional Managers of Guangdong Province" (廣東省十大傑出職業經理人) by The Professional Managers Association of Guangdong (廣東省職業經理人協會) in 2015. He was also honored as "2015-2016 Guangdong Province Top 10 Property Management Elite" (2015-2016年度廣東省物業服務管理十佳人物) by China Enterprise News Network (中國企業新聞網), Asia Pacific Economic Times (亞太經濟時報社) and Guangdong Academy of Social Sciences Enterprise Research Institute (廣東省社會科學院企業研究所) in July 2016 and "2014 — 2016 Outstanding Elite in Guangdong Property Management Industry" (廣東省物業管理行業2014年-2016年傑出人物) by Guangdong Property Management Industry Institute (廣東省物業管理行業協會) in September 2016.

Mr. Jiang obtained his master's degree in business management from Asia Metropolitan University (亞洲城市大學) in Malaysia in December 2017. He obtained his National Property Management Manager Certificate (全國物業管理企業經理崗位證書) from the Personnel Education Department of the Housing and Real Estate Department of the Ministry of Construction (建設部住宅與房地產業司) in February 2002 and has been a certified property manager (物業管理師) as certified by the Ministry of Personnel (中華人民共和國人力資源和社會保障部)) and Ministry of Housing and Urban-Rural Development (中華人民共和國住房和城鄉建設部) in December 2013.

Ms. Lin Mei (林梅), aged 51, joined our Group as the general manager of UG Management in April 2008 and was appointed as the deputy general manager of the property management department of our Group in April 2021. She is primarily responsible for daily operation management of our property management business.

Ms. Lin has over 20 years of experience in the real estate industry in the PRC. From March 1995 to August 2002, she served as a project manager in Xiamen Lianfa Group Property Management Co., Ltd. (廈門聯發(集團)物業服務有限公司), a property developer in the PRC and a subsidiary of Xiamen C&D Inc. (廈門建發股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 600153), where she was primarily responsible for overseeing the property management business of the company.

Ms. Lin was recognized as the March 8th Red-Banner Pacesetter (三八紅旗手) by the Women's Federation of Zhifu District, Yantai City (煙台市芝罘區婦女聯合會) in 2013 and 2016. She was also awarded the title of "Outstanding Member of the People's Political Consultative Conference" (優秀政協委員) by Yantai Zhifu District Committee (政協煙台市芝罘區委員會) in January 2019 and received the "Love Dedication Award" (愛心奉獻獎) released by Federation of Industry and Commerce of Zhifu District of Yantai City (煙台市芝罘區工商業聯合會) in June 2020.

Ms. Lin obtained her bachelor's degree in economics and management from Xiamen University (廈門大學) in the PRC in December 2000 and completed the "Senior Economic Management for President Leadership Workshop" in Tsinghua University (清華大學) in the PRC in April 2010.

Mr. Xiang Guoxiang (向國祥), aged 38, joined our Group as the general manager of the information technology department of UG Management in July 2016 and was appointed as the general manager of the IT department of our Group in April 2021. He is primarily responsible for overall operation management of our information technology services.

From August 2006 to May 2011, Mr. Xiang served as a project manager of Shenzhen Etomorrow Technology Development Co., Ltd. (深圳市矽谷明天科技發展有限公司), a company engaged in the sales and development of software, where he was primarily responsible for software project management. From June 2012 to December 2015, he served as the process IT deputy director of Coastal Realty Investment (China) Limited (沿海地產投資(中國)有限公司), a subsidiary of Coastal Greenland Limited (沿海綠色家園有限公司), a property developer in the PRC whose shares are listed on the Main Board of the Stock Exchange (stock code: 1124), where he was primarily responsible for building the information system.

Mr. Xiang obtained his bachelor's degree in food science and engineering from Hubei Minzu University (湖北民族大學) (formerly known as Hubei Institute for Nationalities (湖北民族學院)) in the PRC in June 2006 and his master's degree in business administration from Sun Yat-sen University (中山大學) in the PRC in June 2020. Mr. Xiang successfully completed the Training Certificate Program in Project Management Body of Knowledge with Shenzhen Talent Collection Consulting Co., Ltd. in September 2013.

Mr. Hui Chunyu (惠春雨), aged 40, joined our Group as a general manager of finance department in December 2013. He is primarily responsible for finance and accounting matters of our Group.

Mr. Hui has over 17 years of experience in the real estate industry in the PRC. From June 2004 to July 2007, he served as an accounting in Shanghai Jinming Investment Group Co., Ltd. (上海金明投資集團有限公司), a property developer in the PRC, where he was primarily responsible for accounting and financial analysis. From October 2007 to October 2013, he successively served as an accountant in Shenzhen Fantasia Real Estate Group Co., Ltd. (深圳市花樣年地產集團有限公司) (formerly known as Shenzhen Fantasia Investment Development Co., Ltd. (深圳市花樣年投資發展有限公司) and a senior financial management specialist in Fantasia Group (China) Company Limited (花樣年集團(中國)有限公司), both being the subsidiaries of Fantasia Holdings Group Co., Limited (花樣年控股集團有限公司), a property developer in the PRC whose shares are listed on the Main Board of the Stock Exchange (stock code: 1777), where he was primarily responsible for financial forecast, auditing and financial analysis.

Mr. Hui obtained his bachelor's degree in accounting from Tongji University (同濟大學) in the PRC in July 2004. He has been certified as an intermediate accountant (中級會計師) by Human Resource and Social Security Department of Guangdong Province (廣東省人力資源和社會保障廳) in January 2014.

Mr. Mu Yuansong (穆遠松), aged 37, joined our Group as the general manager of the internal control and legal department in August 2020. He is primarily responsible for regulatory compliance and internal control of our Group.

From August 2011 to February 2013, Mr. Mu served as an associate at Jiangsu Jinyi Law Firm (江蘇金易律師事務所), where he was primarily responsible for providing legal services to clients. From April 2013 to January 2020, he served as the general manager of the capital securities department of Wuzhou International Holdings Limited (五洲國際控股有限公司), formerly known as Wuzhou International Development Limited (五洲國際發展有限公司), a property developer in the PRC whose shares were listed in the Main Board of the Stock Exchange (stock code: 1369), where he was primarily responsible for legal, compliance and regulatory matters and financial matters. From March 2020 to June 2020, he served as the department head of the legal department of Anhui Hengtai Real Estate Development Co., Ltd. (安徽省恒泰房地產開發有限責任公司), a property developer in the PRC, where he was primarily responsible for managing legal matters of the company.

Mr. Mu obtained his bachelor's degree in English from Baicheng Normal University (白城師範學院) in the PRC in July 2008 and his master's degree in law in Soochow University (蘇州大學) in the PRC in June 2011. Mr. Mu passed the fundamentals of securities market examination (證券市場基礎知識考試) issued by the Securities Association of China (中國證券業協會) in September 2012 and was qualified as a lawyer issued by the Jiangsu Provincial Department of Justice (江蘇省司法庭) in November 2012. He also obtained the certificate of Secretary of the Board (董事會秘書資格證書) issued by the Shenzhen Stock Exchange in July 2014, completed a training course for senior managers of listed companies (上市公司高級管理人員培訓班)

with the Shenzhen Stock Exchange in August 2016, completed an examination in the basic knowledge of securities and investment funds (證券投資基金基礎知識考試) issued by the Asset Management Association of China (中國證券投資基金業協會) in September 2018 and obtained the qualification to act as a futures practitioner (期貨從業人員資格) in November 2018.

JOINT COMPANY SECRETARIES

Mr. Mu Yuansong (穆遠松) was appointed as one of our joint company secretaries on June 1, 2021. For details of his background, see "Senior Management" in this section above.

Ms. Szeto Kar Yee Cynthia (司徒嘉怡) was appointed as one of our joint company secretaries on June 1, 2021. Ms. Szeto has more than 12 years of professional and in-house experience in the company secretarial field. She works in the listing services department of TMF Hong Kong Limited and is responsible for providing corporate secretarial and compliance services to listed company clients. She is currently a company secretary or joint company secretary of Inke Limited (stock code: 3700), Ming Yuan Cloud Group Holdings Limited (stock code: 909), First Service Holding Limited (stock code: 2107), Medive Technology Co., Ltd. (stock code: 2192), Prinx Chengshan Holdings Limited (stock code: 1809) and UNQ Holdings Limited (stock code: 2177).

Ms. Szeto obtained a bachelor's degree of Arts in Language Studies with Business from the Hong Kong Polytechnic University in November 2004 and a master's degree of Science in Professional Accounting and Corporate Governance from City University of Hong Kong in July 2012, both the university are located in Hong Kong. She is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

BOARD COMMITTEES

Our Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group's activities.

Audit Committee

Our Group has established the Audit Committee on March 14, 2022 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3.3 of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. The Audit Committee consists of three members, namely, Mr. Lau Yu Leung, Mr. Sze Irons, *B.B.S., J.P.* and Mr. Chow Ming Sang. Mr. Chow Ming Sang has been appointed as the chairman of the Audit Committee as he has the appropriate professional qualifications or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The primary duties of the Audit Committee include, but are not limited to, (i) reviewing and supervising our financial reporting process and internal control system of our Group, risk management and internal audit; (ii) providing advice and comments to our Board; and (iii) performing other duties and responsibilities as may be assigned by our Board.

Remuneration Committee

Our Group has established the Remuneration Committee on March 14, 2022 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1.2 of the CG Code as set out in Appendix 14 to the Listing Rules. The Remuneration Committee consists of three members, namely Mr. Lau Yu Leung, Mr. Sze Irons, *B.B.S., J.P.* and Mr. Tang Chengyong. Mr. Tang Chengyong has been appointed as the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include, but are not limited, to (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 member; 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 has established the Nomination Committee on March 14, 2022 with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3.1 of the CG Code as set out in Appendix 14 to the Listing Rules. The Nomination Committee consists of three members, namely Mr. Huang, Mr. Sze Irons, *B.B.S., J.P.* and Mr. Lau Yu Leung. Mr. Huang has been appointed as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include, but are not limited to, (i) reviewing the structure, size and composition of our Board 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, re-appointment and removal of our Directors and succession planning for our Directors.

BOARD DIVERSITY POLICY

Our Board has adopted a board diversity policy which sets out the objective and approach to achieve diversity of our Board. Our Group recognizes the benefits of having a diversified Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of our Group's strategic objectives and sustainable development. Our Group seeks to achieve diversity of our Board through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, education background, gender, age and ethnicity. We will continue to implement measures and steps to promote and enhance gender diversity at all levels of our Group. We will select potential Board candidates based on merit and his/her potential contribution to our Board while taking into account our board diversity policy and other factors. Our Group will also take into consideration our own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

Our Board comprises of seven members, including two female Directors. Our Directors have a balanced mix of experiences, including property development, finance, auditing and accounting experiences. They obtained degrees in various majors including but without limitation to business administration, public administration, economic and trading, corporate finance, language and social science. Furthermore, our Board has a wide range of age, ranging from 25 years old to 68 years old. We have taken and will continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. We have taken and will continue to take steps to promote gender diversity at all levels of our Company, including but 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 [REDACTED], our Nomination Committee will review the board diversity policy and its implementation from time to time to ensure its implementation and monitor its continued effectiveness, and the same will be disclosed in our corporate governance report in accordance with the Listing Rules after [REDACTED].

COMPLIANCE ADVISOR

Our Company has appointed UOB Kay Hian (Hong Kong) Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise our Company in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including shares issues and share repurchases;
- where our Company proposes to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this Document or where our business activities, developments or results deviate from any forecast, estimate or other information in this Document; and
- where the Stock Exchange makes an inquiry of our Company under Rule 13.10 of the Listing Rules.

The term of the appointment of our compliance advisor shall commence on the [REDACTED] and end on the date on which our Company distribute our annual report in respect of our financial results for the first full financial year commencing after the [REDACTED].

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Company in the form of fees, salaries, bonuses and other benefits in kind such as contributions to pension plans.

The aggregate remuneration (including salaries, allowances and benefits in kind, pension scheme contributions and social welfare) paid to our Directors for the years ended December 31, 2018, 2019 and 2020 and the nine months ended September 30, 2021 was nil, nil, nil and RMB94,000, respectively. Save as disclosed above, no other amounts have been paid or are payable by any member of our Group to our Directors during the Track Record Period.

The aggregate amount of salaries, allowances and benefits in kind, pension scheme contributions and social welfare paid to our five highest paid individuals in respect of the years ended December 31, 2018, 2019, and 2020 and the nine months ended September 30, 2021 was approximately RMB2.1 million, RMB2.7 million, RMB2.7 million and RMB3.8 million, respectively.

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the years ended December 31, 2018, 2019 and 2020 and the nine months ended September 30, 2021. Further, none of our Directors had waived or agreed to waive any remuneration during the same periods.

Under the arrangement currently in force, the aggregate remuneration (including fees, salaries, contributions to pension schemes, bonus, share-based payments, retirement benefits scheme, allowances and other benefits in kind) of our Directors for the year ending December 31, 2022 is estimated to be no more than RMB3.5 million.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and will, following the [REDACTED], 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.

CORPORATE GOVERNANCE CODE

Our Company aims to achieve high standards of corporate governance which are crucial to the development and safeguard the interests of our Shareholders. To accomplish this, our Company expects to comply with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules and the associated Listing Rules after [REDACTED].

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, the following persons will, immediately prior to and following the completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED]), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company:

Name of Shareholder	Nature of interest	Shares held immediately prior to the completion of the [REDACTED] and the [REDACTED](1)		Shares held immediately following the completion of the [REDACTED] and [REDACTED](1)	
		Number	Approximate Percentage	Number	Approximate Percentage
TGI	Beneficial owner	4(L)	100%	[REDACTED]	[REDACTED]%
Redco Holdings(2)	Interest in controlled corporation	4(L)	100%	[REDACTED]	[REDACTED]%
Redco Properties(2)	Interest in controlled corporation	4(L)	100%	[REDACTED]	[REDACTED]%
Global Universe(2)	Interest in controlled corporation	4(L)	100%	[REDACTED]	[REDACTED]%
Global Investment(2)	Interest in controlled corporation	4(L)	100%	[REDACTED]	[REDACTED]%
Mr. Wong(2)	Interest in controlled corporation	4(L)	100%	[REDACTED]	[REDACTED]%
Times International(3)	Interest in controlled corporation	4(L)	100%	[REDACTED]	[REDACTED]%
Honour Family(3)	Interest in controlled corporation	4(L)	100%	[REDACTED]	[REDACTED]%
UBS Trustees(3)	Interest in controlled corporation	4(L)	100%	[REDACTED]	[REDACTED]%
Times Properties(3)	Interest in controlled corporation	4(L)	100%	[REDACTED]	[REDACTED]%
Mr. Huang(3)	Interest in controlled corporation	4(L)	100%	[REDACTED]	[REDACTED]%
Sze Kai Fei(4)	Interest of spouse	4(L)	100%	[REDACTED]	[REDACTED]%
Fan Huili (5)	Interest of spouse	4(L)	100%	[REDACTED]	[REDACTED]%

Notes:

(1) The letter "L" denotes the person's long position in our Shares.

(2) TGI is wholly-owned by Redco Holdings, which in turn is wholly-owned by Redco Properties. Redco Properties is owned as to approximately 39.76% by Global Universe and 0.33% by Global Investment, which in turn are directly wholly-owned by Mr. Wong. By virtue of the SFO, each of Redco Holdings, Redco Properties, Global Universe and Mr. Wong is deemed to be interested in the Shares in which TGI is interested.

(3) Times International is wholly-owned by Honour Family. Honour Family is wholly-owned by UBS Trustees as trustee of the Honour Family Trust. Mr. Huang is the settlor of Honour Family Trust. Times Properties is wholly-owned by Mr. Huang. Mr. Wong is the brother of Mr. Huang and both Mr. Wong and Mr. Huang have agreed to act in concert with each other. Each of Times International, Honour Family, UBS Trustees, Times Properties and Mr. Huang is deemed to be interested in the Shares in which TGI is interested.

(4) Sze Kai Fei is the spouse of Mr. Wong. By virtue of the SFO, Sze Kai Fei is deemed to be interested in the Shares in which Mr. Wong is interested.

(5) Fan Huili is the spouse of Mr. Huang. By virtue of the SFO, Fan Huili is deemed to be interested in the Shares held by Mr. Huang.

If the [REDACTED] is fully exercised, the beneficial interest of each of TGI, Redco Holdings, Redco Properties, Global Universe, Global Investment, Mr. Wong, Times International, Honour Family, UBS Trustees, Times Properties, Mr. Huang and Ms. Sze Kai Fei will be approximately 72.29%.

Save as disclosed above and in "Appendix IV — Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders", our Directors are not aware of any person who will, immediately following the completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED]), have beneficial interests or short positions in any Shares or underlying Shares, which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the issued voting shares of any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and following the completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED]):

		Nominal value (HK$)
Authorized share capital:		
1,000,000,000	Shares of HK$0.1 each	100,000,000
Issued and to be issued, fully paid or credited as fully paid:		
4	Shares in issue as of the date of this document	0.4
[REDACTED]	Shares to be issued pursuant to the [REDACTED]	[REDACTED]
[REDACTED]	Shares to be issued under the [REDACTED]	[REDACTED]
200,000,000	**Total**	20,000,000

ASSUMPTIONS

The above table assumes that the [REDACTED] becomes unconditional and the Shares are issued pursuant to the [REDACTED] and [REDACTED] are made. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED] 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 [REDACTED] 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 document 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 document save for the entitlement under the [REDACTED].

GENERAL MANDATES TO ALLOT AND ISSUE AND TO REPURCHASE SHARES

Subject to the [REDACTED] becoming unconditional, general mandates have been granted to our Directors to allot and issue Shares and to repurchase Shares. See "Statutory and General Information — A. Further Information about Our Company — 4. Written Resolutions of Our Shareholder passed on March 14, 2022" in Appendix IV to this document for details of such general mandates.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which carries the same right as 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 for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for 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 document.

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 in Appendix I to this document. 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 document 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 document.

OVERVIEW

We are a property management service provider with a leading position in Jiangxi Province and a service network strategically covering core regions such as the Yangtze River Delta Region, the Greater Bay Area, the Bohai Rim Region and the Central China Region. We have been recognized as one of the Top 100 Property Management Companies in terms of overall strength by CIA since 2018, and our ranking has risen from 68th in 2018 to 40th in 2021. As of September 30, 2021, we had a total of 91 projects under management with an aggregate GFA under management of 15.1 million sq.m., and had been contracted to manage 133 projects with an aggregate contracted GFA of 23.5 million sq.m. located in 28 cities across 11 provinces, municipalities and autonomous regions in China.

We provide diversified services through three business lines, namely property management services, value-added services to non-property owners and community value-added services. Our portfolio of managed properties comprises residential properties and non-residential properties, which primarily includes commercial properties, such as office buildings and shopping street, and public facilities. We have maintained a long-standing strategic business relationship with Redco Group. During the Track Record Period, for each of our business lines, a significant portion of our revenue was derived from properties developed by Redco Group and its joint ventures or associates. See "Business — Our Strengths — Strategic business relationship with Redco Group and fast-growing business development capabilities."

We are committed to be a "dual butler" for our customers, namely lifestyle butler and healthcare butler. Leveraging our intelligent and digitalized technology service platform, we continuously enhance our operating efficiency and customer experience. We were awarded the 2020 Leading Property Management Companies with Specialized Service Operation and 2020 Property Management Companies with Outstanding Customized Services (Healthcare Services) by CIA.

We achieved steady growth during the Track Record Period in terms of business scale. Our GFA under management increased from 5.9 million sq.m. as of December 31, 2018 to 7.4 million sq.m. as of December 31, 2019, to 13.5 million sq.m. as of December 31, 2020, and further to 15.1 million sq.m. as of September 30, 2021. Our contracted GFA increased from 9.9 million sq.m. as of December 31, 2018 to 13.4 million sq.m. as of December 31, 2019, to 20.1 million sq.m. as of December 31, 2020, and further to 23.5 million sq.m. as of September 30, 2021.

Our revenue increased from RMB124.3 million in 2018 to RMB180.8 million in 2019, and further to RMB221.6 million in 2020, representing a CAGR of 33.5%. Our revenue increased by 62.5% from RMB160.3 million for the nine months ended September 30, 2020 to RMB260.5 million for the same period in 2021. Our profit for the year increased from RMB11.1 million in 2018 to RMB29.8 million in 2019, and further to RMB44.0 million in 2020, representing a CAGR of 99.1%. Our profit for the period decreased by 16.2% from RMB32.8 million for the nine months ended September 30, 2020 to RMB27.5 million for the same period in 2021.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands with limited liability on February 10, 2021. In preparation for the [REDACTED], we underwent the Reorganization, as detailed in "History, Reorganization and Corporate Structure." See "Appendix I — Accountant's Report" for more information on the basis of preparation of our financial information included herein.

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 document and those discussed below:

Our GFA under Management

During the Track Record Period, we generated a majority of our revenue from property management services, which amounted to RMB82.7 million, RMB104.6 million, RMB136.0 million, RMB92.7 million and RMB147.7 million, respectively, for 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, accounting for approximately 66.5%, 57.9%, 61.3%, 57.9% and 56.7% of our total revenue for the same periods, respectively. Accordingly, our business and results of operations depend on our ability to maintain and increase our GFA under management, which in turn is affected by our ability to secure new and renew existing property management service agreements. During the Track Record Period, we experienced a steady growth in our GFA under management, which was 5.9 million sq.m., 7.4 million sq.m., 13.5 million sq.m. and 15.1 million sq.m. as of December 31, 2018, 2019 and 2020 and September 30, 2021, respectively.

We believe our ability to secure property management service agreements is critical to our capabilities in sustainably expanding the scale of our business operations. As of December 31, 2018, 2019 and 2020 and September 30, 2021, the GFA under our management from properties developed by Redco Group accounted for 85.8%, 83.2%, 55.8% and 56.3% of our total GFA under management as of the same dates, respectively. We have made continuous efforts to enlarge our project portfolio to include properties developed by Independent Third Parties by both organic growth and acquisitions, with a view to generating additional revenue from extra sources and diversifying our project portfolio. As a result, we have experienced a continuous growth in our GFA under management from properties developed by Independent Third Parties during the Track Record Period, which accounted for approximately 14.2%, 16.8%, 43.2% and 42.9% of our total GFA under management as of December 31, 2018, 2019 and 2020 and September 30, 2021, respectively. The increasing relative proportion of projects developed by Independent Third Parties has helped diversify our project portfolio and we will continue to source management contracts for properties developed by Independent Third Parties. However, please see "Risk Factors—Risks Relating to Our Business and Industry—We cannot assure you that we can secure new or renew our existing property management service agreements on favorable terms, or at all" for further discussion.

Our Branding and Pricing Ability

Our financial condition and results of operations are affected by our ability to 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 brand value in pricing our services, while taking into account factors such as project size, location and other property characteristics, market price, expected cost of sales, target profit margins, property owners' and residents' profiles and the required scope and standard of our services. We also balance considerations such as competition, profitability and the effect such projects will have in shaping and preserving our image as a quality property management service provider. We generally charge higher prices for higher quality services as they cost more to provide. For example, we may set higher prices for certain services we provide, which primarily target mid- to high-end projects. Please see "Business—Competitive Strengths—Strong business development and market expansion capabilities underpinned by quality service and high customer satisfaction rates" and "Business—Business Strategies—Continue to provide diversified value-added services and upgrade community facilities, with a focus on customer satisfaction and to improve customer loyalty" for more information. 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 profit for the year/period 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 a hypothetical decrease in average property management fees for property management services on our revenue and profit for the year/period, assuming all other factors remain unchanged:

	For the year ended December 31,			For the nine months ended September 30,	
	2018	2019	2020	2020	2021
			RMB'000		
				(unaudited)	
Profit for the year/period	11,122	29,804	44,010	32,822	27,535
Assuming 5% decrease in our average property management fees					
Decrease in revenue from our property management service business	(4,134)	(5,232)	(6,798)	(4,637)	(7,385)
Decrease in profit for the year/period	(3,078)	(3,896)	(5,062)	(3,453)	(5,499)
Assuming 10% decrease in our average property management fees					
Decrease in revenue from our property management service business	(8,269)	(10,464)	(13,595)	(9,274)	(14,771)
Decrease in profit for the year/period	(6,157)	(7,792)	(10,123)	(6,905)	(10,999)

We strive to continuously standardize and enhance our property management services, and we may experience increases in costs from time to time. To help maintain or improve our profit margins, we endeavor to maintain or raise our property management fee rates when renewing the expiring property management service agreements. Our ability to raise our fee rates will be impacted by our ability to uphold and enhance our branding and by any pricing controls imposed by the relevant PRC authorities. We also endeavor to reduce our reliance on manual labor and improve our management efficiency to reduce cost. Our ability to reduce cost will be impacted by our ability to effectively adopt technological solutions.

Business Mix and Ability to Grow our New Businesses

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 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 business lines or change in profit margin of any business line may have a corresponding impact on our overall gross profit margin. We acquired Wuhu Senlin, Shenzhen Zhongtian and Weiye International on December 31, 2020, December 17, 2020 and December 30, 2020, respectively. The revenue and net profit after tax contributed by these entities in 2020 were minimal as these acquisitions were completed in proximity to the end of 2020. As a result, the profit and loss and cash flow of these entities were not consolidated with our Group in 2020, while their balance sheets were consolidated. The table sets forth below a breakdown of revenue and gross profit margin by business line for the periods indicated:

	For the year ended December 31,									For the nine months ended September 30,					
	2018			2019			2020			2020			2021		
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin
	RMB'000	RMB'000	%	RMB'000	RMB'000	%	RMB'000	RMB'000	%	RMB'000	RMB'000	%	RMB'000	RMB'000	%
											(Unaudited)				
Property management services . . .	82,688	12,487	15.1	104,636	22,997	22.0	135,954	38,211	28.1	92,736	26,221	28.3	147,710	36,554	24.7
Value-added services to non-property owners . . .	20,714	5,835	28.2	49,072	21,169	43.1	61,210	27,341	44.7	51,554	23,515	45.6	70,178	29,685	42.3
Community value-added services . . .	20,849	7,790	37.4	27,067	11,739	43.4	24,446	11,250	46.0	15,978	7,758	48.6	42,571	20,464	48.1
Total	**124,251**	**26,112**	**21.0**	**180,775**	**55,905**	**30.9**	**221,610**	**76,802**	**34.7**	**160,267**	**57,495**	**35.9**	**260,459**	**86,703**	**33.3**

In general, the gross profit margins of our value-added services to non-property owners and community value-added services were higher than that of our property management services during the Track Record Period, which was primarily because value-added services to non-property owners and community value-added services were less labor-intensive. The overall gross profit margin generally increased from 2018 to 2020, primarily attributable to the economies of scale as a result of continuous expansion of our properties under management. The slight decrease in our overall gross profit margin from the nine months ended September 30, 2020 to the same period in 2021 was primarily due to (i) the one-off exemption of RMB3.4 million from making a portion of social insurance contributions we received in the nine months ended September 30, 2020 and (ii) a decrease in gross profit margin of the property management services as a result of a decrease in the average property management fee from RMB1.6 per month per sq.m. in the nine months ended September 30, 2020 to RMB1.4 per month per sq.m. in the same period of 2021 due to our acquisition of Wuhu Senlin in December 2020 in which the projects had relatively lower property management fees. See "—Description of Certain Consolidated Statements of Profit or Loss—Gross Profit and Gross Profit Margin" for more discussion on the fluctuation in our gross profit margins during the Track Record Period.

The growth of our financial conditions and results also depends on our ability to grow our new businesses, namely information technology services and community healthcare services. In particular, our ability to expand our customer bases and enhance our brand name in these areas affects our future profitability.

Ability to Mitigate the Impact of Rising Labor Costs

Since property management is labor intensive, employee benefit expenses are a major portion of our cost of sales. During the Track Record Period, our labor costs increased considerably as a result of the expansion of our business, increases in our average salary and increases in the market prices for labor. In 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, our employee benefit expenses recorded under our cost of sales were RMB48.6 million, RMB68.5 million, RMB80.1 million, RMB56.3 million and RMB93.9 million, respectively, accounting for 49.5%, 54.8%, 55.3%, 54.7% and 54.0%, respectively, of our cost of sales in the same periods. In 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, our subcontracting costs amounted to approximately RMB21.8 million, RMB20.5 million, RMB23.7 million, RMB16.8 million and RMB27.4 million, respectively, representing approximately 22.2%, 16.4%, 16.4%, 16.4% and 15.8% of our total cost of sales for the same periods, respectively. To cope with rising labor costs, we continue to implement a number of cost control measures including utilizing information technology to optimize operating efficiency, optimizing resource allocation and staffing structure and standardizing operational procedures associated with our various services to improve efficiency while maintaining service quality.

For illustrative purposes only, we set out below a hypothetical sensitivity analysis of our cost of sales, as well as profit for the year/period indicated with reference to the fluctuation of our staff and subcontracting costs during the Track Record Period, while all other factors remain unchanged:

	For the year ended December 31,			For the nine months ended September 30,	
	2018	**2019**	**2020**	**2020**	**2021**
			RMB'000		
				(unaudited)	
Profit for the year/period	11,122	29,804	44,010	32,822	27,535
Assuming 5% increase in our staff costs and subcontracting costs					
Impact on cost of sales	3,980	5,008	5,924	3,655	6,064
Impact on profit for the year/period	(2,985)	(3,756)	(4,443)	(2,741)	(4,548)
Assuming 10% increase in our staff costs and subcontracting costs					
Impact on cost of sales	7,959	10,016	11,848	7,309	12,127
Impact on profit for the year/period	(5,969)	(7,512)	(8,886)	(5,482)	(9,095)

Ability to Implement our Acquisition Strategy

In December 2020, we acquired Wuhu Senlin, which contributed to our business growth and results of operations. However, we may not be able to achieve desired strategic objectives or the expected return on investment from such acquisitions. We plan to continue to make strategic acquisitions in the future. To implement our acquisition strategy, we need to allocate additional capital and human resources. However, we may not be able to identify suitable opportunities and complete acquisitions in a timely manner on terms that allow us to achieve reasonable return, or at all. In addition, the acquisitions may not achieve the anticipated synergy and improve our results of operations as expected. 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."

Competition

We primarily compete against large national property management companies. According to CIA, Redco Groups' market position as a leading property developer in the PRC real estate industry provides a strong foundation for our growth. In recent years, the percentage of our GFA under management for properties developed by Redco Group to our overall portfolio has decreased, while the percentage of our GFA under management for properties developed by Independent Third Parties has increased. This demonstrates that while we continue to enjoy the support from Redco Group, we are also capable of independently searching for and taking advantage of market opportunities. According to CIA, we were recognized as one of the Top 100 Property Management Companies since 2008. Please see "Business—Competition" and "Industry Overview—Competition" for more information. Our ability to compete effectively against our competitors and continue to improve our market position depends on our ability to enhance our competitive strengths and successfully implement our growth strategies. If we fail to compete effectively and grow our GFA under management, we may lose our existing market position and experience decreased revenue and weakened profitability.

SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

When reviewing our consolidated financial statements, you should consider (i) our significant accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies and (iii) the sensitivity of reported results to changes in conditions and assumptions. Our significant accounting policies, judgments and estimates, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Note 2 in the Accountant's Report in Appendix I, respectively, to this document. We set forth below those accounting policies and estimates that we believe involve the most significant estimates and judgments used in the preparation of our financial statements.

Revenue recognition

Revenues are recognized when or as the control of the goods or services to transferred to the customer. Depending on the terms and the laws that apply to contract control of the goods and services may be transferred overtime or point in time.

A receivable is recognized when we have an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. If the services rendered by us exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

(i) *Property management services*. Revenue from providing services is recognized in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by us.

We bill a fixed amount for services provided on a monthly basis and recognize as revenue in the amount to which we have a right to invoice and that corresponds directly with the value of performance completed.

We receive property management services income on a monthly or lump sum basis, where we act as a principal and are primary responsible for providing the property management services to the property owners. We are entitled to revenue at the value of property management services fee received or receivable and recognize all related property management costs as our cost of service.

(ii) *Value-added services to non-property owners*. Value-added services to non-property owners mainly include pre-sale management services, preliminary planning and design consultancy services, inspection and cleaning at the pre-delivery stage. We reach an agreement with the customers regarding the price for each service upfront and issue bills to the customers which varies based on the progressive billing schedule specified in the contracts. Revenue is recognized when the value-added services are rendered. For information technology services, revenue from the provision of software solution is recognized over a period of time using the time-based method; revenue from intelligent construction services is reorganized based on the percentage of work performed.

(iii) *Community value-added services*. Community value-added services mainly include carpark sales agency services, advertising services, move-in furnishing services and home-living services. Revenue is recognized when the related community value-added services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customers.

For other value-added services, including resident services, common area management services and operation and advertisement, revenue is recognized when the other related value-added services are rendered. Payment of the transaction is due immediately when the other related value-added services are rendered to the customers. For community healthcare services, revenue from clinic services is recognized in the accounting period in which the related services are rendered and is recognized over the period of the time by reference to the time-based method towards complete satisfaction of stand-ready performance obligation; revenue from health consultation services is charged on an annual basis at a fixed fee. See Note 2 in the Accountant's Report in Appendix I to this document for details.

Intangible assets

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units ("CGUs") that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Amortization methods and periods

We amortize intangible assets with a finite useful life using the straight-line method over the following periods:

Customer Relationship	7 years
Property Management Contracts	3 - 4 years
Service Contracts	1 - 2 years
Computer software	5 years

Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). 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.

Leases

Payments associated with short-term leases of staff quarters are recognized on a straight-line basis as an expense in the consolidated statements of profit or loss. Short-term leases are leases with a lease term of 12 months or less and without a purchase option.

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 that we will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the consolidated statements of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) ***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 we and our subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) ***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 realized or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where we are able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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 realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in the consolidated statements of profit or loss, except to the extent that it relates to items recognized in the consolidated statements of comprehensive income or directly in equity. In this case, the tax is also recognized in the consolidated statements of comprehensive income or directly in equity, respectively.

DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENTS OF PROFIT OR LOSS ITEMS

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future year/period.

	For the year ended December 31,			For the nine months ended September 30,	
	2018	2019	2020	2020	2021
			RMB'000		
				(unaudited)	
Revenue	124,251	180,775	221,610	160,267	260,459
Cost of sales	(98,139)	(124,870)	(144,808)	(102,772)	(173,756)
Gross profit	26,112	55,905	76,802	57,495	86,703
Other gains, net	804	2,290	3,465	1,023	3,900
Selling and marketing expenses	—	(1,011)	(2,111)	(1,531)	(3,211)
Administrative expenses	(11,936)	(16,807)	(19,858)	(13,184)	(43,637)
Net reversal of/(provision for) impairment losses of financial assets	185	165	(1,441)	(796)	(3,245)
Operating profit	15,165	40,542	56,857	43,007	40,510
Finance income	74	195	151	127	233
Finance costs	—	—	—	—	(507)
Finance income/(costs), net	74	195	151	127	(274)
Share of profits of investments accounted for using the equity method	24	72	913	665	1,576
Profit before income tax	15,263	40,809	57,921	43,799	41,812
Income tax expense	(4,141)	(11,005)	(13,911)	(10,977)	(14,277)
Profit for the year/period	11,122	29,804	44,010	32,822	27,535
Profit for the year/period attributable to					
Owners of the Company	10,586	27,903	39,612	30,563	22,266
Non-controlling interests	536	1,901	4,398	2,259	5,269
	11,122	29,804	44,010	32,822	27,535

We acquired Wuhu Senlin on December 31, 2020, and its financial performance and cash flow as of and for the nine months ended September 30, 2021 was consolidated with the financial performance and cash flow of our Group. The following table sets forth the key operational and financial information of Wuhu Senlin as of the dates or for the periods indicated:

	As of or for the year ended December 31,			As of or for the nine months ended September 30,	
	2018	2019	2020	2020	2021
Operational Information of Wuhu Senlin					
Number of projects	16	23	25	25	27
GFA under management (sq.m million)	2.6	4.0	4.5	4.5	5.2
Average property management fee (RMB per sq.m. per month)	0.93	0.91	0.92	0.92	0.92
Financial Information of Wuhu Senlin					
		(Unaudited)			*(Audited)*
Revenue (RMB'000)	14,173	17,847	22,470	9,971	43,055
Gross profit (RMB'000)	2,582	5,790	8,277	1,028	9,935
Profit for the period (RMB'000)	133	532	1,648	(846)	6,020

The following table sets forth the key consolidated statements of profit or loss items of the Group for the nine months ended September 30, 2020 and 2021, the respective profit or loss items of Wuhu Senlin for the nine months ended September 30, 2021, and the respective profit or loss items of the Group for the nine months ended September 30, 2021 excluding the effects of the acquisition of Wuhu Senlin:

	The Group		Wuhu Senlin	The Group (excluding the effects of the acquisition of Wuhu Senlin)
	For the nine months ended September 30,			
	2020	2021	2021	2021
		(A)	(B)	(A-B)
	(RMB'000)			
	(Unaudited)	*(Audited)*	*(Audited)*	*(Unaudited)*
Revenue	160,267	260,459	43,055	217,404
Cost of sales	(102,772)	(173,756)	(33,119)	(140,637)
Gross Profit	57,495	86,703	9,935	76,768
Gross Profit Margin	35.9%	33.3%	23.1%	35.3%
Selling and marketing expenses	(1,531)	(3,211)	—	(3,211)
Administrative expenses	(13,184)	(43,637)	(2,473)	(41,168)
Profit for the period	32,748	27,535	6,020	21,515

Revenue

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

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

	For the year ended December 31,						For the nine months ended September 30,			
	2018		2019		2020		2020		2021	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Property management services										
Redco Group	7,080	5.6	8,720	4.8	3,954	1.8	3,394	2.1	5,466	2.1
Redco Group's joint ventures and associates	—	—	—	—	—	—	—	—	—	—
Independent Third Parties	75,608	60.9	95,916	53.1	132,000	59.6	89,342	55.7	142,244	54.6
Subtotal	**82,688**	**66.5**	**104,636**	**57.9**	**135,954**	**61.4**	**92,736**	**57.8**	**147,710**	**56.7**
Value-added services to non-property owners										
Redco Group	20,714	16.7	46,482	25.7	53,656	24.2	45,689	28.5	63,755	24.5
Redco Group's joint ventures and associates	—	—	2,590	1.4	7,554	3.4	5,865	3.7	4,356	1.7
Independent Third Parties	—	—	—	—	—	—	—	—	2,067	0.8
Subtotal	**20,714**	**16.7**	**49,072**	**27.1**	**61,210**	**27.6**	**51,554**	**32.2**	**70,178**	**26.9**
Community value-added services										
Redco Group	1,874	1.5	8,436	4.7	2,447	1.1	2,234	1.4	13,142	5.0
Redco Group's joint ventures and associates	—	—	—	—	—	—	—	—	40	0.0
Independent Third Parties	18,975	15.3	18,631	10.3	21,999	9.9	13,743	8.6	29,389	11.3
Subtotal	**20,849**	**16.8**	**27,067**	**15.0**	**24,446**	**11.0**	**15,977**	**10.0**	**42,571**	**16.3**
Total	**124,251**	**100.0**	**180,775**	**100.0**	**221,610**	**100.0**	**160,267**	**100.0**	**260,459**	**100.0**

Revenue from property management services

Our property management services primarily include cleaning, security, greening, public area maintenance services and other property management related services. In 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, our revenue from our property management services amounted to RMB82.7 million, RMB104.6 million, RMB136.0 million, RMB92.7 million and RMB147.8 million, respectively, accounting for 66.5%, 57.9%, 61.3%, 57.9% and 56.7% of our total revenue for the same periods, respectively. The growth in our revenue from 2018 to 2020 was primarily driven by the increases in our total GFA under management as a result of our business expansion, which increased from 5.9 million sq.m. as of December 31, 2018 to 7.4 million sq.m. as of December 31, 2019, and further to 13.5 million sq.m. (which includes the GFA under management of 4.5 million sq.m. upon acquisition of Wuhu Senlin in December 2020, while its revenue was not consolidated with the Group in 2020) as of December 31, 2020. The number of properties under our management increased from 39 as of December 31, 2018 to 50 as of December 31, 2019, and further to 86 as of December 31, 2020. The growth in revenue from 2018 to 2020 was also driven, to a lesser extent, by a slight increase in our average property management fee for residential properties, from RMB1.6 per sq.m. per month in 2018 and 2019 to RMB1.7 per sq.m. per month in 2020. The increase in revenue from the nine months ended September 30, 2020 to the same period in 2021 was primarily driven by the expansion of property projects developed by Independent Third Parties upon our acquisition of Wuhu Senlin in December 2020, partially offset by the decrease in our average property management fee for residential properties to RMB1.4 per sq.m. per month for the nine months ended September 30, 2021 from RMB1.6 per sq.m. per month in the same period of 2020.

Property management fees may be charged on either a lump sum or a commission basis. During the Track Record Period, we charged property management fees under the lump sum basis for substantially all of properties under our management, with the remainder charged on commission basis. According to CIA, the lump-sum fee model is the dominant method of collecting property management fees in China. It dispenses with certain collective decision-making procedures among property owners and residents for making large expenditures, which would be required under the commission fee model. 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 for the foreseeable future.

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

	As of or for the year ended December 31,									As of or for the nine months ended September 30,					
	2018			2019			2020			2020			2021		
	GFA under management	Revenue		GFA under management	Revenue		GFA under management	Revenue		GFA under management	Revenue		GFA under management	Revenue	
	sq.m.'000	RMB'000	%	sq.m.'000	RMB'000	%	sq.m.'000	RMB'000	%	sq.m.'000	RMB'000 (Unaudited)	%	sq.m.'000	RMB'000	%
Lump sum basis	5,769	76,932	93.0	7,233	98,154	93.8	13,299	129,113	95.0	8,263	88,589	95.5	13,766	143,437	97.1
Commission basis	180	5,756	7.0	180	6,482	6.2	180	6,841	5.0	180	4,146	4.5	180	4,273	2.9
Total	**5,949**	**82,688**	**100.0**	**7,413**	**104,636**	**100.0**	**13,479**	**135,954**	**100.0**	**8,443**	**92,736**	**100.0**	**13,946**	**147,710**	**100.0**

During the Track Record Period, we derived the majority of our property management services revenue from managing properties developed by Redco Group. In 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, revenue from property management services provided to properties developed by Redco Group amounted to RMB79.9 million, RMB97.8 million, RMB122.9 million, RMB84.8 million and RMB102.0 million, respectively, accounting for approximately 96.7%, 93.4%, 90.4%, 91.5% and 69.1%, respectively, of our total revenue derived from property management services for the same periods. The decrease in the percentage of total revenue from providing property management services to properties developed by Redco Group during the Track Record Period reflected our continuous efforts to expand our customer base and to manage more properties developed by Independent Third Parties.

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

	As of or for the year ended December 31,									As of or for the nine months ended September 30,					
	2018			2019			2020			2020			2021		
	GFA under management	Revenue		GFA under management	Revenue		GFA under management	Revenue		GFA under management	Revenue		GFA under management	Revenue	
	sq.m.'000	RMB'000	%	sq.m.'000	RMB'000	%	sq.m.'000	RMB'000	%	sq.m.'000	RMB'000	%	sq.m.'000	RMB'000	%
											(unaudited)				
Properties developed by Redco Group .	5,105	79,937	96.7	6,165	97,781	93.4	7,526	122,863	90.3	7,069	84,811	91.5	8,474	102,023	69.1
Properties developed by Redco Group's joint ventures and associates .	—	—	—	—	—	—	126	1,306	1.0	126	840	0.9	126	1,901	1.3
Properties developed by Independent Third Parties[1] . . .	844	2,751	3.3	1,248	6,855	6.6	5,827	11,785	8.7	1,248	7,084	7.6	6,463	43,785	29.6
Total	**5,949**	**82,688**	**100.0**	**7,413**	**104,636**	**100.0**	**13,479**	**135,954**	**100.0**	**8,443**	**92,736**	**100.0**	**15,063**	**147,710**	**100.0**

Note:

(1) We acquired Wuhu Senlin on December 31, 2020, which added 25 projects with a total GFA under management of approximately 4.5 million sq.m. to our existing GFA under management and made it reach approximately 13.5 million sq.m. as of December 31, 2020. The financial performance and cash flows of Wuhu Senlin as of and for the nine months ended September 30, 2021 was included in our Group's consolidated financial statements.

During the Track Record Period, a majority of our revenue from property management services was derived from residential properties, which accounted for 94.6%, 94.0%, 94.1%, 94.2% and 93.0%, respectively, of our total revenue from property management services in 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021. We have made continuing efforts to diversify our property portfolio to also cover non-residential properties, including commercial properties and public facilities. The table below sets forth a breakdown of our GFA under management as of the dates indicated, revenue from property management services and gross profit margin for the periods indicated, by type of property:

	As of or for the year ended December 31,												As of or for the nine months ended September 30,							
	2018				2019				2020				2020				2021			
	GFA under management	Revenue		Gross Profit Margin	GFA under management	Revenue		Gross Profit Margin	GFA under management	Revenue		Gross Profit Margin	GFA under management	Revenue		Gross Profit Margin	GFA under management	Revenue		Gross Profit Margin
	sq.m.'000	RMB'000	%	%	sq.m.'000	RMB'000	%	%	sq.m.'000	RMB'000	%	%	sq.m.'000	RMB'000	%	%	sq.m.'000	RMB'000	%	%
														(Unaudited)						
Residential properties	5,845	78,264	94.6	15.3	7,310	98,341	94.0	22.2	13,022	127,880	94.1	28.4	8,190	87,176	94.0	28.7	14,606	137,410	93.0	24.6
Non-residential properties	103	4,424	5.4	12.2	103	6,295	6.0	19.3	457	8,074	5.9	23.7	253	5,559	6.0	21.3	457	10,299	7.0	26.9
Total	**5,949**	**82,688**	**100.0**	**15.1**	**7,413**	**104,636**	**100.0**	**22.0**	**13,479**	**135,954**	**100.0**	**28.1**	**8,443**	**92,736**	**100.0**	**28.3**	**15,063**	**147,710**	**100.0**	**24.7**

The following table sets forth our average monthly property management fees for residential properties by the nature of developer for the periods indicated:

	For the year ended December 31,			For the nine months ended September 30,	
	2018	2019	2020	2020	2021
	RMB per sq.m. per month				
Properties developed by Redco Group	**1.7**	**1.7**	**1.7**	**1.7**	**1.7**
Yangtze River Delta Region	1.3	1.3	1.3	1.3	1.3
Central China Region	1.6	1.6	1.6	1.6	1.6
Greater Bay Area Region	3.8	3.7	3.2	3.2	3.2
Bohai Rim Region	1.9	1.9	2.0	2.0	2.0
Properties developed by Redco Group's joint ventures and associates	**—**	**—**	**2.8**	**2.6**	**2.9**
Yangtze River Delta Region	—	—	—	—	—
Central China Region	—	—	2.8	2.6	2.9
Greater Bay Area Region	—	—	—	—	—
Bohai Rim Region	—	—	—	—	—
Properties developed by Independent Third Parties	**1.2**	**1.2**	**1.2**	**1.1**	**1.0**
Yangtze River Delta Region	—	—	—	—	0.9
Central China Region	—	1.0	1.1	1.1	1.3
Greater Bay Area Region	—	—	—	—	—
Bohai Rim Region	1.2	1.2	1.2	1.2	1.2
Overall average property management fee	**1.6**	**1.6**	**1.7**	**1.6**	**1.4**

The average property management fee of residential properties developed by Redco Group was generally higher than those of residential properties developed Independent Third Parties during the Track Record Period, mainly attributable to their high-end type, such as villas, and optimal locations. For example, Redco Sunshine Beach (力高陽光海岸), a high-end residential project under our management developed by Redco Group, is located near the coastline in Tianjin and features spacious floor plans and ocean view. For such high-end projects, we charged higher residential property management fees as they required more labor input and followed higher service standards, which directly drove up the average property management fees of residential properties developed by Redco Group. In addition, the properties developed by Redco Group were relatively newer and were more concentrated in first-and second-tier cities, whereas properties developed by Independent Third Parties were more concentrated in second-and third-tier cities. Also, properties developed by Independent Third Parties comprised certain government resettlement housing projects, for which the property management fees were typically at a low level. We charged one residential property developed by Redco Group's joint venture since 2020, which was a villa (with a portion of ground shops) and located in Nanchang in close proximity to a transportation hub and a top-tier school, and thus, commanded higher average property management fee than that of Redco Group and Independent Third Party property developers. For details, see "Business—Property Management Services—Property management fees."

To facilitate our management, we divide our geographic coverage into four major regions in China, namely, the Yangtze River Delta Region, the Central China Region, the Greater Bay Area Region and the Bohai Rim Region. The table below sets forth a breakdown of our total GFA under management as of the dates, revenue from property management services and gross profit margin for the periods indicated by geographic region:

	As of or for the year ended December 31,												As of or for the nine months ended September 30,							
	2018				2019				2020				2020				2021			
	GFA under management	Revenue		Gross Profit Margin	GFA under management	Revenue		Gross Profit Margin	GFA under management	Revenue		Gross Profit Margin	GFA under management	Revenue		Gross Profit Margin	GFA under management	Revenue		Gross Profit Margin
	sq.m.'000	RMB'000	%	%	sq.m.'000	RMB'000	%	%	sq.m.'000	RMB'000	%	%	sq.m.'000	RMB'000	%	%	sq.m.'000	RMB'000	%	%
														(Unaudited)						
Yangtze River Delta Region(1)	1,204	15,049	18.2	6.2	1,272	16,159	15.4	19.9	6,278	17,897	13.2	17.7	1,628	13,134	14.2	18.5	6,998	48,019	32.5	20.1
Central China Region(2)	2,361	36,091	43.6	14.0	2,989	43,636	41.7	16.3	3,385	53,808	39.6	22.1	3,348	39,664	42.8	24.1	3,626	45,379	30.7	25.9
Greater Bay Area Region(3)	191	6,406	7.8	8.3	281	8,652	8.3	16.9	366	12,463	9.2	21.7	366	9,570	10.3	23.4	366	9,574	6.5	26.3
Bohai Rim Region(4)	2,192	25,142	30.4	23.8	2,871	36,189	34.6	31.0	3,450	51,786	38.0	39.5	3,101	30,368	32.7	39.0	4,073	44,738	30.3	28.2(5)
Total	**5,948**	**82,688**	**100.0**	**15.1**	**7,413**	**104,636**	**100.0**	**22.0**	**13,479**	**135,954**	**100.0**	**28.1**	**8,443**	**92,736**	**100.0**	**28.3**	**15,063**	**147,710**	**100.0**	**24.7**

Notes:

(1) Including Hefei, Quanzhou and Wuhu. We acquired Wuhu Senlin on December 31, 2020, which added 25 projects with a total GFA under management of approximately 4.5 million sq.m. to our existing GFA under management and made it reach approximately 13.5 million sq.m. as of December 31, 2020. The financial performance and cash flows of Wuhu Senlin as of and for the nine months ended September 30, 2021 was included in our Group's consolidated financial statements.

(2) Including Xianyang, Wuhan, Nanchang and Fengcheng.

(3) Including Shenzhen and Zhongshan.

(4) Including Tianjin, Jinan and Yantai.

The gross profit margins for certain geographic areas fluctuated during certain periods of the Track Record Period. Our gross profit margin for Yangtze River Delta increased from 2018 to 2019, because we only had two projects under management in 2018 in this region, whereas we grew our business in this region in 2019, which allowed us to benefit from economies of scale and improved our operational efficiency. Our gross profit margin for Central China Region increased from 2019 to 2020 primarily because we received a one-off exemption from making a portion of social insurance contributions pursuant to local governments' supporting policies in response to the COVID-19 outbreak in 2020. Our gross profit margin for Central China Region increased from the nine months ended September 30, 2020 to the same period in 2021, primarily because two projects delivered during the nine months ended September 30, 2021 were managed by the existing project management teams instead of staffing additional teams, which helped us to enhance our operational efficiency. Our gross profit margin for Bohai Rim Region was relatively lower in 2018 primarily because we incurred more operating costs in the early stage of operations to improve service quality after our acquisition of Yantai Zhongtai in 2016, which held most of our projects within the Bohai Rim Region. Our gross profit margin for Bohai Rim Region decreased from the nine months ended September 30, 2020 to the same period in 2021 because Yantai Zhongtai engaged a quality subcontractor for greening and cleaning services during the nine months ended September 30, 2021, aiming to further enhance the service quality for the property projects under management located in these areas. This led to an increase in cost of sales, and thus, lower gross profit margin in the nine months ended September 30, 2021. Our gross profit margin for Greater Bay Area Region increased from 2018 to 2019 primarily because we began to charge fees for the management of carparks in this region in 2019.

Revenue from value-added services to non-property owners

We provide value-added services to non-property owners, primarily property developers, including (i) pre-sale management services, (ii) pre-delivery services such as inspection and cleaning at the pre-delivery stage, (iii) preliminary planning and design consultancy services and (iv) information technology services. We provide information technology services through Zhongtian Yunlian and its subsidiaries, which our Group acquired on December 17, 2020 and of which the financial performance as of and for the nine months ended September 30, 2021 was consolidated with our Group. See "History, Reorganization and Corporate Structure—Reorganization—1. Acquisition of Zhongtian Yunlian" for details. The increase in our value-added services to non-property owners was generally in line with our business expansion, as well as the acquisition of Zhongtian Yunlian, and the continuous growth in our GFA under management. In particular, revenue derived from preliminary planning and design consultancy services increased from 2018 to 2019 primarily because of an increase in contracts obtained from Redco Group. Also, the revenue we derived from preliminary planning and design consultancy services decreased from the nine months ended September 30, 2020 to the same period in 2021 primarily because of a decrease in contracts obtained from Redco Group. The revenue from pre-delivery services increased from 2019 to 2020 because we obtained more contracts from Redco Group in 2020 than in 2019. The following table sets forth a breakdown of our revenue from value-added services to non-property owners for the periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2018		2019		2020		2020		2021	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Pre-sale management services	14,635	70.7	38,316	78.1	49,508	80.9	41,611	80.7	53,347	76.0
Pre-delivery services	4,748	22.9	4,979	10.1	6,149	10.0	5,026	9.8	2,563	3.7
Preliminary planning and design consultancy services	1,331	6.4	5,777	11.8	5,553	9.1	4,918	9.5	1,610	2.3
Information technology services	—	—	—	—	—	—	—	—	12,658	18.0
Total	**20,714**	**100.0**	**49,072**	**100.0**	**61,210**	**100.0**	**51,554**	**100.0**	**70,178**	**100.0**

The following table sets forth a breakdown of our revenue from value-added services to non-property owners by type of customer for the periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2018		2019		2020		2020		2021	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Redco Group	20,714	100.0	46,482	94.7	53,656	87.7	45,689	88.6	63,755	90.8
Redco Group's joint ventures and associates	—	—	2,590	5.3	7,554	12.3	5,865	11.4	4,356	6.2
Independent Third Parties	—	—	—	—	—	—	—	—	2,067	3.0
Total	**20,714**	**100.0**	**49,072**	**100.0**	**61,210**	**100.0**	**51,554**	**100.0**	**70,178**	**100.0**

Revenue from community value-added services

We provide community value-added services to property owners and residents of the properties managed by us. Our community value-added services primarily consist of (i) common area management services, such as utility management, waste disposal services, public space leasing, carpark management and advertising services, (ii) carpark sales agency services, (iii) turnkey decoration and furnishing services (拎包入住服務) and (iv) home-living services, primarily include services and home repair and maintenance services and (v) community healthcare services. We provide community healthcare services through Weiye International and its subsidiaries, which our Group acquired on December 30, 2020. See "History, Reorganization and Corporate Structure—Reorganization—2. Acquisition of Weiye International" for details. The financial performance of Weiye International as of and for the nine months ended September 30, 2021 was consolidated with our Group. The fluctuation in revenue between 2018 and 2020 primarily reflected the fluctuations of revenue from carpark sales agency services, which was affected by the number of carparks that we assisted in their sales. In 2018, 2019 and 2020, we assisted the sales of 97, 450 and 200 carparks, respectively. The increase in revenue from the nine months ended September 30, 2020 to the same period in 2021 was primarily because of (i) revenue that we started to derive from community healthcare services upon our acquisition of Weiye International; (ii) an increase in revenue from common area management services, as we provided such services to projects acquired from Wuhu Senlin, whose financial performance as of and for the nine months ended September 30, 2021 was consolidated with our Group. Also, as a result of the travel restrictions due to the COVID-19 outbreak, a greater number of cars were parked in the projects under our management in 2020, and we therefore derived increased carpark management fees under the common area management services segment. The following table sets forth a breakdown of our revenue from community value-added services for the periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2018		2019		2020		2020		2021	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Common area management services	18,684	89.6	18,271	67.5	21,097	86.3	13,088	81.9	26,646	62.6
Carpark sales agency services	1,874	9.0	8,436	31.2	2,447	10.0	2,234	14.0	1,946	4.6
Turnkey decoration and furnishing services	169	0.8	322	1.2	650	2.7	473	3.0	680	1.6
Home-living services	121	0.6	38	0.1	252	1.0	183	1.1	716	1.7
Community healthcare services	—	—	—	—	—	—	—	—	12,584	29.5
Total	**20,849**	**100.0**	**27,067**	**100.0**	**24,446**	**100.0**	**15,977**	**100.0**	**42,571**	**100.0**

Cost of Sales

Our cost of sales primarily consists of employee benefit expenses, greening and cleaning expenses, maintenance expenses, utility and security charges among others.

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

	For the year ended December 31,						For the nine months ended September 30,			
	2018		2019		2020		2020		2021	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Employee benefits expenses	48,564	49.5	68,474	54.8	80,084	55.3	56,254	54.7	93,885	54.0
Greening and cleaning expenses	16,942	17.3	20,963	16.8	24,756	17.1	16,234	15.8	23,562	13.6
Maintenance expenses	6,445	6.6	9,378	7.5	8,947	6.2	7,149	7.0	11,371	6.5
Utility	7,862	8.0	7,834	6.3	11,465	7.9	8,273	8.0	11,684	6.7
Security expenses	10,139	10.3	6,604	5.3	5,174	3.6	3,803	3.7	9,273	5.3
Uniform	459	0.5	710	0.6	904	0.6	277	0.3	373	0.2
Community activities expenses	329	0.3	607	0.5	587	0.4	381	0.3	809	0.5
Agency cost	927	0.9	3,292	2.6	4,766	3.3	1,776	1.7	2,410	1.4
Marketing and advertising fee	612	0.6	720	0.6	777	0.5	205	0.2	—	—
Depreciation of property, plant and equipment	404	0.4	498	0.4	520	0.4	462	0.4	2,201	1.3
Business tax and surcharges	628	0.6	849	0.7	958	0.7	760	0.7	1,377	0.8
Entertainment	172	0.2	281	0.2	310	0.2	219	0.2	333	0.2
Office and traveling expenses	1,712	1.7	2,677	2.1	3,569	2.5	3,368	3.3	4,181	2.4
Other	2,945	3.0	1,985	1.6	1,990	1.4	3,613	3.5	4,465	2.6
Consumable goods	—	—	—	—	—	—	—	—	1,482	0.9
Information technology service fee	—	—	—	—	—	—	—	—	1,993	1.1
Amortization of intangible asset	—	—	—	—	—	—	—	—	4,356	2.5
Total	**98,139**	**100.00**	**124,870**	**100.00**	**144,808**	**100.00**	**102,772**	**100.0**	**173,756**	**100.0**

During the Track Record Period, key components of our cost of sales were staff costs, which accounted for 49.5%, 54.8%, 55.3%, 54.7% and 54.0%, respectively, of our total cost of sales in 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, and subcontracting cost, which accounted for 22.2%, 16.4%, 16.4%, 16.4% and 15.8%, respectively, of our total cost of sales in the same periods. The increases in our staff costs during the Track Record Period were mainly due to increases in the number of our personnel in line with our business expansion and increases in the average salary level of our employees. The relatively higher staff cost in absolute amount in the nine months ended September 30, 2021 was primarily due to the acquisition of Wuhu Senlin, which comprised of additional staff costs. Subcontracting costs mainly represent fees paid for the services outsourced to subcontractors. The increases in subcontracting costs during the Track Record Period were mainly due to the increases in our aggregate GFA under management and our enhanced efforts to outsource certain labor-intensive services to qualified subcontractors to reduce our staff costs. Our greening and cleaning expenses increased during the Track Record Period, which was in line with the increase in our GFA under management. Our security expenses represented the subcontracting expense for us to hire third-party security staff. Such security expenses decreased from 2018 to 2020 as we gradually decreased subcontracting security services and the proportion of the security staff who were our own employees increased. Our security expenses increased from the nine months ended September 30, 2020 to the same period in 2021 primarily because we engaged more third-party security staffs for our projects obtained for the acquisition of Wuhu Senlin. We recorded information technology service fee in an amount of RMB2.0 million in the nine months ended September 30, 2021 in connection with the purchase and upgrade various intelligent facilities for a few of our old residential communities in order to enhance our operational efficiency and service quality.

As the property management industry is labor-intensive, substantially all of our cost of sales during Track Record Period were variable costs that would vary depending on the fluctuations in, among others, our GFA under management. Accordingly, we consider all of our cost of sales for the Track Record Period were variable costs except for depreciation of property, plant and equipment. Depreciation of property, plant and equipment in cost of sales accounted for approximately 0.4%, 0.4%, 0.4%, 0.4% and 1.3% of our total cost of sales in 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, respectively. As a result, our gross profit margin largely depends our ability to effectively control variable costs, and we do not expect fixed costs to have a material impact on our gross profit margin.

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

	For the year ended December 31,						**For the nine months ended September 30,**			
	2018		**2019**		**2020**		**2020**		**2021**	
	RMB'000	**%**	**RMB'000**	**%**	**RMB'000**	**%**	**RMB'000** *(unaudited)*	**%**	**RMB'000**	**%**
Property management services	70,200	71.5	81,639	65.4	97,743	67.5	66,515	64.7	111,155	64.0
Value-added services to non-property owners	14,878	15.2	27,903	22.3	33,868	23.4	28,039	27.3	40,493	23.3
Community value-added services	13,060	13.3	15,328	12.3	13,196	9.1	8,219	8.0	22,108	12.7
Total	**98,139**	**100.0**	**124,870**	**100.0**	**144,808**	**100.0**	**102,772**	**100.0**	**173,756**	**100.0**

Gross Profit and Gross Profit Margin

Our overall gross profit margin in 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021 was 21.0%, 30.9%, 34.7%, 35.9% and 33.3%, respectively which was affected by the mix of revenue derived from each of our business lines. The following table sets forth our gross profit and gross profit margin by business line and property developer for the period indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2018		2019		2020		2020		2021	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Property management services	**12,487**	**15.1**	**22,997**	**22.0**	**38,211**	**28.1**	**26,221**	**28.3**	**36,554**	**24.7**
Properties developed by Redco Group	13,473	16.9	21,889	22.4	35,624	29.0	24,454	28.8	26,797	26.3
Properties developed by Redco Group's joint ventures and associates	—	—	—	—	726	55.6	461	54.8	994	52.3
Properties developed by Independent Third Parties	(986)	(35.8)	1,108	16.2	1,862	15.8	1,306	18.4	8,763	20.0
Value-added services to non-property owners	**5,835**	**28.2**	**21,169**	**43.1**	**27,341**	**44.7**	**23,515**	**45.6**	**29,685**	**42.3**
Properties developed by Redco Group	5,835	28.2	20,392	43.9	23,564	43.9	20,641	45.2	22,668	42.4
Properties developed by Redco Group's joint ventures and associates	—	—	777	30.0	3,777	50.0	2,874	49.0	1,876	45.4
Properties developed by Independent Third Parties	—	—	—	—	—	—	—	—	390	32.9
Community value-added services	**7,790**	**37.4**	**11,739**	**43.4**	**11,250**	**46.0**	**7,758**	**48.6**	**20,464**	**48.1**
Properties developed by Redco Group	7,784	37.4	11,619	43.5	10,533	46.5	7,299	48.9	16,733	50.0
Properties developed by Redco Group's joint ventures and associates	—	—	112	34.8	28	35.0	17	35.2	39	35.1
Properties developed by Independent Third Parties	6	50.0	9	50.0	689	40.0	442	43.7	3,691	41.2
Total	**26,112**	**21.0**	**55,905**	**30.9**	**76,802**	**34.7**	**57,495**	**35.9**	**86,703**	**33.3**

The fluctuation in our overall gross profit margin during the Track Record Period mainly reflected (i) the economies of scale as a result of continuous expansion of our services portfolio which drove the increase of the concentration of our projects in certain cities or regions, and further allowed us to consolidate our resources, optimize our labor resources and reduce our costs for employee deployment and costs for new employee recruiting and training, which in turn, enabled us to benefit from project synergies; (ii) our implementation of cost effective measures, such as the installation of integrated intelligent management system to reduce needs of manpower in areas such as patrol, fee collection and customer services, and therefore reduced our labor costs and improved operational efficiency. Our efforts in process standardization, centralized procurement at regional level and streamlining decision making process also contributed to the increase in our profit margin; and (iii) a change in business mix affected by the services under the relevant business line.

Property Management Services

Gross profit margin for our property management services mainly reflects the combined effect of the property management fees we charge for our property management services and our cost of sales for providing such services. The average property management fees that we charge for property management services for residential properties was approximately RMB1.6 per sq.m. per month, RMB1.6 per sq.m. per month, RMB1.7 per sq.m. per month, RMB1.6 per sq.m. per month and RMB1.4 per sq.m. per month in 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, respectively. Our gross profit margin for property management services increased from 2018 to 2019, primarily because of the implementation of cost control measures and greater economies of scale as a result of our business expansion. Our gross profit margin for property management services increased from 2019 to 2020, primarily because of (i) an increase in our average property management fees from RMB1.6 per sq.m. per month in 2019 to RMB1.7 per sq.m. per month in 2020 and (ii) the implementation of cost control measures and greater economies of scale as a result of our business expansion. Our gross profit margin for property management services decreased from the nine months ended September 30, 2020 to the same period in 2021, primarily due to the increase in proportion of revenue derived from properties developed by Independent Third Parties for the nine months ended September 30, 2021 which had a lower gross profit margin. Such increase in proportion of revenue from properties developed by Independent Third Parties was primarily due to our acquisition of Wuhu Senlin in December 2020 which added 25 properties developed by Independent Third Parties under our management. The projects we acquired from Wuhu Senlin had relatively lower property management fees, as such projects were more concentrated in lower tier cities as compared with projects developed by Redco Group and some of the projects managed by Wuhu Senlin were government resettlement housing projects where the average property management fees were typically at a low level.

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

	For the year ended December 31,						For the nine months ended September 30,			
	2018		2019		2020		2020		2021	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Properties developed by Redco Group	13,473	16.9	21,889	22.4	35,624	29.0	24,454	28.8	26,797	26.3
Properties developed by Redco Group's joint ventures and associates	—	—	—	—	726	55.6	461	54.8	994	52.3
Properties developed by Independent Third Parties	(986)	(35.8)	1,108	16.2	1,862	15.8	1,306	18.4	8,763	20.0
Total	**12,487**	**15.1**	**22,997**	**22.0**	**38,211**	**28.1**	**26,221**	**28.3**	**36,554**	**24.7**

Our gross profit margin for property management services developed by Redco Group generally increased steadily during the Track Record Period primarily attributable to the continuous implementation of cost control measures, including: (i) adopting measures aimed at improving employee productivity and efficiency such as implementing standardized workflow procedures, standardized employee responsibilities and human resource allocation guidelines; (ii) adopting an integrated intelligent management system to reduce needs of manpower in areas such as patrol, fee collection and customer services, pursuant to which our average GFA under management per property management service employee/contractor increased from 4,116 sq.m as of December 31, 2018 to 4,263 sq.m as of December 31, 2019, to 4,723 sq.m as of December 31, 2020, and further to 5,321 sq.m as of September 30, 2021; (iii) centralizing procurement management at a regional level to lower costs through standardized process; and (iv) streamlining decision-making process and improving management efficiency, pursuant to which our overall number of projects under our management per project manager increased from 1.1 as of December 31, 2018 to 1.2 as of December 31, 2019, 1.2 as of December 31, 2020 and further to 1.3 as of September 30, 2021. As a result of the abovementioned cost control measures, we significantly improved our cost efficiency in operating projects developed by Redco Group, particularly evidenced by a reduction in staff costs per sq.m. The average staff costs per sq.m. for projects developed by Redco Group, calculated by dividing the employee benefit expenses for the relevant projects by the relevant GFA under management, was RMB7.7, RMB7.1, RMB6.7, RMB3.4 and RMB5.6 in 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, respectively. The following table sets forth the calculation of the average staff costs per sq.m. for projects developed by Redco Group:

	As of or for the year ended December 31,			As of or for the nine months ended September 30,	
	2018	**2019**	**2020**	**2020**	**2021**
Employee benefit expenses for projects developed by Redco Group (RMB'000)	39,438	44,054	50,236	37,078	47,435
GFA under management for projects developed by Redco Group (sq.m' 000)	5,105	6,165	7,526	7,069	8,474
Average staff costs per sq.m. (RMB per sq.m.)	7.7	7.1	6.7	5.3	5.6

Our gross profit margins from property management services provided to properties developed by Redco Group and properties developed by Redco Group's joint ventures and associates were higher than those of property management services provided to properties developed by Independent Third Parties during the Track Record Period, primarily because (i) the average property management fees for properties developed by Redco Group and its joint ventures or associates were higher than that of properties developed by Independent Third Parties, during the Track Record Period for the reasons as elaborated in "Business — Property Management Services — Property Management Fees"; and (ii) we incurred more operating costs in the early stage of operations to improve service quality subsequent to our acquisition of Yantai Zhongtai in 2016, whose portfolio comprised a substantial part of our portfolio of properties developed by Independent Third Parties, resulting in a negative gross profit margin for properties developed by Independent Third Parties in 2018. In addition, as we are more familiar with the particular needs and requirements of Redco Group or its joint venture and associates, we are able to provide our property management service more cost effectively as compared to services provided to properties developed by Independent Third Parties.

The following table sets forth a breakdown of gross profit and gross profit margin by property type for property management services for the periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2018		2019		2020		2020		2021	
	Gross profit	Gross Profit Margin	Gross profit	Gross Profit Margin	Gross profit	Gross Profit Margin	Gross profit	Gross Profit Margin	Gross profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Residential properties	11,946	15.3	21,785	22.2	36,297	28.4	25,039	28.7	33,779	24.6
Non-residential properties	542	12.3	1,212	19.3	1,915	23.7	1,182	21.3	2,776	26.9
Total	**12,487**	**15.1**	**22,997**	**22.0**	**38,211**	**28.1**	**26,221**	**28.3**	**36,554**	**24.7**

During the Track Record Period, our gross profit margin for residential properties increased from 15.3% in 2018 to 22.2% in 2019, and further to 28.4% in 2020, primarily due to (i) economies of scale as a result of continuous expansion of our business; (ii) increases in average monthly property management fees for residential properties from 2019 to 2020; and (iii) an increase in sub-contracting of certain labor intensive services, which helped us reduce our labor costs, because the expenses we paid to subcontractors were typically lower than the employment benefits for similar staffs hired directly by us. Our gross profit margin for residential properties decreased from 28.7% in the nine months ended September 30, 2020 to 24.6% for the same period in 2021, primarily because the projects we acquired from Wuhu Senlin had relatively lower property management fees.

During the Track Record Period, our gross profit margin for non-residential properties increased from 12.3% in 2018 to 19.3% in 2019, 23.7% in 2020, and further to 29.6% in the nine months ended September 30, 2021 primarily due to (i) economies of scale as a result of continuous expansion of our business. It further contributed to an increase in the concentration of the projects under our management in certain cities and regions, which allowed us to optimize the deployment of our operating teams and centralized procurement management at a regional level to lower costs; and (ii) the addition of property types with higher profit margins, such as shopping street.

Value-added Services to Non-property Owners

The table below sets forth our gross profit and gross profit margin from value-added services to non-property owners for the periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2018		2019		2020		2020		2021	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Pre-sale management services	2,759	18.8	14,928	39.0	21,816	44.1	18,712	45.0	22,994	43.1
Pre-delivery services .	2,198	46.3	2,405	48.3	2,904	47.2	2,464	49.0	1,194	46.6
Preliminary planning and design consultancy services	878	66.0	3,835	66.4	2,621	47.2	2,340	47.6	747	46.4
Information technology services	—	—	—	—	—	—	—	—	4,751	37.5
Total	**5,835**	**28.2**	**21,169**	**43.1**	**27,341**	**44.7**	**23,515**	**45.6**	**29,685**	**42.3**

The gross profit margin for our value-added services to non-property owners increased from 28.2% in 2018 to 43.0% in 2019, primarily attributable to (i) the greater economies of scale, and (ii) the increased contribution from pre-delivery services and preliminary planning and design consultancy services in 2019, which had higher gross profit margins as compared to pre-sale management services, primarily due to the nature of the services offered which require fewer staff members and therefore incur less staff related costs. The gross profit margin for our value-added services to non-property owners generally remained stable between 2019 and 2020. The profit margin for pre-sale management services generally increased from 2018 to 2020, primarily because of economies of scale as a result of continuous expansion of business. Along with the increase in the number of projects under management, the concentration of our projects under management in certain areas also increased. As a result, each manager of our pre-sale management teams were able to serve a greater number of projects, which increased our operational efficiency. Also, we increased the fees for our pre-sale management services as we continuously enhanced the quality of our services. The profit margin for preliminary planning and design consultancy services decreased from 66.4% in 2019 to 47.2% 2020, primarily because we recruited more personnel in response to the further expansion of such services in 2020. Namely, we strategically expanded the scope of our preliminary planning and design consultancy services to provide more diversified services, such as design for energy-saving operation, planning of functional areas, and selection of equipment. We believe that our strategic expansion enhanced our service standards for such services, which has provided better experience to our customers. These efforts required us to hire more experienced personnel, which in turn, incurred higher labor cost under such services.

The gross profit margin for our value-added services to non-property owners decreased from the nine months ended September 30, 2020 to the same period in 2021 as we received one-off exemption of RMB3.4 million from making a portion of social insurance contributions during the nine months ended September 30, 2020 pursuant to local governments' supportive policies in response to the COVID-19 outbreak. We did not receive such exemptions during the same period in 2021.

Community Value-Added Services

Gross profit margin for our community value-added services was 37.4%, 43.4%, 46.0%, 48.6% and 48.1%, respectively, for 2018, 2019 and 2020 and the nine months ended September 30, 2020 and 2021. The gross profit margins for our community value-added services are relatively high, primarily because the community value-added services are less labor-intensive with relatively lower labor costs. Our gross profit margin for community value-added services increased from 2018 to 2019, primarily because of the increase in the expansion in carpark sales agency services, which typically have relatively high profit margins than that of other community value-added services. Our gross profit margin for community value-added services generally remained relatively stable between the nine months ended September 30, 2020 and the same period in 2021. The profit margin for common area management services in 2020 was generally higher than other periods during the Track Record Period, which was because as a result of the travel restrictions due to the COVID-19 outbreak, a greater number of cars are parked in the projects under our management in the nine months ended September 30, 2020, and we therefore derived increased carpark management fees under the common area management services segment. This further drove an increase in our gross profit margin for common area management services in 2020, because we incur relatively stable labor costs for carpark management.

The table below sets forth our gross profit and gross profit margin from community value-added services for the periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2018		2019		2020		2020		2021	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Common area management services	6,592	35.3	6,474	35.4	9,467	44.9	6,138	46.9	11,622	43.6
Carpark sales agency services	1,075	57.4	5,118	60.7	1,404	57.4	1,295	58.0	1,166	59.9
Turnkey decoration and furnishing services	70	41.3	132	41.1	269	41.3	217	45.8	317	46.5
Home-living services	53	43.7	15	38.2	110	43.7	80	43.8	334	46.6
Community healthcare services	—	—	—	—	—	—	—	—	7,025	55.8
Total	**7,790**	**37.4**	**11,739**	**43.4**	**11,250**	**46.0**	**7,729**	**48.6**	**20,464**	**48.1**

Other Net Gains

Our other net gains primarily consist of (i) government grant, which primarily includes financial subsidies granted by local governments, (ii) one-off remeasurement gains recorded in 2020 on interests in investments accounted for using the equity method, (iii) net sundry income, (iv) exchange gains/(losses) and (v) one-off gain on disposal of subsidiaries in the nine months ended September 30, 2021.

The following table sets forth a breakdown of our other net gains for the periods indicated:

	For the year ended December 31,			For the nine months ended September 30,	
	2018	2019	2020	2020	2021
			RMB'000		
				(unaudited)	
Government grant	38	1,993	1,387	798	3,243
Remeasurement gains on interests in investments accounted for using the equity method(1)	—	—	1,820	—	—
Sundry income, net(2)	751	296	272	225	242
Exchange gains/(losses)	15	1	(14)	—	—
Gain on disposal of subsidiaries	—	—	—	—	415
Total	**804**	**2,290**	**3,465**	**1,023**	**3,900**

Notes:

(1) Such remeasurement gains were in connection with our step acquisition of Nanchang Junyu Meijia Property Services Co., Ltd in December 2020, an associate in which we held a 35% equity interest before the step acquisition and since December 2020 a subsidiary through our acting-in-concert arrangement. For details, see Notes 16(b)(i) and 25.2 of the Accountant's Report as Appendix I to this document.

(2) Sundry income we recorded in 2018 represented miscellaneous income from reimbursement of out of pocket expenses and providing services to governmental entities.

Selling and Marketing Expenses

Our selling and marketing expenses mainly include (i) employee benefit expenses relating to sales and marketing activities, (ii) marketing and promotional expenses and (iii) others, mainly including traveling and entertainment expenses, and office expenses relating to sales and marketing activities. Our selling and marketing expenses were nil in 2018 because we just established our business development department in mid-2018 and we did not deploy any sales or marketing personnel to this department in 2018. Therefore, we did not record selling and marketing expenses separately in 2018. Our selling and marketing expenses increased during the Track Record Period, primarily due to an increase in marketing and sales, staff's employee benefit expenses as a result of our continuous business expansion.

Administrative Expenses

Our administrative expenses primarily consist of (i) administrative staff's employee benefit expenses, (ii) travel and entertainment, (iii) office expenses, (iv) depreciation and amortization, (v) bonuses, (vi) bank charges, (vii) tax and surcharges and (vii) other expenses.

The table below sets forth a breakdown of our administrative expenses for the periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2018		2019		2020		2020		2021	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Employee benefit expenses	7,032	58.9	12,445	74.0	12,837	64.6	8,448	64.1	20,003	45.8
Travel and entertainment	1,217	10.2	1,502	8.9	2,801	14.1	1,912	14.5	624	1.4
Office expenses	1,786	15.0	756	4.5	1,831	9.2	1,017	7.7	1,856	4.3
Depreciation and amortization	1,401	11.7	1,113	6.6	1,428	7.2	860	6.5	2,027	4.6
Bonuses	401	3.4	589	3.5	577	2.9	354	2.7	3,583	8.2
Bank charges	77	0.6	339	2.0	370	1.9	245	1.9	1,983	4.5
Tax and surcharges	—	—	—	—	7	0.0	—	—	459	1.1
Other expenses[1]	22	0.2	63	0.4	7	0.0	346	2.6	174	0.4
[REDACTED] expenses	—	—	—	—	—	—	—	—	[REDACTED]	[REDACTED]
Total	**11,936**	**100.0**	**16,807**	**100.0**	**19,858**	**100.0**	**13,184**	**100.0**	**43,637**	**100.0**

Note:

(1) Other expenses incurred in 2018, 2019 and 2020 primarily represented advertising expenses, recruiting expenses, operating lease payments, consultancy fees, audit services, greening and cleaning expenses and other miscellaneous expenses. Other expenses incurred during the nine months ended September 30, 2021 primarily represented accounting adjustments in relation to procurement costs for our information technology services.

Net reversal of/(provision for) impairment losses of financial assets

Our net impairment losses of financial assets primarily are provisions for losses arising in the ordinary course of business in respect of our trade receivables and other receivables. We recorded net reversal for impairment losses of financial assets of RMB0.2 million in 2018, which remained stable at RMB0.2 million in 2019. In 2020, we recorded net provision for impairment losses of financial assets of RMB1.4 million, which was primarily due to the fluctuations of our trade receivables resulted from property management fees. We recorded provision for impairment losses of financial assets of RMB0.8 million and RMB3.2 million in the nine months ended September 30, 2020 and 2021, respectively, the increase of which was primarily due to the increase in trade receivables resulted from property management service fees.

Finance Income

In 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, we recorded finance income of RMB0.07 million, RMB0.2 million, RMB0.2 million, RMB0.1 million and RMB0.2 million, respectively, which represented our interest income from bank deposits.

Finance Cost

In 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, we recorded net finance cost of nil, nil, nil, nil and RMB0.5 million, respectively, which amount in the nine months ended September 30, 2021 represented the interest expense for the bank borrowings and consideration payables of Wuhu Senlin which we acquired in December 2020.

Share of profits of investments accounted for using the equity method

In 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, we recorded share of profits of investments accounted for using the equity method of RMB24,000, RMB72,000, RMB0.9 million, RMB0.7 million and RMB1.6 million, respectively. Our share of profits of investments accounted for using the equity method represent our share of profit and loss derived from our joint ventures and associates which are principally engaged in the provision of property service, property management service and healthcare service in the PRC.

Income Tax Expenses

Income tax expenses represent corporate income tax arising out of our income from operations within the PRC. Our income tax expenses also include the effect of deferred income tax credits or charges, namely tax credits or liabilities carried over from prior years.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability and, accordingly, is exempted from the Cayman Islands income tax. Subsidiaries established in other jurisdictions are for the purpose of investment holding and therefore had no assessable profits during the Track Record Period. Our subsidiaries established and operating in the PRC were generally subject to PRC enterprise income tax at the rate of 25% in 2018, 2019 and 2020. For certain subsidiaries qualified as micro and small enterprises, PRC enterprise income tax was charged at a preferential rate of 20% for the years in which they were qualified. In 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, our effective income tax rates, calculated as income tax expenses divided by profit before tax, were approximately 27.1%, 27.0%, 24.0%, 25.1% and 34.1%, respectively. Our effective income tax rate increased significantly from the nine months ended September 30, 2020 to the same period in 2021, primarily because we incurred substantial listing expenses during the nine months ended September 30, 2021, which were not eligible for tax deductions. In 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, our income tax expenses amounted to RMB4.1 million, RMB11.0 million, RMB13.9 million, RMB11.0 million and RMB14.3 million, respectively.

	For the year ended December 31,			For the nine months ended September 30,	
	2018	**2019**	**2020**	**2020**	**2021**
			RMB'000		
				(unaudited)	
Current income tax					
- PRC corporate income tax	4,095	10,963	14,271	11,176	16,831
Deferred income tax	46	42	(360)	(199)	(2,554)
Income tax expense	4,141	11,005	13,911	10,977	14,277

We make tax filings in accordance with the EIT Law requirements, pursuant to which amounts to be filed for income tax computation purpose should, in principle, be determined based on when the revenue from the delivery of goods or provision of services to customer was earned (the "**Accrual Basis**"), rather than based on the timing of payment or collections (the "**Cash Basis**"). Historically, we calculated taxes on the Cash Basis when we prepared for our EIT filings, primarily due to our experience in the industry that tax filings on the Cash Basis is common and that tax computation on such basis would be practically convenient given that documentary evidence could be readily provided to the relevant tax authorities. The differences between the current income tax expenses and the income tax paid were mainly due to the timing difference between the Accrual Basis and the Cash Basis in relation to the recognition of certain revenue from our services for 2018, 2019 and 2020.

Upon identification of this issue when preparing our financial information in accordance with HKFRSs for the Listing, we took the initiative to inform the relevant tax authorities and adopted the Accrual Basis in recognizing revenue, income and expenses for our tax filings for 2020 that were previously recognized on the Cash Basis. We have applied such change retrospectively, filed with the relevant tax authorities regarding the adjustment resulting from such change, reflected the adjustments for 2018, 2019 and 2020 in the financial information included in the Accountants Report. We also paid the underpaid income tax in 2020 representing the historical aggregate underpaid amount of RMB7.7 million for all of our relevant PRC subsidiaries and branch companies in May 2021 during our 2020 annual tax filing.

The table below sets forth the adjustments to our profit before income tax for 2018, 2019 and 2020, among which the cut-off adjustments on revenue represented adjustments in relation to our retrospective tax adjustment mentioned above. The other adjustments to profit before income tax are included for completeness.

	For the year ended December 31,		
	2018	**2019**	**2020**
		RMB'000	
Profit before income tax per EIT filings	**12,562**	**20,541**	**52,537**
Adjustments to the profit or loss			
Cut-off adjustments on revenue(1),(3)			
- Property management services	1,580	7,018	9,160
- Value-added services to non-property owners	1,670	4,924	970
- Community value-added services	—	—	1,146
Price amendment for intra-group revenue between Redco Group and our Group(2),(3)			
- Value-added services to non-property owners	—	10,371	(4,846)
Adjustments on other taxes(4)	(246)	(269)	(313)
Other adjustments(4)	(303)	(1,776)	(733)
Profit before income tax as disclosed in the draft Accountant's Report	**15,263**	**40,809**	**57,921**

Notes:

(1) *Cut-off adjustments on revenue* represented revenue cut-off adjustments identified by our management arising from the adoption of Accrual Basis method for revenue recognition, while the EIT filings were originally prepared using Cash Basis method for revenue recognition which was not in accordance with HKFRS 15.

(2) *Price amendment for intra-group revenue between Redco Group and our Group* represented price amendments of certain value-added service contracts between Redco Group and our Group. In April 2019, to further standardize the intra-group transactions between Redco Group and its subsidiaries which provide services to Redco Group (*e.g.*, our Group, which provide value-added services to properties developed by Redco Group), Redco Group promulgated an internal policy requiring such intra-group transactions to be priced closely with reference to local market rates. We conducted an in-depth market research, which was completed in 2020, and based on the results of the market research, we re-evaluated the pricing of our value-added service contracts with Redco Group. Accordingly, we adjusted the pricing of certain value-added service contracts with Redco Group to make the pricing closely reflective of local market rates. We did not record such price amendment in 2018 or any prior years because this internal policy was launched in 2019.

Such adjustments are unrelated to the adoption of Accrual Basis method for revenue recognition and are included in the table above for completeness purposes.

(3) Our Group did not make any adjustment to the cost of sales, as the adoption of Accrual Basis method in revenue recognition and the price amendments of value-added service contracts had no impact on our Group's cost of sales, given the fact that the relevant cost of sales was recognized appropriately in EIT filings in accordance with relevant accounting standards.

(4) *Adjustments on other taxes* represented adjustments in relation to value-added taxes and surcharges; while *other adjustments* represented provision for social security funds and expected credit loss allowance. Such adjustments are unrelated to the adoption of Accrual Basis method for revenue recognition and are included in the table above for completeness purposes.

Considering that (i) we have adopted the Accrual Basis for tax computation in our tax filings for 2020 and will use the Accrual Basis going forward; (ii) we have obtained confirmation letters from or conducted interviews with the relevant tax authorities, which are the competent authority to issue such confirmations as advised by our PRC Legal Advisor, confirming no tax payment outstanding in August 2021 or any material tax non-compliance during the Track Record Period; (iii) we have voluntarily made the tax adjustment and settled tax payment in full; (iv) during the Track Record Period and up to the Latest Practicable Date, we had not been imposed any penalty with respect to tax filings; and (v) our PRC tax advisor is of the view that, as we have voluntarily made the tax adjustments and settled relevant tax payments in full, the risk of us being subject to administrative penalty by the relevant tax authorities for such tax matter is remote, our Directors are of the view that the risk that the relevant tax authority would hold us criminally liable, or impose on us administrative penalties 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 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: (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 corrective 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.

RESULTS OF OPERATIONS

Nine Months Ended September 30, 2021 Compared to Nine Months Ended September 30, 2020

Revenue

Our total revenue increased by 62.5% from RMB160.3 million in the nine months ended September 30, 2020 to RMB260.5 million in the nine months ended September 30, 2021, primarily due to the growth in revenue generated from each of our three business lines as discussed below:

- *Property management services*. Our revenue from property management services increased by 59.3% from RMB92.7 million in the nine months ended September 30, 2020 to RMB147.7 million in the nine months ended September 30, 2021, primarily because we acquired Wuhu Senlin on December 31, 2020, which added total GFA under management of approximately 4.5 million sq.m. to our existing GFA under management, and Wuhu Senlin's revenue during the nine months ended September 30, 2021 was consolidated with our Group.

- *Value-added services to non-property owners*. Our revenue from value-added services to non-property owners increased by 36.0% from RMB51.6 million in the nine months ended September 30, 2020 to RMB70.2 million in the nine months ended September 30, 2021, primarily because of (i) the fact that we started to generate revenue from our information technology service upon our acquisition of Zhongtian Yunlian in December 2020, and (ii) the increases in revenue generated from pre-sale management services due to the increases in pre-sales activities for properties developed by Redco Group. In particular, the revenue we derived from preliminary planning and design consultancy services decreased from the nine months ended September 30, 2020 to the same period in 2021 primarily because we obtained fewer contracts from Redco Group. The revenue from pre-delivery services increased from the nine months ended September 30, 2020 to the same period in 2021 because we obtained more contracts from Redco Group in the relevant period in 2020 than in 2019.

- *Community value-added services*. Our revenue from community value-added services increased by 166.3% from RMB16.0 million in the nine months ended September 30, 2020 to RMB42.6 million in the nine months ended September 30, 2021, primarily due to (i) the fact that we started to derive revenue from community healthcare services upon our acquisition of Weiye International in December 2020; and (ii) an increase in revenue from common area management services, as we provided such services to projects acquired from Wuhu Senlin, whose revenue during the nine months ended September 30, 2021 was consolidated with our Group.

Cost of sales

Our total cost of sales increased by 69.1% to RMB173.8 million in the nine months ended September 30, 2021 from RMB102.8 million in the nine months ended September 30, 2020, primarily due to (i) an increase in our employee benefit expenses as a result of the increase in the number of our employees driven by our business expansion and the acquisition of Wuhu Senlin, and an increase in labor costs; and (ii) an increase in greening and cleaning expenses and outsourcing expenses as a result of our continued business expansion.

Gross profit and gross profit margin

As a result of the foregoing, our total gross profit increased by 50.8% from RMB57.5 million in the nine months ended September 30, 2020 to RMB86.7 million in the nine months ended September 30, 2021. Our gross profit margin decreased from 35.9% in the nine months ended September 30, 2020 to 33.3% in the nine months ended September 30, 2021, primarily because:

- *Property management services*. Our gross profit margin for property management services slightly decreased from 28.3% in the nine months ended September 30, 2020 to 24.7% in the nine months ended September 30, 2021, primarily due to the increase in proportion of revenue derived from properties developed by Independent Third Parties for the nine months ended September 30, 2021 which had a lower gross profit margin. Such increase in proportion of revenue from properties developed by Independent Third Parties was primarily due to our acquisition of Wuhu Senlin in December 2020 which added 25 properties developed by Independent Third Parties under our management. The projects of

Wuhu Senlin that we acquired in December 2020 had relatively lower property management fees, as such projects were more concentrated in lower-tier cities as compared with projects developed by Redco Group and some of its projects were government resettlement houses and the average property management fees were typically at a low level.

- *Value-added services to non-property owners*. Our gross profit margin for value-added services to non-property owners slightly decreased from 45.6% in the nine months ended September 30, 2020 to 42.3% in the nine months ended September 30, 2021, as we received one-off exemption of RMB3.4 million from making a portion of social insurance contributions during the nine months ended September 30, 2020 pursuant to local governments' supportive policies in response to the COVID-19 outbreak. We did not receive such exemptions during the same period in 2021.

- *Community value-added services*. Our gross profit margin for community value-added services generally remained stable between 48.6% in the nine months ended September 30, 2020 and 48.1% in the nine months ended September 30, 2021.

Other net gains

We recorded other net gains of RMB3.9 million in the nine months ended September 30, 2021 as compared to other net gains of RMB1.0 million in the nine months ended September 30, 2020, primarily because of an increase in government grants.

Selling and marketing expenses

Our selling and marketing expenses increased to RMB3.2 million in the nine months ended September 30, 2021 from RMB1.5 million in the nine months ended September 30, 2020, primarily due to the increase in employee benefit expenses relating to sales and marketing activities as a result of our continuous business expansion.

Administrative expenses

Our administrative expenses increased by [REDACTED]% from RMB[REDACTED] in the nine months ended September 30, 2020 to RMB43.6 million in the nine months ended September 30, 2021, primarily due to an increase in administrative staffs' costs as a result of our business expansion and our acquisition of Wuhu Senlin and the [REDACTED] expenses incurred in the nine months ended September 30, 2021.

Net reversal of/(provision for) impairment losses of financial assets

Our provision for impairment loss of financial assets increased from RMB0.8 million in the nine months ended September 30, 2020 to RMB3.2 million in the nine months ended September 30, 2021 due to the increase in trade receivables resulted from property management service.

Finance income

Our finance income increased from RMB0.1 million in the nine months ended September 30, 2020 to RMB0.2 million in the nine months ended September 30, 2021, which represented interest income from bank deposits.

Finance costs

Our finance cost increased from nil in the nine months ended September 30, 2020 to RMB0.5 million in the nine months ended September 30, 2021, primarily due to an increase in interest expenses for the bank borrowings and consideration payables of Wuhu Senlin.

Share of profits of investments accounted for using the equity method

Our share of profits of investments accounted for using the equity method increased from RMB0.7 million in the nine months ended September 30, 2020 to RMB1.6 million in the nine months ended September 30, 2021, primarily due to an increase in our share of profit and loss derived from our joint ventures and associates in the nine months ended September 30, 2021.

Income tax expenses

Income tax expenses increased to RMB14.3 million in the nine months ended September 30, 2021 from RMB11.0 million in the nine months ended September 30, 2020, primarily due to our increased taxable profit as a result of our business expansion.

Profit for the period

As a result of the foregoing, our profit for the period decreased from RMB32.8 million in the nine months ended September 30, 2020 to RMB27.5 million in the nine months ended September 30, 2021.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Revenue

Our total revenue increased by 22.6% from RMB180.8 million in 2019 to RMB221.6 million in 2020, primarily due to the growth in revenue generated from each of our three business lines as discussed below:

- *Property management services*. Our revenue from property management services increased by 29.9% from RMB104.6 million in 2019 to RMB136.0 million in 2020, primarily because of new projects developed by Redco Group that came under our management. Specifically, the GFA under management of properties developed by Redco Group increased from 6.1 million sq.m. in 2019 to 7.5 million sq.m. in 2020. Although our GFA under management of properties developed by Independent Third Parties also increased from 2019 to 2020 as a result of the acquisition of Wuhu Senlin in December 2020, no revenue of Wuhu Senlin was consolidated with our Group in 2018 or 2019.

- *Value-added services to non-property owners*. Our revenue from value-added services to non-property owners increased by 24.7% from RMB49.1 million in 2019 to RMB61.2 million in 2020, primarily due to (i) increases in revenue generated from pre-sale management services due to increases in the pre-sales activities for properties developed by Redco Group; and (ii) revenue generated from our pre-delivery services, as a result of increased delivery of properties developed by Redco Group.

- *Community value-added services*. Our revenue from community value-added services decreased by 9.7% from RMB27.1 million in 2019 to RMB24.4 million in 2020, primarily due to a decrease in revenue from carpark sales agency services, as we assisted with fewer number of carpark sales in 2020 as compared with 2019.

Cost of sales

Our total cost of sales increased by 16.0% to RMB144.8 million in 2020 from RMB124.9 million in 2019, primarily due to (i) an increase in our employee benefit expenses as a result of the increase in the number of our employees and an increase in labor costs, and (ii) an increase in greening and cleaning expenses and maintenance fees as a result of our continued business expansion.

Gross profit and gross profit margin

As a result of the foregoing, our total gross profit increased by 37.4% from RMB55.9 million in 2019 to RMB76.8 million in 2020. Our gross profit margin increased from 30.9% in 2019 to 34.7% in 2020, primarily because:

- *Property management services*. Our gross profit margin for property management services increased from 22.0% in 2019 to 28.1% in 2020, primarily due to (i) the increase in the average property management fee from RMB1.6 per sq.m. per month in 2019 to RMB1.7 per sq.m. per month in 2020, as a result of the increase in average property management fee of properties newly delivered for our management; (ii) the implementation of our cost control measures and greater economies of scale brought by our business expansion.

- *Value-added services to non-property owners*. Our gross profit margin for value-added services to non-property owners remained stable between 43.1% in 2019 and 44.7% in 2020. Specifically, the profit margin for pre-sale management services generally increased from 2019 to 2020, primarily because of economies of scale as a result of continuous expansion of business. Along with the increase in the number of projects under management, the concentration of our projects under management in certain area increased. As a result, each manager of our pre-sale management teams were able to serve a greater number of projects, which increased our operational efficiency. Also, we increased the fees for our pre-sale management services as we continuously enhanced the quality of our services.

- *Community value-added services*. Our gross profit margin for community value-added services remained stable between 43.4% in 2019 and 46.0% in 2020. The profit margin for common area management services in 2020 was generally higher than other periods during the Track Record Period, which was because as a result of the travel restrictions due to the

COVID-19 outbreak, a greater number of cars are parked in the projects under our management in 2020, and we therefore derived increased carpark management fees under the common area management services segment. This further drove an increase in our gross profit margin for common area management services in 2020, because we incur relatively low labor costs for carpark management.

Other net gains

We recorded other net gains of RMB3.5 million in 2020 as compared to other net gains of RMB2.3 million in 2019, primarily because we recorded one-off re-measurement gains on interests in investments account for using the equity method. Such remeasurement gains were in connection with our step acquisition of Nanchang Junyu Meijia Property Services Co., Ltd in December 2020, an associate in which we held a 35% equity interest before the step acquisition and since December 2020 a subsidiary through our acting-in-concert arrangement. For details, see Notes 16(b)(i) and 25.2 of the Accountant's Report as Appendix I to this document.

Selling and marketing expenses

Our selling and marketing expenses increased to RMB2.1 million in 2020 from RMB1.0 million in 2019, primarily due to the increase in employee benefit expenses relating to sales and marketing activities as a result of our continuous business expansion.

Administrative expenses

Our administrative expenses increased by 18.2% from RMB16.8 million in 2019 to RMB19.9 million in 2020, primarily in line with our business expansion, which resulted in an increase in administrative staff costs travel and entertainment as well as office expenses.

Net reversal of/(provision for) for impairment losses of financial assets

We recorded net reversal of impairment loss of financial assets of 0.2 million in 2019, and provision for impairment loss of financial assets of 1.4 million in 2020.

Finance income

Our finance income remained stable at RMB0.2 million in 2019 and in 2020, which represents interest income from bank deposits.

Share of profit of investments accounted for using the equity method

Our share of profit of investments accounted for using the equity method increased from RMB72,000 to RMB0.9 million primarily due to an increase in our share of profit and loss derived from our joint venture and associates in 2020.

Income tax expenses

Income tax expenses increased to RMB13.9 million in 2020 from RMB11.0 million in 2019, primarily due to our increased taxable profit.

Profit for the year

As a result of the foregoing, our profit for the year increased from RMB29.8 million in 2019 to RMB44.0 million in 2020.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Revenue

Our total revenue increased by 45.5% from RMB124.3 million in 2018 to RMB180.8 million in 2019, primarily due to the growth in revenue generated from each of our three business lines as discussed below:

- *Property management services*. Our revenue from property management services increased by 26.5% from RMB82.7 million in 2018 to RMB104.6 million in 2019, primarily due to the increase in our total GFA under management, which increased from approximately 5.9 million sq.m. as of December 31, 2018 to approximately 7.4 million sq.m. as of December 31, 2019 in line with our business expansion.

- *Value-added services to non-property owners*. Our revenue from value-added services to non-property owners increased by 136.9% from RMB20.7 million in 2018 to RMB49.1 million in 2019, primarily due to increases in (i) revenue generated from pre-sale management services due to increases in the pre-sales activities for properties developed by Redco Group and (ii) an increased revenue contribution from predelivery services and preliminary planning and design consultancy services.

- *Community value-added services*. Our revenue from community value-added services increased by 29.8% from RMB20.8 million in 2018 to RMB27.1 million in 2019, primarily because of our overall business expansion, in particular due to the increases in the revenue derived from car park sales agency services, as we assisted in selling a greater number of carparks in 2019 as compared with 2018.

Cost of sales

Our total cost of sales increased by 27.2% to RMB124.9 million in 2019 from RMB98.1 million in 2018, primarily due to the increases in employee benefit expenses as a result of our continued business expansion. Our cost of sales increased at a rate slower than our revenue, primarily due to effective cost control measures and the utilization of technological solutions in the provision of our property management services.

Gross profit and gross profit margin

As a result of the foregoing, our total gross profit increased by 114.1% from RMB26.1 million in 2018 to RMB55.9 million in 2019. Our gross profit margin increased from 21.0% in 2018 to 30.9% in 2019, primarily because:

- *Property management services*. Our gross profit margin for property management services increased from 15.1% in 2018 to 22.0% in 2019, primarily due to (i) the implementation of cost control measures, such as the installation of an integrated intelligent management system to reduce needs of manpower in areas such as patrol, fee collection and customer services, therefore reduces our labor costs and improves operational efficiency. Our efforts in process standardization, centralized procurement and centralized management also contributed to the increase in our profit margin; and (ii) greater economies of scale brought about by our business expansion. The expansion of our portfolio drives the increase of the concentration of our projects in certain cities or regions, which further allows us to consolidate our resources, optimize our labor resources and reduce our costs for employee deployment and costs for new employee recruiting and training, which in turn, enabled us to benefit from project synergies.

- *Value-added services to non-property owners*. Our gross profit margin for value- added services to non-property owners significantly increased from 28.2% in 2018 to 43.1% in 2019, primarily because of an increased revenue contribution from pre-delivery services and preliminary planning and design consultancy services in 2019, which had considerably higher gross profit margins. Specifically, the profit margin for pre-sale management services generally increased from 2018 to 2019, primarily because of economies of scale as a result of continuous expansion of business. Specifically, along with the increase in the number of projects under management, the concentration of our projects under management in certain areas increased. As a result, each manager of our pre-sale management teams were able to serve a greater number of projects, which increased our operational efficiency. Also, we increased the fees for our pre-sale management services as we continuously enhanced the quality of our services.

- *Community value-added services*. Our gross profit margin for community value-added services increased from 37.4% in 2018 to 43.4% in 2019, primarily due to an increase in the expansion in carpark sales agency services, which typically have relatively high profit margins than other community value-added services.

Other net gains

We recorded other net gains of RMB2.3 million in 2019 as compared to a net gain of RMB0.8 million in 2018, primarily because we received a value-added tax refund of RMB1.6 million in 2019.

Selling and marketing expenses

Our selling and marketing expenses increased from nil in 2018 to RMB1.0 million in 2019, primarily due to an increase in our employee benefit expenses relating to sales and marketing activities as a result of our business expansion and the increase in labor costs.

Administrative expenses

Our administrative expenses increased by 40.8% from RMB11.9 million in 2018 to RMB16.8 million in 2019, primarily due to an increase in the staff costs for our administrative staff as a result of our continued business expansion and increase in labor cost.

Net reversal of/(provision for) impairment losses of financial assets

We recorded net reversal of impairment loss of financial assets of 0.2 million in 2018 and 2019.

Finance income

We recorded net finance income of RMB0.2 million in 2019 as compared RMB0.1 million in 2018, primarily due to an increase in interest income from bank deposits.

Share of profit of investments accounted for using the equity method

Our share of profit of investments accounted for using the equity method increased from RMB24,000 from 2018 to RMB72,000 in 2019 primarily due to an increase in our share of profit and loss derived from our joint venture and associates in 2019.

Income tax expenses

Our income tax expenses increased significantly to RMB11.0 million in 2019 from RMB4.1 million for 2018, primarily due to our increased taxable profit.

Profit for the year

As a result of the foregoing, our profit for the year increased significantly from RMB11.1 million in 2018 to RMB29.8 million in 2019.

DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ITEMS

Intangible Assets

We did not record intangible assets in 2018 and 2019. We recorded intangible assets of RMB50.1 million and RMB47.4 million in 2020 and nine months ended September 30, 2021, respectively, which mainly represented goodwill and other intangible assets in relation to the acquisitions of Wuhu Senlin, Zhongtian Yunlian and Weiye International. See "History, Reorganization and Corporate Structure" for details. We engaged an independent valuer to perform an independent valuation to determine the amount of the customer relationship, property management contracts and service contracts recognized by us in 2020.

	Customer relationship	Property management contract	Service contracts	Goodwill	Computer software	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2018, December 31, 2018 and 2019						
Cost	—	—	—	—	—	—
Accumulated amortization	—	—	—	—	—	—
Net book amount	—	—	—	—	—	—
Year ended December 31, 2020						
Opening net book amount	—	—	—	—	—	—
Acquisitions of subsidiaries	17,080	7,689	1,299	24,232	—	50,300
Amortization	(102)	(107)	(4)	—	—	(213)
Closing net book amount	16,978	7,582	1,295	24,232	—	50,087
As of December 31, 2020						
Cost	17,080	7,689	1,299	24,232	—	50,300
Accumulated amortization	(102)	(107)	(4)	—	—	(213)
Net book amount	16,978	7,582	1,295	24,232	—	50,087
Nine months ended September 30, 2021						
Opening net book amount	16,978	7,582	1,295	24,232	—	50,087
Additions	—	—	—	—	1,660	1,660
Amortization	(1,830)	(1,922)	(521)	—	(82)	(4,355)
Closing net book amount	15,148	5,660	774	24,232	1,578	47,392
As of September 30, 2021						
Cost	17,080	7,689	1,299	24,232	1,660	51,960
Accumulated amortization	(1,932)	(2,029)	(525)	—	(82)	(4,568)
Net book amount	15,148	5,660	774	24,232	1,578	47,392

The following table sets forth each key assumption on which we have based our cash flow projections to undertake impairment testing of goodwill as of December 31, 2020:

	Wuhu Senlin	Zhongtian Yunlian	Weiye International
Revenue — 2021 to 2025 (% annual growth rate)	3.0%	4.9%-64.7%	7.9%-64.2%
Gross margin (% of revenue)	39.4%	36.0%	61.0%
Long-term growth rate	3.0%	3.0%	3.0%
Pre-tax discount rate	20.5%	21.2%	18.0%

We determine growth rate of revenue and gross margin based on past performance and our expectations for the market development. The terminal growth rate applied beyond the budget period is estimated based on industry forecast. The discount rate used is pre-tax and reflects specific risks relating to the CGUs.

As of December 31, 2020, the recoverable amounts of the CGU in Wuhu Senlin, Zhongtian Yunlian and Weiye International were estimated to exceed the carrying amounts of the CGUs by approximately RMB1.2 million, RMB126,000 and RMB280,000. Such recoverable amounts of the CGUs are determined based on value-in-use (VIU) calculations. The VIU was determined by applying discounted cash flow model on pre-tax cash flow projections based on financial budgets approved by management covering a 5-year period. The calculation requires us to estimate the future cash flows expected to arise from each CGU and a suitable discount rate in order to calculate the present value. As the acquisitions were completed within a month before December 31, 2020, there were no significant changes in expected future cash flows generated from the CGUs as well as the discount rate. By reference to the result of such VIU calculation in the impairment assessment, management determined that no impairment provision on goodwill was required as of December 31, 2020.

We have undertaken a sensitivity analysis on the impairment test of goodwill. The following table sets forth possible changes to the key assumptions of the impairment test and the changes taken in isolation in the VIU calculations that would remove the remaining headroom respectively as of December 31, 2020:

	Wuhu Senlin	Zhongtian Yunlian	Weiye International
Revenue — 2021 to 2025 (% annual growth rate)	-0.1%	-0.1%	-0.1%
Gross margin (% of revenue)	-0.6%	-0.1%	-0.1%
Long-term growth rate	-0.7%	-0.7%	-0.2%
Pre-tax discount rate	+0.5%	+0.6%	+0.1%

We have considered and assessed reasonably possible change for other key assumptions and have not identified any instances that could cause the carrying amount of the CGUs to exceed its recoverable amounts. Also, we did not identify any indicator that the goodwill might be impaired as of September 30, 2021, and thus, no goodwill impairment assessment had been performed as of September 30, 2021. Please also see "Appendix I — II Notes to the Consolidated Financial Statements — 13. Intangible assets" for detail.

Property, Plant and Equipment

Our property, plant and equipment mainly consist of office equipment, machinery, vehicles, leasehold improvements and right-of-use assets. Our property, plant and equipment RMB1.7 million, RMB2.2 million, RMB25.2 million and RMB29.5 million as of December 31, 2018, 2019 and 2020 and September 30, 2021, respectively. The increase in our property, plant and equipment during the Track Record Period was primarily attributable to the increase in leasehold improvements to support our business expansion, the procurement of office equipment and machinery and the acquisitions in 2020.

Trade Receivables

The table below sets forth a breakdown of the trade receivables as of the dates indicated:

	As of December 31,			As of September 30,
	2018	2019	2020	2021
	RMB'000			
Trade receivables				
- Related parties	11,309	27,952	53,863	63,895
- Independent Third Parties	12,756	20,431	40,420	79,069
	24,065	48,383	94,283	142,964
Less: allowance for impairment of trade receivables	(2,694)	(2,475)	(3,681)	(6,984)
	21,371	**45,908**	**90,602**	**135,980**

Our trade receivables generally increased during the Track Record Period, primarily due to the growth of our business scale during the Track Record Period. The increase of trade receivables due from related parties during the Track Record Period was primarily driven by the increase in revenue from value-added services to non-property owners and property management services we provided to Redco Group.

Our trade receivables due from Independent Third Parties increased during the Track Record Period, which was primarily attributable to (i) an increase in our property management revenue, in particular, an increased percentage of properties developed by Independent Third Parties, (ii) our acquisition of Wuhu Senlin in December 2020 which resulted in an addition of trade receivables of approximately RMB13.4 million and RMB17.6 million to our trade receivable balance as of December 31, 2020 and September 30, 2021, respectively. The increase in our allowance for impairment of trade receivables from December 31, 2019 to December 31, 2020 and further to September 30, 2021 was also primarily attributable to our acquisition of Wuhu Senlin.

The following table sets forth a breakdown of our average trade receivables turnover days by business line for the periods indicated, based on the invoice date:

	Year ended December 31,			Nine months ended September 30,
	2018	2019	2020	2021
Average trade receivable turnover days[(1)]	**64**	**73**	**117**	**124**
Property management services	**67**	**64**	**86**	**110**
Average turnover days for trade receivables from independent third parties	69	63	84	113
Average turnover days for trade receivables from related parties	36	73	162	39
Value-added services to non-property owners	**118**	**133**	**233**	**217**
Average turnover days for trade receivables from independent third parties	—	—	—	101
Average turnover days for trade receivables from related parties	118	133	233	221
Community value-added services	**1**	**—**	**—**	**20**
Average turnover days for trade receivables from independent third parties	—	—	—	1
Average turnover days for trade receivables from related parties	6	2	3	62

Note:

(1) Our trade receivables turnover days are calculated by dividing the average of trade receivables at the beginning and the end of relevant period by revenue and multiply the resulting value by number of days in the relevant period. Average trade receivables are calculated as trade receivables as of the beginning of the year/period plus trade receivables as of the end of the year/period, divided by two.

For our property management services, our average trade receivable turnover days increased during the Track Record Period. The longer average trade receivable turnover days for trade receivables from independent third parties in 2020 was due to our acquisition of Wuhu Senlin in December 2020, which resulted in an addition of trade receivables of approximately RMB13.4 million to our trade receivables balance as of December 31, 2020 while Wuhu Senlin's revenue was not consolidated with our Group in 2020. Under property management service segment, our trade receivable turnover days for trade receivables from related parties increased from 2019 to 2020 because we derived revenue from a one-off arrangement for a project developed by Redco Group in 2019. Windows of this project had certain defects and we were asked by Redco Group to provide maintenance services to the relevant residents and would be paid by Redco Group for such services. The revenue we derived from such one-off arrangement was RMB3.4 million, among which RMB3.2 million had been settled as of December 31, 2019. The absolute amounts of trade receivables as of December 31, 2019 and December 31, 2020 were similar, whereas we recorded higher property management service revenue in 2019 due to the one-off arrangement mentioned above. As a result, under property management service segment, our trade receivable turnover days for trade receivables from related parties increased from 2019 to 2020. We had longer average trade receivable turnover days for the nine months ended September 30, 2021 primarily due to seasonal fluctuations, which we believe reflects some of our customers' tendency to pay their outstanding property management fee balances at the year-end out of payment preference and convenience. See "Risk Factors — Risks Relating to Our Business and Industry — The collection of our property management fees is subject to seasonal fluctuations."

For our value-added services to non-property owners, our average trade receivable turnover days increased from 2019 to 2020 primarily because we entered certain service agreements during late 2020, and the relevant service fees were recorded as trade receivables as of December 31, 2020 and were subsequently settled in early 2021. This led to higher trade receivables balance as of December 31, 2020 and subsequent longer average trade receivable turnover days.

For our community value-added services, we only generated very small amounts of trade receivables in 2018, 2019 and 2020. The longer average trade receivable turnover days for community value-added services in the nine months ended September 30, 2021 was primarily because we started to record revenue and trade receivables from community healthcare services in the nine months ended September 30, 2021, among which certain services were provided under service contracts on an annual basis and service fees to be paid were therefore recorded as trade receivables. As of September 30, 2021, we had trade receivables arising from community healthcare services of RMB0.05 million.

During the Track Record Period, our trade receivables turnover days for related parties were generally longer than that for third parties, primarily because (i) our trade receivables due from related parties included trade receivables arising from both value-added services to non-property owners and property management services, whereas our trade receivables due from Independent Third Parties only arose from property management services. Value-added services to non-property owners typically had longer credit terms and, under certain circumstances, require longer time for settlement as we typically get paid after we finish performing the relevant services. Substantially all of such services were provided to related parties during the Track Record Period; and (ii) our acquisitions of Zhongtian Yunlian and Weiye International as well as their respective subsidiaries in December 2020, which resulted in an addition of trade receivables while their revenue was not consolidated with our Group in 2020. We expect our credit policy for related parties and Independent Third Parties to be substantially the same after the [REDACTED]. We plan to further enhance our trade receivables collection effort from related parties by adopting various collection measures, including (i) taking into consideration the timely collection of trade receivables from related parties when evaluating employees' performance to tighten the monitoring and control of the collection progress on different corporate levels; (ii) communicating with related parties with respect to the settlement of long outstanding balances more proactively; and (iii) issuing past due notices to related parties with outstanding balances more regularly.

The following table sets forth an aging analysis of the trade receivables as of the dates indicated, based on the invoice date:

	As of December 31,			As of September 30,
	2018	2019	2020	2021
	RMB'000			
0 – 30 days	11,022	29,236	66,890	64,020
31 – 60 days	1,477	2,413	6,174	16,082
61 – 90 days	617	1,011	4,042	14,736
91 – 180 days	2,677	3,377	6,347	25,428
181 – 365 days	7,198	10,884	8,572	20,655
Over 365 days	1,074	1,462	2,258	2,043
Total	**24,065**	**48,383**	**94,283**	**142,964**

The table below sets forth an aging analysis of the trade receivables from related parties as of the dates indicated:

	As of December 31,			As of September 30,	As of the Latest Practicable
	2018	2019	2020	2021	Date
	RMB'000				
0 — 30 days	8,048	24,646	49,292	44,829	26,073
31 – 60 days	1,258	1,163	1,708	6,725	1,510
61 – 90 days	—	708	15	2,675	1,559
91 – 180 days	1,326	381	638	5,378	1,607
181 – 365 days	164	554	734	4,238	1,176
Over 365 days	513	500	1,476	50	50
Total	**11,309**	**27,952**	**53,863**	**63,895**	**31,975**

The table below sets forth an aging analysis of the trade receivables from Independent Third Parties as of the dates indicated:

	As of December 31,			As of September 30,	As of the Latest Practicable
	2018	2019	2020	2021	Date
			RMB'000		
0 - 30 days	2,974	4,589	17,598	19,192	5,064
31 - 60 days	219	1,252	4,466	9,357	4,540
61 - 90 days	617	303	4,027	12,061	7,375
91 - 180 days	1,350	2,996	5,709	20,050	14,934
181 - 365 days	7,035	10,330	7,838	16,416	10,646
Over 365 days	561	961	782	1,993	718
Total	**12,756**	**20,431**	**40,420**	**79,069**	**43,277**

Trade receivables from Independent Third Parties primarily represent property management fees due from residents of the projects under our management. The proportion of trade receivables from Independent Third Parties that had turnover days over 181 days was relatively high as of December 31, 2018 and 2019, respectively, because a relatively high proportion of residents delayed in paying property management fees in such years. We enhanced our collection efforts in 2020 and the proportion of such trade receivables with turnover days over 181 days decreased significantly.

The table below sets forth the movements of provision for impairment of trade receivables as of the dates indicated:

	As of December 31,			As of September 30,
	2018	2019	2020	2021
			RMB'000	
As of January 1	2,910	2,694	2,475	3,681
(Reversal of)/provision for impairment (credited)/charged to consolidated profit or loss	(216)	(219)	1,206	3,303
At years/periods end	**2,694**	**2,475**	**3,681**	**6,984**

In 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021, our collection rate of property management fees, calculated by dividing the property management fees we actually received during a year by the total property management fees payable to us accumulated during the same year, was 83.0%, 81.6%, 81.3%, 68.1% and 65.7%, respectively. We had lower collection rates for the nine months ended September 30, 2020 and 2021 primarily due to seasonal fluctuations, which we believe reflects some of our customers' tendency to pay their outstanding property management fee balances at the year-end out of payment preference and convenience. See "Risk Factors — Risks Relating to Our Business and Industry — The collection of our property management fees is subject to seasonal fluctuations." We do not consider that there is any material recoverability issue for our trade receivables aged over one year. Such trade receivables mainly consisted of property management fees due from property owners and residents who are Independent Third Parties, and we have adopted a number of internal control measures on the collection of property management fees, including but not limited to regular communications with property owners and residents, implementing a software system to monitor the collection progress, and organizing certain community events through which we further enhance our communications with the property owners and residents and provide reminders on the fees. In addition, we may also take legal action as a last resort to seek long overdue property management fees from property owners and residents. If the recoverability of our trade receivables becomes lower than expected, we may provide for allowance for impairment of trade receivables. Please see "Risk Factors—Risks Relating to Our Business and Industry—We may not be able to collect property management fees from property owners, residents and property developers which could incur impairment losses on our trade receivables."

As of the Latest Practicable Date, RMB60.7 million, or approximately 44.7%, of our trade receivables as of September 30, 2021 were subsequently settled, among which RMB31.9 million and RMB28.8 million, respectively, of our trade receivables by related parties and independent third parties as of September 30, 2021, accounting for approximately 23.5% and approximately 21.2%, respectively, of our total trade receivables, were subsequently settled.

Prepayment and Other Receivables

Our prepayments represent prepayment to suppliers, which primarily consist of procurement costs for raw materials and prepayment for property, plant and equipment. We recorded prepayment to suppliers in the amount of RMB0.2 million, RMB0.02 million, RMB0.4 million and RMB3.0 million as of December 31, 2018, 2019 and 2020 and September 30, 2021, respectively.

The following table sets forth a breakdown of our deposits and other receivables:

	As of December 31,			As of September 30,
	2018	2019	2020	2021
	RMB'000			
Deposits	591	922	2,852	2,863
Receivables due from property owners	1,643	1,598	4,789	4,818
Others	1,551	1,289	10,451[(1)]	5,180[(1)]
Less: allowance for impairment of other receivables	(39)	(35)	(213)	(148)
Total	**3,746**	**3,774**	**17,879**	**12,713**

Note:

(1) The increase in others from December 31, 2019 to December 31, 2020 was due to inclusion of imprest fund of Wuhu Senlin of RMB6.0 million into our financial statements as of December 31, 2020. We substantially reduced the amount of imprest fund from Wuhu Senlin to RMB1.1 million during the nine months ended September 30, 2021 and therefore the amount of others significantly decreased from December 31, 2020 to September 30, 2021.

Our other receivables consist of payments made on behalf of property owners and residents related to utility fees, tender deposits and advances to employees which amounted to RMB3.2 million, RMB2.9 million, RMB15.2 million and RMB10.0 million, respectively, as of December 31, 2018, 2019 and 2020 and September 30, 2021. Our other receivables remained stable between 2018 and 2019, and increased from 2019 to 2020, primarily because of (i) the inclusion of other receivables of Wuhu Senlin into our financial statements as of December 31, 2020 and (ii) an increase in payments made on behalf of property owners and residents related to utility fees which was in line with an increase in our total GFA under management. Our other receivables decreased from December 31, 2020 to September 30, 2021 as we substantially reduced the other receivables of Wuhu Senlin during the nine months ended September 30, 2021.

Amounts due from Related Parties

Our amounts due from related parties represent (i) amounts due from Redco Group, its associates and joint ventures to which we provided value-added services to non-property owners, which were trade in nature; and (ii) amounts due from Redco Group, its associates and joint ventures as a result of the Redco Group's centralized fund management and allocation, which were interest-free and non-trade in nature. We recorded amounts due from related parties of RMB13.3 million, RMB37.8 million, RMB72.6 million and RMB63.9 million as of December 31, 2018, 2019 and 2020 and September 30, 2021, respectively. The increase in amounts due from related parties during the Track Record Period was primarily due to the increase in value-added services to non-property owners and to a lesser extent, was also attributable to Redco Group's centralized fund management and allocation.

Amounts due from Non-controlling Interests

Our amounts due from non-controlling interests represent interest-free cash advances we made to non-controlling shareholders of our subsidiaries. We recorded amounts due from non-controlling interests of RMB3.3 million, RMB7.7 million, RMB13.8 million and RMB16.1 million as of December 31, 2018, 2019 and 2020 and September 30, 2021, respectively. Our amounts due from non-controlling interests are non-trade in nature. Such amount is expected to be settled before the [REDACTED].

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 sub-contracting expenses and cost of materials. We are typically granted credit terms of 30 days for trade payables by suppliers.

Our trade payables increased significantly from RMB4.5 million as of December 31, 2018 to RMB6.4 million as of December 31, 2019 to RMB9.8 million as of December 31, 2020, and further increased to RMB22.4 million as of September 30, 2021, primarily due to the increase in expenses paid to suppliers as a result of the increase in GFA under our management during the Track Record Period.

The following table sets forth our trade payable turnover days for the periods indicated:

	Year ended December 31,			Nine months ended September 30,
	2018	2019	2020	2021
Average trade payable turnover days[(1)] . .	14	16	20	25

Note:

(1) Our trade payable turnover days are calculated by dividing the average of trade payables at the beginning and the end of relevant period by cost of sales and multiply the resulting value by number of days in the relevant period. Average trade payables are calculated as trade payables as of the beginning of the year/period plus trade payables as of the end of the year/period, divided by two.

Our average trade payable turnover days indicate the average time we take to make payments to suppliers, which generally increased during the Track Record Period and within the typical credit terms granted to us. The increase in average trade payable turnover days was primarily due to our credit enhancement.

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,			As of September 30,
	2018	2019	2020	2021
0 — 30 days	3,164	1,007	4,408	16,654
31 — 60 days	679	3,568	1,399	2,349
61 — 90 days	124	1,672	2,566	1,950
Over 180 days	546	176	1,417	1,457
Total	**4,513**	**6,423**	**9,790**	**22,410**

As of the Latest Practicable Date, RMB11.3 million, or approximately 50.3%, of our trade payables as of September 30, 2021 were subsequently settled.

Accruals and Other Payables

Our accruals and other payables primarily consist of (i) accruals and other payables, (ii) other tax payables, which mainly include VAT, (iii) salary payables, (iv) consideration payables in connection with the acquisition of Wuhu Senlin in December 2020, and (v) accruals for [REDACTED] expenses recorded as of September 30, 2021. The following table sets forth the breakdown of our accruals and other payables as of the dates indicated:

	As of December 31,			As of September 30,
	2018	2019	2020	2021
	RMB'000			
Accruals and other payables	27,745	23,935	34,400	39,123
Deposits	8,662	8,794	11,512	16,196
Utility fees	4,739	4,820	7,080	10,279
Maintenance fees	3,930	35	1,185	1,222
Accruals for [REDACTED] expenses	—	—	—	[REDACTED]
Consideration payable(1)	—	—	18,142	2,097
Other taxes payables	1,015	3,069	5,181	2,565
Salary payables	3,509	4,670	7,124	5,300
Total	**32,269**	**31,674**	**64,847**	**52,070**

Note:

(1) Representing payables in relation to the costs for the acquisition of Wuhu Senlin in December 2020.

Our accruals and other payables generally remained stable from December 31, 2018 to December 31, 2019. Our accruals and other payables increased from December 31, 2019 to December 31, 2020, primarily due to (i) an increase in salary payables, which is primarily due to the increase in the number of our employees in line with our business expansion, and (ii) incurrence of acquisition cost payables of RMB18.1 million in relation to the acquisition of Wuhu Senlin in December 2020. Our accruals and other payables decreased from December 31, 2020 to September 30, 2021, mainly due to the settlement of consideration payable of Wuhu Senlin of RMB16.2 million during the period ended September 30, 2021.

Amounts due to Related Parties

Our amounts due to Related Parties primarily represents advances subsidiaries of Redco Group made to us to support our business development pursuant to Redco Group's centralized fund management and allocation. Such amounts were interest-free and non-trade in nature. We recorded amounts due to Related Parties of RMB8.5 million, RMB13.0 million, RMB67.4 million and RMB24.4 million as of December 31, 2018, 2019 and 2020 and September 30, 2021, respectively. Such amount is expected to be settled before the [REDACTED].

Contract Liabilities

Our contract liabilities primarily consist of advances of property management fees and other service fees. Our contract liabilities increased from RMB22.8 million as of December 31, 2018 to RMB36.8 million as of December 31, 2019 to RMB61.9 million as of December 31, 2020 and further to RMB51.5 million as of September 30, 2021, primarily due to the increase in the number of properties we managed.

Current Income Tax Liabilities

As of December 31, 2019 and 2020 and September 30, 2021, our current income tax liabilities amounted to approximately RMB5.5 million, RMB13.3 million, RMB23.8 million and RMB16.5 million, respectively. Current income tax liabilities as of the specified dates mainly represented the income tax payable for the year or period then ended according to the prevailing income tax rate.

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 September 30,	As of January 31,
	2018	2019	2020	2021	2022
			RMB'000		
					(Unaudited)
Current assets					
Trade, prepayments and other receivables	25,361	49,698	108,895	155,936	163,106
Amounts due from related parties	2,039	9,804	18,696	—	—
Amounts due from joint ventures	831	920	—	—	—
Amounts due from non-controlling interest	3,305	7,727	13,821	16,054	—
Cash and cash equivalents	69,304	89,615	137,339	73,833	107,015
Total current assets	**100,840**	**157,764**	**278,751**	**245,823**	**270,121**
Current liabilities					
Trade payables	4,513	6,423	9,790	22,410	14,561
Accruals and other payables	32,269	31,674	62,923	49,973	54,563
Contract liabilities.	22,809	36,836	61,937	51,549	81,178
Borrowings	—	—	400	400	10,148
Lease liabilities.	—	—	—	359	395
Amounts due to related parties.	8,538	12,951	67,370	24,407	33,910
Current income tax liabilities	5,477	13,254	23,821	16,513	13,436
Total current liabilities	**73,606**	**101,138**	**226,241**	**165,611**	**208,191**
Net current assets	**27,234**	**56,626**	**52,510**	**80,212**	**61,930**

We recorded net current asset positions as of December 31, 2018, 2019 and 2020 and September 30, 2021. Our net current assets increased by RMB29.4 million from RMB27.2 million as of December 31, 2018 to RMB56.6 million as of December 31, 2019, mainly attributable to an increase in our trade and other receivables and cash and cash equivalents, which was partially offset by an increase in contract liabilities. Our net current assets slightly decreased by RMB4.1 million from RMB56.6 million as of December 31, 2019 to RMB52.5 million as of December 31, 2020, mainly attributable to an increase in amounts due to related parties, and an increase in accruals and other payables, partially offset by an increase in trade and other receivables and cash and cash equivalents. Our net current assets increased by RMB27.7 million from RMB52.5 million as of December 31, 2020 to RMB80.2 million as of September 30, 2021, mainly attributable to an increase in trade and other receivables and a decrease in amounts due to related parties, which was partially offset by a decrease in cash and cash equivalents. The decrease in cash and cash equivalents was due to our settlement of underpaid income tax and certain amounts due to related parties during the nine months ended September 30, 2021. Our net current assets decreased from RMB80.2 million as of September 30, 2021 to RMB61.9 million as of January 31, 2022, mainly attributable to an increase in contract liabilities and amount due to related parties, which was partially offset by a increase in cash and cash equivalents.

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. For 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 [REDACTED] from the [REDACTED] to finance some of our capital requirements.

Cash Flow

The following table sets forth selected cash flow data from our consolidated statements of cash flows for the periods indicated:

	For the year ended December 31,			For the nine months ended September 30,	
	2018	2019	2020	2020	2021
	RMB'000				
Cash flows from operating activities					
Net cash generated from operations	15,733	32,417	46,602	5,168	10,054
Interest received	74	195	151	127	233
Income tax paid	(1,864)	(3,186)	(6,496)	(6,259)	(24,139)
Net cash generated from/(used in) operating activities	13,943	29,426	40,257	(964)	(13,852)
Net cash (used in)/generated from investing activities	(7,028)	(13,976)	2,255	(41,666)	(10,401)
Net cash generated from/(used in) financing activities	68	4,903	5,215	3,719	(39,406)
Net increase/(decrease) in cash and cash equivalents	6,983	20,353	47,727	(38,911)	(63,659)
Cash and cash equivalents, at beginning of the year/period	62,391	69,304	89,615	89,615	137,339
Effect of foreign exchange rate changes	(70)	(42)	(3)	39	153
Cash and cash equivalents as of the end of year/period	**69,304**	**89,615**	**137,339**	**50,743**	**73,833**

Net cash (used in)/generated from operating activities

In the nine months ended September 30, 2021, our net cash used in operating activities was RMB13.9 million, consisting of income tax paid of RMB24.1 million, partially offset by net cash generated from operations of RMB10.1 million. Operating cash inflow before changes in working capital was RMB51.1 million, primarily attributable to profit before tax of RMB41.8 million, as primarily adjusted by amortization of intangible assets of RMB4.4 million. Changes in working capital was primarily due to an increase in our trade receivables, prepayments and other receivables of RMB46.6 million, partially offset by an increase in trade payables of RMB12.6 million. We plan to enhance our cash outflow position by the following measures: (i) continuing to enhance the implementation of our cost control measures, such as further utilizing our integrated intelligent management system to reduce needs of manpower in areas such as patrol, fee collection and customer services, to reduce our labor costs and improve our operational efficiency. We will also continue our efforts in process standardization, centralized procurement at regional level and streamlining decision making process; (ii) we will continue to implement a prudent strategy in business expansion and liquidity management, and we will further diversify our financing channels and optimize our financing structure; (iii) we will continue to enhance our efforts in the collection of trade receivables; and (iv) we will further grow our new business areas in information technology services and community healthcare services, which are expected to bring us strong cash flow as they develop into more advanced stages.

In 2020, our net cash generated from operating activities was RMB40.3 million, consisting of net cash generated from operations of RMB46.6 million. Operating cash inflow before changes in working capital was RMB57.5 million, primarily attributable to profit before tax of RMB57.9 million, as primarily adjusted by net provision for impairment of financial assets of RMB1.4 million. Changes in working capital was primarily due to an increase in our trade receivables, prepayments and other receivables of RMB35.2 million, as partially offset by an increase in contract liabilities of RMB13.0 million.

In 2019, our net cash generated from operating activities was RMB29.4 million, consisting of net cash generated from operations of RMB32.4 million. Operating cash inflow before changes in working capital was RMB41.2 million, primarily attributable to profit before tax of RMB40.8 million, as primarily adjusted by depreciation of property, plant and equipment of RMB0.8 million. Changes in working capital was primarily due to an increase in our trade receivables, prepayments and other receivables of RMB24.1 million, partially offset by an increase in our contract liabilities of RMB14.0 million.

In 2018, our net cash generated from operating activities was RMB13.9 million, consisting of net cash generated from operations of RMB15.7 million. Operating cash inflow before changes in working capital was RMB15.6 million, primarily attributable to profit before tax of RMB15.3 million, as primarily adjusted by net reversal for impairment of financial assets of RMB0.2 million. Changes in working capital was primarily due to an increase in our trade receivables, prepayments and other receivables in the amount of RMB3.6 million, partially offset by an increase in our contract liabilities of RMB0.7 million.

Net cash generated from/(used in) investing activities

During the Track Record Period, our cash used in investing activities mainly consists of purchase of items of property, plant and equipment, and advances to related parties. Our cash from investing activities mainly consists of repayments from related parties and proceeds from disposal of subsidiaries.

In the nine months ended September 30, 2021, our net cash used in investing activities was RMB10.4 million. The net cash outflow was primarily attributable to payment for acquisitions of subsidiaries of RMB16.2 million and advances to related parties of RMB6.6 million.

In 2020, our net cash generated from investing activities was RMB2.3 million. The net cash inflow was primarily attributable to repayment from related parties of RMB65.5 million.

In 2019, our net cash used in investing activities was RMB14.0 million. The net cash outflow was primarily attributable to advances to non-controlling interests of RMB4.5 million and advances to related parties of RMB9.8 million.

In 2018, our net cash used in investing activities was RMB7.0 million. The net cash outflow was primarily attributable to advances to non-controlling interests of RMB3.4 million.

Net cash generated from financing activities

In the nine months ended September 30, 2021, our net cash used in financing activities was RMB39.4 million, primarily reflecting repayment to related parties of RMB54.4 million.

In 2020, our net cash generated from financing activities was RMB5.2 million, primarily reflecting advance from related parties in an amount of RMB4.8 million.

In 2019, our net cash generated from financing activities was RMB4.9 million, primarily reflecting advance from related parties in an amount of RMB4.5 million, partially offset by repayment to related parties of RMB0.04 million.

In 2018, our net cash generated from financing activities was RMB0.07 million, primarily reflecting repayment to related parties in an amount of RMB0.3 million.

WORKING CAPITAL

Our Directors are of the view that, after taking into account the financial resources available to us, including the estimated [REDACTED] of the [REDACTED] 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 document.

INDEBTEDNESS

Borrowings and Lease Liabilities

As of December 31, 2018, 2019 and 2020, September 30, 2021 and January 31, 2022, our borrowings amounted to nil, nil, RMB4.6 million, RMB4.4 million and RMB10.1 million, respectively.

The following table sets forth the components of our interest-bearing borrowings as of the dates indicated:

	As of December 31,			As of September 30,	As of January 31,
	2018	2019	2020	2021	2022
			RMB'000		
					(Unaudited)
Non-current					
Long-term bank borrowings	—	—	4,550	4,350	10,148
Portion of due for repayment within one year or contain a repayment on demand clause	—	—	(400)	(400)	(10,148)
Total	**—**	**—**	**4,150**	**3,950**	**—**

The table below sets forth a repayment schedule of the borrowings as of the dates indicated:

	As of December 31,			As of September 30,	As of January 31,
	2018	2019	2020	2021	2022
			RMB'000		
					(Unaudited)
Amounts of borrowings that are repayable:					
Within one year	—	—	400	400	956
One to two years	—	—	4,150	3,950	971
Two to five years	—	—	—	—	3,001
Over five years	—	—	—	—	5,220
Total	**—**	**—**	**4,550**	**4,350**	**10,148**

In March 2020, Yantai Redco Kangan Health Management Company Limited ("Yantai Redco"), a subsidiary of Weiye International, entered into a bank loan with Rural Commercial Bank of Shandong, Yantai branch in principal amount of RMB4.95 million at an interest of 6.09% per annum for a tenor until December 1, 2022 ("Yantai Redco Loan"）. The proceeds from the bank loan were used for purchase of medical devices. In December 2020, we acquired Weiye International and its subsidiaries, including, among others, Yantai Redco. No revenue of Weiye International was consolidated with our Group in 2020. As of December 31, 2020 and September 30, 2021, the effective interest rate of bank loan was 6.09%. the bank loan is pledged by properties provided by a director of a subsidiary. Save for the Yantai Redco Loan, we did not obtain any other banking facilities during the Track Record Period. As of the Latest Practicable Date, the Yantai Redco Loan had been fully repaid, and we did not have any unutilized banking facilities.

In December 2021, Redco Healthy Living Investments Holding Limited, a subsidiary of our Company, entered into a mortgage loan with the Bank of East Asia in principal amount of HK$12.5 million at an interest rate of 1-month HIBOR plus 1.3% per annum. The loan will be repaid in 120 monthly installments. The proceeds from the mortgage loan were used for purchasing an office and a carparking space in Hong Kong. The loan is secured by a mortgage on the office and a carparking space that we purchased.

As of December 31, 2018, 2019 and 2020, September 30, 2021 and January 31, 2022, our lease liabilities amounted to nil, nil, nil, RMB4.0 million and RMB4.0 million, respectively.

Amounts due to related parties

As of December 31, 2018, 2019 and 2020, September 30, 2021 and January 31, 2022, our amounts due to related parties amounted to approximately RMB8.5 million, RMB13.0 million, RMB67.4 million, RMB24.4 million and RMB33.9 million, respectively. Amounts due to related parties are advances subsidiaries of Redco Group made to us to support our business development pursuant to Redco Group's centralized fund management and allocation, which were non-trade in nature, unsecured and interest-free.

Contingent Liabilities and Commitments

As of December 31, 2018, 2019 and 2020, September 30, 2021 and January 31, 2022, we did not have any significant contingent liabilities. As of the same dates, we did not record any capital commitments.

Except as intra-group liabilities, we did not have any outstanding loan capital, debt securities, debentures, bank overdrafts, liabilities under acceptances or acceptance credits or hire purchase commitments guarantees or other material contingent liabilities or any covenant in connection therewith as of January 31, 2022. As of the same date, we had not guaranteed the indebtedness of any Independent Third Parties. Save as otherwise disclosed above, our Directors confirm that there has been no material adverse change in our indebtedness, capital commitments and contingent liabilities since January 31, 2022 and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

Our capital expenditures represent additions to property, plant and equipment and other intangible assets. Our total capital expenditures increased from RMB0.8 million in 2018 to RMB1.3 million in 2019, and then decreased to RMB1.2 million in 2020, primarily due to a decrease in purchase of property, plant and equipment. Our capital expenditures increased to RMB6.8 million in the nine months ended September 30, 2021 primarily due to an increase in purchase of equipment. Our principal sources of funds for the capital expenditures for the three years ended December 31, 2018, 2019 and 2020 and nine months ended September 30, 2021 are our cash generated from operating activities.

For the year ended December 31, 2021, our total capital expenditures were approximately RMB9.3 million, attributable to our purchase of property, plant and equipment and intangible assets.

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 September 30, 2021, being the date of our most recent financial statement, and as of the Latest Practicable Date.

KEY FINANCIAL RATIOS

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

	As of or for the year ended December 31,			As of or for the nine months ended September 30,
	2018	2019	2020	2021
Return on equity[(1)] (%)	37.2	49.5	36.6	18.3
Return on total assets[(2)] (%)	10.7	18.5	12.2	8.3
Current ratio[(3)] (times)	1.4	1.6	1.2	1.5
Gearing ratio[(4)] (%)	—	—	3.8	2.9

Note:

(1) Return on equity is calculated based on profit for the year/period divided by balance of total equity as of the end of that year/period and multiplied by 100%.

(2) Return on total assets is calculated based on profit for the year/period divided by balance of total assets as the year end of the period and multiplied by 100%.

(3) Current ratio is calculated based on current assets divided by current liabilities as of the same date.

(4) Gearing ratio is calculated based on the sum of interest-bearing borrowings as of the respective dates divided by total equity as of the same dates and multiplied by 100%.

Return on Equity

Our return on equity was 37.2%, 49.5%, 36.6% and 18.3% in 2018, 2019, 2020 and the nine months ended September 30, 2021, respectively. Our return on equity increased from 2018 to 2019 primarily due to the increase in our profit for the year as a result of our continuous expansion which outweighed the increase in total equity during the same years. Our return on equity decreased from 2019 to 2020 primarily because the increase in our total equity as a result of the acquisitions we made in 2020 outpaced the increase in our profit for the year during the same years. Our return on equity decreased from 2020 to the nine months ended September 30, 2021 primarily because of a substantial increase in our total equity after our acquisition of Wuhu Senlin in December 2020.

Return on Total Assets

Our return on total assets was 10.7%, 18.5%, 12.2% and 8.3% in 2018, 2019, 2020 and the nine months ended September 30, 2021, respectively. The increase in our return on total assets from 2018 to 2019 was mainly due to the continuous increase in our profit for the year, which outpaced the increase in our total assets during the same years. The decrease in our return on total assets from 2019 to 2020 was mainly because the increase in our total assets due to our acquisitions in 2020 outpaced the increase in our profit for the year during the same years. The decrease in our return on total assets from 2020 to the nine months ended September 30, 2021 was mainly a substantial increase in our total assets after our acquisition of Wuhu Senlin in December 2020.

Current Ratio

Our current ratio increased from 1.4 times as of December 31, 2018 to 1.6 times as of December 31, 2019, which was primarily because the increase in our current assets outpaced the increase in our current liabilities during the same years. Our current ratio decreased from 1.6 times as of December 31, 2019 to 1.2 times as of December 31, 2020, primarily because the increase in our current liabilities outpaced the increase in our current assets during the same years. Our current ratio increased from 1.2 times as of December 31, 2020 to 1.5 times as of September 30, 2021, primarily because the decrease in our current liabilities outpaced the decrease in our current assets during the relevant periods.

Gearing Ratio

Our gearing ratio was nil, nil, 3.8% and 2.9% as of December 31, 2018, 2019 and 2020 and September 30, 2021, respectively. We did not have interest-bearing borrowings as of December 31, 2018 and December 31, 2019, and incurred interest-bearing borrowings of RMB4.6 million and RMB4.4 million as December 31, 2020 and September 30, 2021, respectively. Please see "—Indebtedness" for details.

QUANTITATIVE AND QUALITATIVE ANALYSIS ABOUT MARKET RISK

We are exposed to a variety of market risks, including interest rate risk, credit risk and liquidity risk, as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. As of the Latest Practicable Date, we did not hedge or consider necessary to hedge any of these risks. Please see Note 3.1 to the Accountant's Report in Appendix I to this document for more information.

Interest Rate Risk

Except for bank deposits at variable interest rate, we do not have other significant interest-bearing assets. The interest rates of bank deposits are not expected to change significantly, and the relevant interest rate risk is considered immaterial.

Credit Risk

We are exposed to credit risk in relation to cash and cash equivalents, trade receivables, deposits and other receivables, amounts due from fellow subsidiaries and non-controlling interests. The carrying amounts of cash and cash equivalents, trade receivables, deposits and other receivables, amounts due from fellow subsidiaries and non-controlling interests represent our maximum exposure to credit risk in relation to financial assets.

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.

For credit exposures to amounts due from fellow subsidiaries and non-controlling interests, we had not encountered any significant difficulties in collecting from these parties in the past, and are not aware of any significant financial difficulties by the related parties.

For trade receivables, our management has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, we review the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for non-recoverable amounts. In this regard, our directors consider that our credit risk is significantly reduced.

Liquidity Risk

In managing liquidity risk, our management regularly and closely monitors its current and expected liquidity requirements to maintain our rolling cash flow at a level which is considered adequate by our management to finance our operations and to maintain sufficient cash to meet our business development requirements.

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of us are also considered as related parties. Please see Note 25 to the Accountant's Report in Appendix I to this document for a detailed discussion of related party transactions.

Significant Related Party Transactions

During the Track Record Period, we had the following significant transactions with related parties:

Provision of services

In 2018, 2019, 2020 and the nine months ended September 30, 2021, we recorded revenue from provision of property management services, value-added service to non-property owners to related parties, carpark agency services, healthcare services, information technology services and maintenance expense in the amount of RMB29.7 million, RMB66.2 million, RMB67.6 million and RMB88.1 million, respectively. These were property management services and value-added services to non-property owners provided to Redco Group and joint ventures and associates of Redco Group.

Balances with Related Parties

The table below sets forth the balances with related parties as of the dates indicated:

	As of December 31,			As of September 30,
	2018	2019	2020	2021
	RMB'000			
Amounts due from related parties				
Trade receivable	11,309	27,952	53,863	63,895
Non-trade nature	2,039	9,804	18,696	—
Amounts due to related parties				
Contract liabilities	1,292	4,013	13,166	15,934
Non-trade nature	8,538	12,951	67,370	24,407

The above trade receivables, note receivables, contract assets, finance lease receivables, prepayments, trade payables, contract liabilities and lease liabilities are trade in nature. The above other receivables, other payables, equity interests in related parties and fund products from related parties are non-trade in nature. We will fully settle balances with related parties that are non-trade in nature before [REDACTED]. Our Directors confirm that the transactions with respect to the amounts due from and due to related parties were conducted on an arm's length basis and on normal commercial terms, and would not distort our results of operations during the Track Record Period or impact the reflection of our future performance.

DIVIDEND POLICY

Our Company did not declare any dividends during the Track Record Period. Any declaration of dividends is subject to our results of operations, working capital and cash position, future business and earnings, capital requirement, among other things. The payment and the amount of any future dividends, if any, will be at the sole discretion of our Board of Directors and will also depend on above-mentioned factors and various other factors that our Board of Directors deem relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. Any future declarations and payments of dividends will be at the discretion of our Directors and may require the approval of our Shareholders.

DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

Except as otherwise disclosed in this document, 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.

[REDACTED] EXPENSES

The total amount of [REDACTED] expenses that will be borne by us in connection with the [REDACTED], including [REDACTED] commissions for the [REDACTED], is estimated to be RMB[REDACTED] (HK$[REDACTED]), accounting for approximately [REDACTED]% of the [REDACTED] from the [REDACTED] (based on the mid-point of the indicative [REDACTED] range, before the exercise of the [REDACTED]). Of our total [REDACTED] expenses, RMB[REDACTED] (HK$[REDACTED]) is expected to be accounted for as a deduction from equity upon completion of the [REDACTED]. The fees and expenses of RMB[REDACTED] (HK$[REDACTED]) were recognized and charged to our consolidated statement of comprehensive income for the nine months ended September 30, 2021. The fees and expenses of RMB[REDACTED] (HK$[REDACTED]) are expected to be charged to our profit or loss account subsequent to the end of the Track Record Period and upon completion of the [REDACTED]. The professional fees and/or other expenses related to the preparation of [REDACTED] are currently in estimates for reference only and the actual amount to be recognized is subject to adjustments based on audit and the then changes in variables and assumptions. Our Directors expect that our [REDACTED] expenses will have an adverse impact on our financial performance for year ended December 31, 2021.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an illustrative and pro forma statement of adjusted net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the [REDACTED] on the consolidated net tangible assets of our Group attributable to the owners of our Company as of September 30, 2021 as if the [REDACTED] had taken place on September 30, 2021.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group had the [REDACTED] been completed as of September 30, 2021 or any future date. It is prepared based on the consolidated net tangible assets of our Group attributable to the owners of our Company as of September 30, 2021 as derived from the Accountant's Report, set out in Appendix I to this document and adjusted as described below.

	Audited Consolidated Net Tangible Assets of our Group Attributable to Owners of our Company as of September 30, 2021	**Estimated [REDACTED] from the [REDACTED]**	**Unaudited Pro Forma Adjusted Net Tangible Assets Attributable to Owners of our Company as of September 30, 2021**	**Unaudited Pro Forma Adjusted Net Tangible Assets per Share**	
	Note 1	**Note 2**	**RMB'000**	**Note 3**	**Note 4**
	RMB'000	**RMB'000**		**RMB**	**HK$**
Based on an [REDACTED] of HK$[REDACTED] per Share	72,360	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK$[REDACTED] per Share	72,360	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) The audited consolidated net tangible assets attributable to owners of our Company as of September 30, 2021 are extracted from the historical financial information contained in the Accountant's Report set forth in Appendix I to this document, which is based on the audited consolidated net assets of our Group attributable to the owners of our Company as of September 30, 2021 of approximately RMB119,752,000 with an adjustment for the intangible assets attributable to owners of our Company as of September 30, 2021 of approximately RMB47,392,000.

(2) The estimated [REDACTED] from the [REDACTED] are based on the [REDACTED] range of HK$[REDACTED] per Share and HK$[REDACTED] per Share, respectively after deduction of the [REDACTED] fees and other related expenses paid/payable by our Company and excluding [REDACTED] expenses of approximately RMB[REDACTED] (equivalents to approximately HK$[REDACTED]) which has been accounted for in the consolidated statements of comprehensive income up to September 30, 2021. It does not take account of any Shares which may be issued upon the exercise of the [REDACTED], or any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this document.

(3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 200,000,000 Shares (including the completion of the [REDACTED] to be effective upon [REDACTED]) were in issue assuming that the [REDACTED] and [REDACTED] had been completed on September 30, 2021 without taking into account of any Shares which may be issued upon the exercise of the [REDACTED], or any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this document.

(4) For the purpose of this unaudited pro forma adjusted net tangible assets, the balances stated in Renminbi are converted into Hong Kong dollars at a rate of RMB0.8092 to HK$1.00, as set out in "Information about this document and the [REDACTED]" to this Document. 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 the unaudited pro forma adjusted net tangible assets of our Group to reflect any trading results or other transactions of our Group entered into subsequent to September 30, 2021.

DIRECTORS' CONFIRMATION ON NO MATERIAL AND ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material and adverse change in our financial and trading position or prospects since September 30, 2021, and there is no event since September 30, 2021 that would materially affect the information shown in the Accountant's Report, the text of which is set forth in Appendix I to this document.

[REDACTED]

We estimate the [REDACTED] of the [REDACTED] which we will receive, assuming an [REDACTED] of HK$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range stated in this document), will be approximately HK$[REDACTED] million, after deduction of [REDACTED] fees and commissions and estimated expenses payable by us in connection with the [REDACTED] and assuming the [REDACTED] is not exercised.

We intend to use the [REDACTED] of the [REDACTED] for the following purposes assuming the [REDACTED] is fixed at HK$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED]).

- Approximately [REDACTED]% or HK$[REDACTED] million, will be used to pursue selective strategic investment and acquisition opportunities to further expand our business scale and geographic coverage and broaden our service offerings, among which (i) approximately [REDACTED]% or HK$[REDACTED] million, will be used to acquire other property management companies with a focus on the management of residential projects. Our selection criteria for a potential target company include but are not limited to: (a) GFA under management between 1.0 million and 5.0 million sq.m.; (b) operating revenue in the latest financial year between RMB10.0 million to RMB100.0 million; (c) compliance of business operations with laws and regulations. We will prioritize in assessing potential investment or acquisition targets with a portfolio of managed properties in regions that we have entered into, such as Yangtze River Delta region and the Greater Bay Area. Through the investment in or acquisition of these companies, we expect to reinforce our competitive edge in economically developed regions and create synergy with our existing projects; and (ii) approximately [REDACTED]% or HK$[REDACTED] million, will be used to acquire other property management companies with diversified portfolio of properties under management. These selection criteria include but are not limited to: (a) a diversified project portfolio with both residential properties and non-residential properties, such as commercial properties and public facilities. Specifically, we consider a company to have diversified project portfolio when over 50% of its GFA under management comprises of non-residential properties; (b) GFA under management between 1.0 million and 5.0 million sq.m.; (c) operating revenue in the latest financial year between RMB10.0 million to RMB100.0 million; (d) compliance of business operations with laws and regulations. We will prioritize in assessing potential investment or acquisition targets with a portfolio of managed properties in regions that we have entered into, such as Yangtze River Delta region and the Greater Bay Area. Through the investment in or acquisition of these companies, we expect to diversify our portfolio of managed properties and enhance our brand awareness. As of the Latest Practicable Date, we had not identified any acquisition or investment targets for our [REDACTED] from the [REDACTED];

- Approximately [REDACTED]% or HK$[REDACTED], will be used to upgrade our information technology infrastructure and promote smart community management, among which (i) approximately [REDACTED]% or HK$[REDACTED], will be used to upgrade our intelligent operation system to enhance our operational efficiency; (ii) approximately [REDACTED]% or HK$[REDACTED], will be used enhance our smart community management system, such as smart carpark management system, smart visitor management system and smart traffic control system, to enhance our customer experience; and (iii) approximately [REDACTED]% or HK$[REDACTED], will be used to recruit and support additional personnel to implement the technology upgrades as mentioned in (i) and (ii); and

- Approximately [REDACTED]% or HK$[REDACTED], will be used to improve our services as the Lifestyle Butler to improve our customers' experience and satisfaction. In particular, we plan to implement more training programs for our property management personnel to enhance their professional skills. We will also arrange our property management personnel to participate in industry conferences to have a better understanding of the most recent developments in the service standards in the industry. In 2022, 2023 and 2024, we plan to arrange four, five and four training sessions and participate in four, five and four industry conferences, respectively. The training sessions are planned to focus on, for example, trainings for lifestyle butlers ("管家集訓營"), increasing engineering efficiency ("工程效率品質提升特訓營") and increasing project managers' operational skills ("物業項目經理崗位能力資質提升"). The industry conferences that we plan to participate in are expected to focus on, for example, the optimization of diversified services, full-lifecycle management and increasing human resource management efficiency. We plan to allocate HK$[REDACTED], HK$[REDACTED] and HK$[REDACTED] of the [REDACTED] of the [REDACTED] in such training programs and industry conferences in 2022, 2023 and 2024, respectively.

- Approximately [REDACTED]% or HK$[REDACTED], will be used to expand our community healthcare services as the Healthcare Butler. We plan to open ten and 11 Yearning Health Centers ("怡鄰健康中心") in 2022 and 2023, respectively. We plan to use the [REDACTED] of the [REDACTED] in the rentals, furbishing and renovation of the newly opened Yearning Health Centers, and to recruit, provide training and pay salaries and benefits to employees of Yearning Health Centers.

- Approximately [REDACTED]% or HK$[REDACTED], will be used for general business purpose and working capital.

The above allocation of the [REDACTED] will be adjusted on a pro rata basis in the event that the [REDACTED] is fixed at a higher or lower level compared to the mid-point of the estimated [REDACTED] range or the [REDACTED] is exercised.

If the [REDACTED] is fixed at HK$[REDACTED] per [REDACTED] (being the high end of the [REDACTED] range stated in this document) and assuming the [REDACTED] is not exercised, we will receive [REDACTED] of approximately HK$[REDACTED], after deduction of [REDACTED] fees and commissions and estimated expenses payable by us in connection with the [REDACTED].

If the [REDACTED] is fixed at HK$[REDACTED] per [REDACTED] (being the low end of the [REDACTED] range stated in this document) and assuming the [REDACTED] is not exercised, the [REDACTED] we receive will be approximately HK$[REDACTED] million, after deduction of [REDACTED] fees and commissions and estimated expenses payable by us in connection with the [REDACTED].

In the event that the [REDACTED] is exercised in full, we will receive additional [REDACTED] ranging from approximately HK$[REDACTED] million (assuming an [REDACTED] of HK$[REDACTED] per Share, being the low end of the proposed [REDACTED] range) to HK$[REDACTED] million (assuming an [REDACTED] of HK$[REDACTED] per Share, being the high end of the proposed [REDACTED] range), after deduction of [REDACTED] fees and commissions and estimated expenses payable by us in connection with the [REDACTED].

To the extent that the [REDACTED] are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we will deposit the [REDACTED] into short-term demand deposits with licensed financial institutions. We will make an appropriate announcement if there is any change to the above proposed [REDACTED] or if any amount of the [REDACTED] will be used for general corporate purpose.

Basis and Assumptions

Our future plans and business strategies are based on the following general assumptions:

- there will be no material change in the funding requirement for each of our future plans described in this document from the amount as estimated by our Directors;
- 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;
- the [REDACTED] will be completed in accordance with and as described in the section entitled "Structure of the [REDACTED]" in this document;
- there will be no material changes in existing accounting policies from those stated in the audited consolidated financial statements of our Group for 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 inflation, interest rate and tax rate in the PRC;
- there will be no material changes in the bases or rates of taxation applicable to our activities;

- we will not be materially affected by the risk factors as set out in the section entitled "Risk Factors" in this document;

- we will continue our operation including but not limited to retaining our key staff and maintaining our customers, suppliers and sub-contractors in the same manner as we did during the Track Record Period;

- there will be no material change in existing laws and regulations, or other governmental policies relating to our Group and our business, or in the political or market conditions in which we operate; and

- there will be no disasters, natural, political or otherwise, which would materially disrupt our businesses or operations.

IMPLEMENTATION PLAN

The following table sets out approximate amount, 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 "—[REDACTED]—Bases and Assumptions" above. The bases and assumptions outlined are inherently subject to uncertainties, particularly those outlined in the section headed "Risk Factors" in this document. Our actual course of business may vary from the business strategies set forth in this document due to unforeseeable events, and there can be no assurance that we will accomplish our business strategies in a timely manner, or at all.

Major Categories	Total [REDACTED]	Amount	Sub-categories	Implementation activities	Total [REDACTED]	Timeframe		
						2022	2023	2024
	%	HK$ in millions			%	HK$ in millions		
Business expansion . .	[REDACTED]	[REDACTED]	Strategic acquisitions and investments in property management companies focused on residential projects	We plan to acquire other property management companies with a focus on the management of residential projects. Our selection criteria for a potential target company include but are not limited to: (a) GFA under management between 1.0 million and 5.0 million sq.m.; (b) operating revenue in the latest financial year between RMB10.0 million to RMB100.0 million; (c) compliance of business operations with laws and regulations. We will prioritize in assessing potential investment or acquisition targets with a portfolio of managed properties in regions that we have entered into, such as Yangtze River Delta region and the Greater Bay Area. Through the investment in or acquisition of these companies, we expect to reinforce our competitive edge in economically developed regions and create synergy with our existing projects.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
		[REDACTED]	Strategic acquisitions and investments in property management companies with diversified portfolio of properties under management	We plan to acquire other property management companies with diversified portfolio of properties under management. These selection criteria include but are not limited to: (a) a diversified project portfolio with both residential properties and non-residential properties, such as commercial properties and public facilities; (b) GFA under management between 1.0 million and 5.0 million sq.m.; (c) operating revenue in the latest financial year between RMB10.0 million to RMB100.0 million; (d) compliance of business operations with laws and regulations. We will prioritize in assessing potential investment or acquisition targets with a portfolio of managed properties in regions that we have entered into, such as Yangtze River Delta region and the Greater Bay Area. Through the investment in or acquisition of these companies, we expect to diversify our portfolio of managed properties and enhance our brand awareness.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Major Categories	Total [REDACTED]	Amount	Sub-categories	Implementation activities	Total [REDACTED]	Timeframe 2022	Timeframe 2023	Timeframe 2024
	%	HK$ in millions			%	HK$ in millions		
Upgrade information technology infrastructure . . .	[REDACTED]	[REDACTED]	Upgrade our smart community management system	We plan to upgrade our integrated smart community management system for both the users' end and management's end, incorporating various functional modules such as a smart property management fee payment system, smart carpark management system, smart visitor management system, smart traffic control system and smart security control system. For example, we plan to upgrade our visitor management system to monitor the gates and other key areas and achieve remote voice control and centralized monitoring on the common areas and our business premises through real-time video surveillance to react swiftly and appropriately to incidents in the property projects under our management. We plan to upgrade our carpark management system with necessary new equipment to achieve functions such as car park management which allows our centralized control of traffic flow, electronic payment through scanning QR code and easy online access to invoices. Such initiative allows us to reduce the reliance on manual labor and increase our operational efficiency. Residents in the communities under our management are also expected to have greater experience such initiatives streamline our services and reduces the occurrences of human errors.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
		[REDACTED]	Upgrade our intelligent operation system	We plan to utilize the [REDACTED] of the [REDACTED] (i) to upgrade our intelligent operational management system, such as financial management system, report and repair system, and engineering management system. These systems are expect to help us monitor the number of households, number of carparks, GFA, average monthly property management fees and other key information of the communities under our management, the equipment and facility management system to monitor the operation status of our equipment and facilities; and (ii) to upgrade our customer service systems, including the task management platform for management of service requests from our customers, the customer service platform to improve the customers' easy access to our employees, the reporting platform to handle customers' complaints and feedback and the internal training platform to provide occupational training to our employees. Such initiative is expected to significantly increase our operational efficiency and allows us to monitor and analyze our operational data and adjust our business strategies in a timely manner. Our customers are also expected to have an enhanced experience given that they are more easily connected to our employees and our employees can respond promptly to their inquiries. We plan to offer additional services or functions, such as door control through mobile phones, sending and receiving packages by upgrading our one-stop service platform, and provide property owners and residents with access to high-quality home living services offered by vendors located in the one-kilometer radius surrounding the communities.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Major Categories	Total [REDACTED]	Amount	Sub-categories	Implementation activities	Total [REDACTED]	Timeframe		
						2022	2023	2024
	%	HK$ in millions			%	HK$ in millions		
		[REDACTED]	Recruit and support additional personnel for upgrading information technology infrastructure	We plan to recruit and support ten personnel, including two product managers, one quality control manager and seven software engineers, to implement the technology upgrades as mentioned above. The annual salaries for these personnel is expected to be approximately RMB2.0 million. The [REDACTED] of the [REDACTED] will be applied in the recruitment expenses and employee salaries and benefit expenses.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Improve our services as the Lifestyle Butler	[REDACTED]	[REDACTED]	Enhance property management service personnel's professional skills	we plan to implement more training programs for our property management personnel to enhance their professional skills. We will also arrange our property management personnel to participate in industry conferences to have a better understanding of the most recent developments in the service standards in the industry. In 2022, 2023 and 2024, we plan to arrange four, five and four training sessions and participate in four, five and four industry conferences, respectively. The training sessions are planned to focus on, for example, trainings for lifestyle butlers ("管家集訓營"), increasing engineering efficiency ("工程效率品質提升特訓營") and increasing project managers' operational skills ("物業項目經理崗位能力資質提升"). The industry conferences that we plan to participate in are expected to focus on, for example, the optimization of diversified services, full-lifecycle management and increasing human resource management efficiency.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Expand our services as the Healthcare Butler	[REDACTED]	[REDACTED]	Opening of new Yearning Health Centers	We plan to open ten and 11 Yearning Health Centers ("怡鄰健康中心") in 2022 and 2023, respectively. We plan to use the [REDACTED] of the [REDACTED] in the rentals, furbishing and renovation of the newly opened Yearning Health Centers, and to recruit, provide training and pay salaries and benefits to employees of Yearning Health Centers.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
General corporate purposes	[REDACTED]	[REDACTED]	Working capital and other general corporate purposes	—	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Plans for Strategic Acquisitions and Investments

Other Property Management Companies Focused on Residential Projects

While we expect to retain our organic growth, we believe that expansion through strategic acquisitions and investments will also help us rapidly penetrate into the target markets by taking advantage of their existing property management portfolio and customer bases. We expect to expand our geographic coverage, reinforce our competitive edge in economically developed regions, and enable us to gain access to new markets and diversify our portfolio of managed properties in an efficient manner.

Although our Directors had not identified any suitable targets as of the Latest Practicable Date, we have determined the criteria for evaluating potential targets based on the results of our constant research, financial due diligence and preliminary assessments and feasibility studies in this regard.

Criteria for Strategic Acquisitions and Investments

We plan to prioritize in assessing potential investment or acquisition targets with a portfolio of managed properties covering tier-one or new tier-one cities, such as Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin and Chengdu, or those with a diversified portfolio of managed properties, such as commercial properties, industry parks, schools and hospitals. We set our selection criteria for a potential target based on the industry analysis set forth in the CIA Report. These selection criteria include but are not limited to: (a) GFA under management between 1.0 million and 5.0 million sq.m.; (b) operating revenue in the latest financial year between RMB10.0 million to RMB100.0 million; (c) compliance of business operations with laws and regulations. We will prioritize in assessing potential investment or acquisition targets with a portfolio of managed properties in regions that we have entered into, such as Yangtze River Delta region and the Greater Bay Area. We tend to select the target companies with relatively high average property management fees and good profitability despite the relatively small size in terms of GFA under management. Our Directors set the criterion on the GFA under management in order to consider more target companies of smaller scales on the market in view of their relatively lower market value and bargaining power, which however, does not undermine their growth potentials. As advised by CIA, there are many property management companies with GFA under management over 1.0 million sq.m. available for our acquisition and investment plan. We set another criterion on operating revenue in order to ascertain the suitable target companies with good profitability, despite their relatively small size in terms of GFA under management. We tend to select the target companies with relatively high average property management fees in order to make sure that they may generate enough operating revenue to be profitable.

Availability of Suitable Targets

According to CIA, accelerated market concentration is a key trend in the highly competitive and fragmented PRC property management industry, and leading property management service providers are seeking access to enhance management standards and core competitiveness through mergers and acquisitions. According to CIA, with more than 1,500 property management companies in the Yangtze River Delta Region, Central China Region, Greater Bay Area Region and Bohai Rim Region, each with a GFA under management of 1 million sq.m. to 5 million sq.m. and revenue of RMB10 million to RMB100 million, there should be a sufficient number of suitable targets available that match our criteria for strategic acquisitions and investments. We plan to acquire majority interests in any one or more of such property management companies. The total capital required for the acquisition of, or investment in, such potential targets would depend, to a large extent, on the size and number of the targets. The determination of investment cost for each target is further subject to the percentage of equity interest to acquire, the financial performance and position of the target and our evaluation of the target's worthiness and potential with reference to the market value. As advised by CIA, our Directors believe that our criteria for strategic acquisitions and investments are in line with the industry practice and there are a rich variety of potential targets available for our consideration in such a fragmented property management service industry. Leveraging the trend of industry consolidation, our established market position and extensive industrial experience, as well as efforts of our professional business development teams, we believe that we may find suitable targets for our acquisition and investment plan will be able to implement our acquisition and investment strategies successfully.

Although we had not identified or committed to any acquisition or investment targets, in 2021, we plan to conduct extensive market research and begin the due diligence, negotiation and valuation processes for our future acquisitions and investments. If the considerations to be paid for the acquisitions and investments exceed the [REDACTED] from the [REDACTED], we believe that we will be able to utilize the funds from other sources to finance the acquisitions and investments.

Other Property Management Companies with Diversified Portfolio of Properties Under Management

We also plan to acquire and invest in property management companies with diversified portfolio of properties under management. We believe that strategic acquisitions of and investments in such companies will enable us to further diversify our portfolio of properties under management, and non-residential properties, such as commercial properties and office buildings, as expected to create synergies with our existing residential projects.

Our selection criteria for a potential target include but are not limited to: We plan to acquire other property management companies with diversified portfolio of properties under management. These selection criteria include but are not limited to: (a) a diversified project portfolio with both residential properties and non-residential properties, such as commercial properties and public facilities; (b) GFA under management between 1.0 million and 5.0 million sq.m.; (c) operating revenue in the latest financial year between RMB10.0 million to RMB100.0 million; (d) compliance of business operations with laws and regulations. We will prioritize in assessing potential investment or acquisition targets with a portfolio of managed properties in regions that we have entered into, such as Yangtze River Delta region and the Greater Bay Area. Through the investment in or acquisition of these companies, we expect to diversify our portfolio of managed properties and enhance our brand awareness.

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[REDACTED]

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 document. It is prepared and addressed to the directors of the Company and to the Sponsor pursuant to the requirements of HKSIR 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

[DRAFT]

[Letterhead of PricewaterhouseCoopers]

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF REDCO HEALTHY LIVING COMPANY LIMITED AND ABCI CAPITAL LIMITED

Introduction

We report on the historical financial information of Redco Healthy Living Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-109, which comprises the consolidated balance sheets as at 31 December 2018, 2019, 2020 and 30 September 2021, the company balance sheet as at 30 September 2021 and the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2018, 2019, 2020 and the nine months ended 30 September 2021 (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-109 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the "Document") in connection with the [REDACTED] 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 1.2 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.

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 1.2 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 30 September 2021 and the consolidated financial position of the Group as at 31 December 2018, 2019, 2020 and 30 September 2021 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 1.2 and 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended 30 September 2020 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the presentation and preparation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Notes 1.2 and 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 1.2 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 28 of the Historical Financial Information which states that no dividends have been paid by Redco Healthy Living Company Limited 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

[REDACTED]

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 PROFIT OR LOSS FOR THE YEARS ENDED 31 DECEMBER 2018, 2019, 2020 AND THE NINE MONTHS ENDED 30 SEPTEMBER 2021

		Year ended 31 December			Nine months ended 30 September	
	Note	2018	2019	2020	2020	2021
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue	5	124,251	180,775	221,610	160,267	260,459
Cost of sales	7	(98,139)	(124,870)	(144,808)	(102,772)	(173,756)
Gross profit		26,112	55,905	76,802	57,495	86,703
Other gains, net	6	804	2,290	3,465	1,023	3,900
Selling and marketing expenses	7	—	(1,011)	(2,111)	(1,531)	(3,211)
Administrative expenses	7	(11,936)	(16,807)	(19,858)	(13,184)	(43,637)
Net reversal of/(provision for) impairment losses of financial assets	3.1 & 15	185	165	(1,441)	(796)	(3,245)
Operating profit		15,165	40,542	56,857	43,007	40,510
Finance income	9	74	195	151	127	233
Finance costs	9	—	—	—	—	(507)
Finance income/(costs), net		74	195	151	127	(274)
Share of profits of investments accounted for using the equity method	16	24	72	913	665	1,576
Profit before income tax		15,263	40,809	57,921	43,799	41,812
Income tax expense	10	(4,141)	(11,005)	(13,911)	(10,977)	(14,277)
Profit for the year/period		11,122	29,804	44,010	32,822	27,535
Profit for the year/period attributable to:						
Owners of the Company		10,586	27,903	39,612	30,563	22,266
Non-controlling interests		536	1,901	4,398	2,259	5,269
		11,122	29,804	44,010	32,822	27,535
Earnings per share attributable to owners of the Company (Note)						
Basic and diluted	11	2,647	6,976	9,903	7,641	5,567

Note: The earnings per share presented above has not taken into account the proposed [REDACTED] pursuant to the resolutions of the shareholders passed on 14 March 2022, as set out in Note 18, because the proposed [REDACTED] has not become effective as at report date.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2018, 2019, 2020 AND THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	Year ended 31 December			Nine months ended 30 September	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit for the year/period	11,122	29,804	44,010	32,822	27,535
Other comprehensive (loss)/income					
Item that may be reclassified to profit or loss					
- Currency translation differences	(85)	(43)	13	38	171
Total comprehensive income for the year/period	11,037	29,761	44,023	32,860	27,706
Total comprehensive income attributable to:					
Owners of the Company	10,501	27,860	39,625	30,601	22,437
Non-controlling interests	536	1,901	4,398	2,259	5,269
Total comprehensive income for the year/period	11,037	29,761	44,023	32,860	27,706

CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2018, 2019 and 2020 AND 30 SEPTEMBER 2021

		As at 31 December			As at 30 September
	Note	2018	2019	2020	2021
		RMB'000	RMB'000	RMB'000	RMB'000
Assets					
Non-current assets					
Intangible assets	13	—	—	50,087	47,392
Property, plant and equipment	14	1,672	2,151	25,193	29,471
Investments accounted for using the equity method	16	304	726	1,875	2,839
Deferred income tax assets	20	695	653	5,245	6,652
Prepayments of property, plant and equipment	15	—	—	—	1,288
		2,671	3,530	82,400	87,642
Current assets					
Trade and other receivables and prepayments	15	25,361	49,698	108,895	155,936
Amounts due from related parties	25	2,039	9,804	18,696	—
Amounts due from joint ventures	25	831	920	—	—
Amounts due from non-controlling interests	25	3,305	7,727	13,821	16,054
Cash and cash equivalents	17	69,304	89,615	137,339	73,833
		100,840	157,764	278,751	245,823
Total assets		103,511	161,294	361,151	333,465
Equity					
Equity attributable to owners of the Company					
Share capital	18	—	—	—	—
Reserves	19	26,846	54,706	94,907	119,752
		26,846	54,706	94,907	119,752
Non-controlling interests	12(b)	3,059	5,450	25,189	30,868
Total equity		29,905	60,156	120,096	150,620

		As at 31 December			As at 30 September
	Note	2018	2019	2020	2021
		RMB'000	RMB'000	RMB'000	RMB'000
Liabilities					
Non-current liabilities					
Borrowing	22	—	—	4,150	3,950
Lease liabilities	23	—	—	—	3,594
Other payables	21	—	—	1,924	2,097
Deferred income tax liabilities	20	—	—	8,740	7,593
		—	—	14,814	17,234
Current liabilities					
Trade payables	21	4,513	6,423	9,790	22,410
Accruals and other payables	21	32,269	31,674	62,923	49,973
Contract liabilities	5	22,809	36,836	61,937	51,549
Borrowing	22	—	—	400	400
Lease liabilities	23	—	—	—	359
Amounts due to related parties	25	8,538	12,951	67,370	24,407
Current income tax liabilities		5,477	13,254	23,821	16,513
		73,606	101,138	226,241	165,611
Total liabilities		73,606	101,138	241,055	182,845
Total equity and liabilities		103,511	161,294	361,151	333,465

BALANCE SHEET
AS AT 30 SEPTEMBER 2021

	Note	As at 30 September 2021
		RMB'000
Assets		
Non-current asset		
Investment in a subsidiary	12	134,454
Current assets		
Prepayments	15	5,622
Total assets		140,076
Equity		
Equity attributable to owners of the Company		
Share capital	18	—
Reserves	19	134,500
Accumulated loss		(12,982)
Total equity		121,518
Liabilities		
Current liabilities		
Accruals and other payables	21	2,985
Amounts due to subsidiaries	25	15,536
Amounts due to related parties	25	37
Total liabilities		18,558
Total equity and liabilities		140,076

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2018, 2019, 2020 AND THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	Attributable to equity holders of the Company				
	Share capital	Reserves (Note 19)	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2018	—	16,345	16,345	2,523	18,868
Profit for the year	—	10,586	10,586	536	11,122
Other comprehensive loss:					
Currency translation differences	—	(85)	(85)	—	(85)
Total comprehensive income for the year	—	10,501	10,501	536	11,037
As at 31 December 2018	—	26,846	26,846	3,059	29,905
As at 1 January 2019	—	26,846	26,846	3,059	29,905
Profit for the year	—	27,903	27,903	1,901	29,804
Other comprehensive loss:					
Currency translation differences	—	(43)	(43)	—	(43)
Total comprehensive income for the year	—	27,860	27,860	1,901	29,761
Transactions with owners:					
Capital injection from non-controlling interests	—	—	—	490	490
As at 31 December 2019	—	54,706	54,706	5,450	60,156

	Attributable to equity holders of the Company				
	Share capital	Reserves (Note 19)	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2020	—	54,706	54,706	5,450	60,156
Profit for the year	—	39,612	39,612	4,398	44,010
Other comprehensive income:					
Currency translation differences	—	13	13	—	13
Total comprehensive income for the year	—	39,625	39,625	4,398	44,023
Transactions with owners:					
Non-controlling interest arising from acquisitions and step acquisitions of subsidiaries	—	—	—	15,242	15,242
Capital injection from non-controlling interests	—	—	—	795	795
Change in ownership interests in subsidiaries without change of control (Note 26.3(a))	—	576	576	(696)	(120)
As at 31 December 2020	—	94,907	94,907	25,189	120,096
(Unaudited)					
As at 1 January 2020	—	54,706	54,706	5,450	60,156
Profit for the period	—	30,563	30,563	2,259	32,822
Other comprehensive income:					
Currency translation differences	—	38	38	—	38
Total comprehensive income for the period	—	30,601	30,601	2,259	32,860
Transactions with owners:					
Capital injection from non-controlling interests	—	—	—	490	490
As at 30 September 2020	—	85,307	85,307	8,199	93,506

	Attributable to equity holders of the Company				
	Share capital	Reserves (Note 19)	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2021	—	94,907	94,907	25,189	120,096
Profit for the period	—	22,266	22,266	5,269	27,535
Other comprehensive income:					
Currency translation differences	—	171	171	—	171
Total comprehensive income for the period	—	22,437	22,437	5,269	27,706
Transactions with owners:					
Capital injection from non-controlling interests	—	—	—	45	45
Change in ownership interests in subsidiaries without change of control (Note 26.3(b))	—	2,408	2,408	365	2,773
As at 30 September 2021	—	119,752	119,752	30,868	150,620

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2018, 2019, 2020 AND THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	Note	Year ended 31 December			Nine months ended 30 September	
		2018	2019	2020	2020	2021
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cash flows from operating activities						
Net cash generated from operations	24(a)	15,733	32,417	46,602	5,168	10,054
Interest received		74	195	151	127	233
Income tax paid		(1,864)	(3,186)	(6,496)	(6,259)	(24,139)
Net cash generated from/(used in) operating activities		13,943	29,426	40,257	(964)	(13,852)
Cash flows from investing activities						
Additions of property, plant and equipment		(808)	(1,317)	(1,197)	(772)	(5,157)
Additions of intangible assets		—	—	—	—	(1,660)
Proceeds from disposal of property, plant and equipment		—	25	228	14	37
Net cash outflows in respect of disposal of subsidiaries	27	—	—	—	—	(27)
Cash acquired from acquisitions and step acquisitions of subsidiaries, net of cash payment	26	—	—	6,281	—	(16,218)
Payments for investments in associates		—	(350)	(1,226)	(1,226)	—
Advances to related parties		(2,039)	(9,804)	(65,708)	(41,683)	(6,628)
Repayment from related parties		—	2,039	65,457	3,581	18,107
Advances to non-controlling interests		(3,350)	(4,480)	(2,500)	(2,500)	(1,600)
Repayment from non-controlling interests		—	—	—	—	2,133
Advances to joint ventures		(831)	(89)	—	—	—
Repayments from joint ventures		—	—	920	920	—
Dividends from a joint venture		—	—	—	—	612
Net cash (used in)/generated from investing activities		(7,028)	(13,976)	2,255	(41,666)	(10,401)

		Year ended 31 December			Nine months ended 30 September	
	Note	2018	2019	2020	2020	2021
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cash flows from financing activities						
Proceeds from capital injection from non-controlling interests		—	490	795	490	45
Repayment of bank borrowing		—	—	—	—	(200)
Interest paid		—	—	—	—	(207)
Advances from related parties		328	4,453	4,767	5,459	19,087
Repayment to related parties		(260)	(40)	(347)	(2,230)	(54,420)
[REDACTED] expenses paid		—	—	—	—	[REDACTED]
Net cash generated from/(used in) financing activities		68	4,903	5,215	3,719	(39,406)
Net increase/(decrease) in cash and cash equivalents		6,983	20,353	47,727	(38,911)	(63,659)
Cash and cash equivalents, at beginning of the year/period		62,391	69,304	89,615	89,615	137,339
Effect of foreign exchange rate changes		(70)	(42)	(3)	39	153
Cash and cash equivalents, at end of the year/period		69,304	89,615	137,339	50,743	73,833

II NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Redco Healthy Living Company Limited (the "Company") is a limited liability company incorporated in the Cayman Islands on 10 February 2021. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are principally engaged in provision of property management services, value-added services to non-property owners, community value-added services, development and maintenance services to the information technology ("IT") systems, healthcare management services and property agency services (collectively, the "[REDACTED] Business") in the People's Republic of China (the "PRC").

The ultimate holding company of the Company is Redco Properties Group Limited ("Redco Properties") whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 30 January 2014. The Company's immediate holding company is Top Glory International Holdings Ltd. ("TGI"), whose equity interests are wholly held by Redco Properties. The ultimate controlling parties of the Group are Mr. Wong Yeuk Hung and Mr. Huang Ruoqing (the "Controlling Shareholders"), who are parties acting in concert and have been collectively controlling the Group.

The [REDACTED] of the Company's shares on the Main Board of the Stock Exchange will constitute a [REDACTED] from Redco Properties ("[REDACTED]"). After completion of the [REDACTED], Redco Properties and its subsidiaries ("Redco Group") excluding the Group are collectively referred to as the Remaining Group.

1.1 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation as described below (the "Reorganisation"), the [REDACTED] Business was operated through Shenzhen Youju Meijia Property Management Co., Ltd. ("Shenzhen Youju"), an indirect wholly-owned subsidiary of TGI and its subsidiaries and certain other entities formerly under the Redco Group (collectively, the "Operating Entities") in the PRC during the Track Record Period.

In preparation for the [REDACTED] ("[REDACTED]") of the Company's shares on the Main Board of the Stock Exchange, the Reorganisation was undertaken and the Operating Entities engaged in the [REDACTED] Business were transferred to the Company. The Reorganisation included mainly the following steps:

a. Acquisition of entities engaged in provision of development and maintenance services to IT systems

On 17 December 2020, UG Property Management Co., Ltd ("UG Management"), an indirect wholly-owned subsidiary of TGI, which is principally engaged in the property management business, acquired from Hong Kong Wealth Properties Company Limited, an indirect wholly-owned subsidiary of Redco Properties, 100% equity interest in Shenzhen Zhongtian Yunlian Technology Development Co., Ltd. ("Zhongtian Yunlian"), a PRC company and the holding company of the technology business of the Group, with nominal consideration. Upon completion of such acquisition, Zhongtian Yunlian became an indirect wholly-owned subsidiary of TGI.

b. Acquisition of entities engaged in provision of healthcare service

On 30 December 2020, TGI acquired from Redco Properties Holdings Limited ("Redco Holdings"), a wholly-owned subsidiary of Redco Properties, the entire issued share capital of Weiye International which is the holding company of the healthcare business of the Group, with nominal consideration. Upon completion of such acquisition, Weiye International became an indirect wholly-owned subsidiary of TGI.

c. Establishment of the Company

The Company was incorporated in the Cayman Islands on 10 February 2021 with limited liability. As of the date of incorporation, the authorised share capital of the Company was HK$380,000 divided into 3,800,000 ordinary shares of HK$0.1 each, among which one fully paid share was issued and allotted at par to the initial subscriber. On the same day, the one share was subsequently transferred at par to Redco Holdings, a wholly-owned subsidiary of Redco Properties.

d. Disposal of Shenzhen Lilan Design Consultancy Co., Ltd. ("Lilan Design"), a subsidiary of TGI

Lilan Design was established in the PRC with limited liability on 28 May 2020 and was wholly owned by Zhongtian Yunlian prior to the disposal. Lilan Design is principally engaged in the business of design and consultancy services relating to construction projects, municipal projects, environmental greening projects and indoor and outdoor renovation projects.

On 8 February 2021, Zhongtian Yunlian entered into an equity transfer agreement with Shenzhen Redco Weili Industrial Co., Ltd. ("Shenzhen Redco Weili"), an indirect wholly-owned subsidiary of Redco Properties, pursuant to which Zhongtian Yunlian disposed of its entire equity interest in Lilan Design to Shenzhen Redco Weili at a nominal consideration. Upon completion of such disposal, Lilan Design ceased to be a subsidiary of TGI.

e. Establishment of Redco Healthy Holdings Investments Holdings Limited ("Redco Healthy Holdings")

Redco Healthy Holdings was incorporated in the BVI on 26 May 2021 with limited liability. As of the date of incorporation, the authorised share capital of Redco Healthy Holdings was US$50,000 divided into 50,000 ordinary shares of US$1.00 each, among which one fully paid ordinary share was issued and allotted at par to the Company.

f. Acquisition of the Company

On 1 June 2021, TGI acquired the entire issued shares of the Company. In consideration of such acquisition, TGI issued and allotted one share to Redco Holdings on the same day. Upon completion of such acquisition, the Company became a wholly-owned subsidiary of TGI.

g. Transfer of the shares in investment holding companies to Redco Healthy Holdings

On 1 June 2021, Redco Healthy Holdings subscribed 9,999 shares of Hong Lee Investment (International) Company Limited ("Hong Lee") at a subscription price of HK$9,999, and Hong Lee then became owned as to 99.99% by Redco Healthy Holdings and 0.01% by TGI. On 2 June 2021, TGI transferred one share of Hong Lee to Redco Healthy Holdings. In consideration of such transfer, the Company issued and allotted one share to TGI on the same day. Upon completion of such share transfer, Hong Lee became an indirectly wholly-owned subsidiary of the Company.

On 2 June 2021, TGI transferred one share of Fame Step International Investment Limited ("Fame Step") and Weiye International Investments Company Limited ("Weiye International"), representing the entire issued share of Fame Step and Weiye International, respectively, to Redco Healthy Holdings. In consideration of each of the transfer, the Company issued and allotted one share to TGI on the same day. Upon completion of such acquisitions, Fame Step and Weiye International became indirectly wholly-owned subsidiaries of the Company.

Upon the completion of the Reorganisation, the Company became the holding company of the companies now comprising the Group. Particulars of the principal subsidiaries of the Group are set out in Note 12.

1.2 Basis of presentation

The companies now comprising the Group, engaging in the property management services, development and maintenance services to the IT systems and healthcare management services, were under common control of the Controlling Shareholders immediately before and after the Reorganisation. Accordingly, the Reorganisation is regarded as a business combination under common control, and for the purpose of this report, companies acquired from the Remaining Group, including the entities engaged in provision of development and maintenance services to the IT system and healthcare management services, during the year ended 31 December 2020 are included in the Historical Financial Information of the Group from the date of the acquisition. The [REDACTED] Group also adopts acquisition method of accounting for a business combination under common control.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies have been eliminated on consolidation.

2 Summary of significant accounting policies

This note provides a list of significant accounting policies adopted in the preparation of the Historical Financial Information. These policies have been consistently applied to all the years and periods presented, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information of the Group has been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA under the historical cost convention.

The preparation of the 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.

New standard, amendments to standards and annual improvements that have been issued but are not effective and have not been early adopted by the Group

		Effective for annual periods beginning on or after
Amendments to HKFRS 16	Covid-19-related Rent Concessions beyond 2021 (Amendments)	1 April 2021
Annual Improvements Project	Annual Improvements to HKFRSs 2018-2020	1 January 2022
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope Amendments	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combinations	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKFRS 17	Amendments to HKFRS 17	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the Historical Financial Information in the foreseeable future.

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

As disclosed in note 2 to the consolidated financial statements, for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. As at 30 September 2021, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB3,687,000 and RMB3,953,000, respectively. The application of the amendments is not expected to have significant impact on the Historical Financial Information.

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated balance sheets respectively.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

(c) Joint arrangement

Under HKFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group only has joint ventures.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

(d) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 16.

(e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in consolidated statements of comprehensive income are reclassified to consolidated statements of profit or loss or transferred to another category of equity as specified or permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in consolidated statements of comprehensive income are reclassified to consolidated statements of profit or loss where appropriate.

2.3 Business combinations

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 recognised directly in consolidated statements of profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in consolidated statements of 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 recognised in consolidated statements of profit or loss.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividends exceed the total comprehensive income of the subsidiary in the period the dividends are declared or if the carrying amount of the investments in the separate financial statements exceed 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 "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors that make strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated 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"). The Company's functional currency is RMB, and the consolidated financial statements are presented in RMB, which is the Company's and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of profit or loss, within "finance costs". All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss on a net basis within "other gains, net".

(c) Transactions and balances

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in the consolidated statements of comprehensive income.

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statements of profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Leasehold improvement	Shorter of the lease term or useful lives
Furniture, fixtures and equipment	3 to 5 years
Motor vehicles.	3 to 10 years
Right-of-use assets.	Shorter of the lease term or useful lives

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 (Note 2.9).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in consolidated statements of profit or loss.

2.8 Intangible assets

Goodwill

Goodwill is measured as described in Note 13. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units ("CGUs") that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Customer relationship

Customer relationship acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Management estimated the useful life of customer relationship based on their industry knowledge, experience and judgement and took into account the historical customers renewal pattern of the acquired subsidiary.

Amortisation methods and periods

The Group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Customer Relationship	7 years
Property Management Contracts	3 - 4 years
Service Contracts	1 - 2 years
Computer software	5 years

2.9 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Financial assets

(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 amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the consolidated statements of profit or loss or the consolidated statements of comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statements of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains, net" together with foreign exchange gains and losses. Impairment losses are recognised in "administrative expenses" in the consolidated statements of profit or loss.

- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the consolidated statements of profit or loss.

  When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the consolidated statements of profit or loss and recognised 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 losses are recognised in "general and administrative expenses" in the consolidated statements of profit or loss.

- Fair value through profit of loss: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit of loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit of loss is recognised in the consolidated statements of profit or loss and presented net within "other gains, net" in the period in which it arises.

Equity instruments

- The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in the consolidated statements of comprehensive income, there is no subsequent reclassification of fair value gains and losses to the consolidated statements of profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the consolidated statements of profit or loss as other income when the Group's right to receive payments is established.

- Changes in the fair value of financial assets at fair value through profit or loss are recognised in "other gains, net" in the consolidated statements of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

(d) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and financial assets at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For contract assets and trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. There are also arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The description of the Group's impairment policies is set out in Note 3.1.

2.13 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with financial institutions.

2.14 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.

2.15 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid is recognised in the consolidated statements of profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs are expensed in the period in which they are incurred.

2.17 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. 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 recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or 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.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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 recognised in the consolidated statements of profit or loss, except to the extent that it relates to items recognised in the consolidated statements of comprehensive income or directly in equity. In this case, the tax is also recognised in the consolidated statements of comprehensive income or directly in equity, respectively.

2.18 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheets.

(b) Pension obligation

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.

(c) 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.

(d) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of terminations 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 present value.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.20 Revenue recognition

Revenues are recognised when or as the control of the goods or services to transferred to the customer. Depending on the terms and the laws that apply to contract control of the goods and services may be transferred overtime or point in time.

A receivable is recognised 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. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(a) Property management services

Revenue from providing services is recognised in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group.

The Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

The Group received property management services income where the Group acts as a principal and is primary 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.

(b) Value-added services to non-property owners

Value-added services to non-property owners mainly include pre-sale management services, preliminary planning and design consultancy services, inspection, cleaning, repair and maintenance services at the pre-delivery stage. The Group agree the price for each service with the customers upfront and issues bills to the customers which varies based on the progress billing schedule specified in the contracts. Revenue is recognised when the value-added services are rendered.

(c) Community value-added services

Community value-added services mainly include (i) home-living services (including, among others, delivery of daily necessities, housekeeping and transportation services); (ii) intermediary services (including, among others, operating clubhouses, community communication channel, swimming pools, sport facilities, playgrounds and amusement centers) and (iii) property agency services (including, among others, property brokerage for second-hand properties and home renovation and decoration services), revenue is recognised 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 customers.

(d) Community healthcare services

Online medical services consist primarily of online consultation services provided by the AI-assisted in-house medical team of the Group. Revenue from online medical services is recognised on a gross basis as the Group is regarded as the primary obligor as long as such services are provided by its own employees since the Group has the ability to determine the pricing of the services, nature of services and is responsible for providing the services by its employees. The Group offers service to corporate customers, including their customers and employees.

The Group charges corporate customers on an annual basis at a fixed fee regardless of the usage of the services and overall headcount or based on a fixed fee per individual headcount per annum. The revenue of the online medical service is recognised over a period of time using the time-based method since the Group has the stand-ready performance obligation on a when-and-if-available basis to customers.

The Group also provides a range of diagnostic, medical and surgical treatment services at the clinics. Revenue from clinic services is recognised in the accounting period in which the related services are rendered and is recognised over a period of time using the time- based method since the Group has stand-ready performance obligation.

(e) IT and intelligent construction services

Software solution consulting, maintenance, upgrading, training, installation, configuration and other supporting services are provided mainly in the form of fixed-price contracts. Revenue related to software solution consulting, maintenance and other supporting services are recognised over a period of time using the time-based method since the Group is obligated to provide the stand-ready performance obligation on a when-and-if-available basis to customers. Revenue related to installation and configuration services are recognised in the accounting period in which the services are rendered. The Group provides information technology services directly to end customers.

The Group provides cloud service to customers through external cloud server vendors. The Group purchases cloud services from external cloud service vendors based on the customers' requirements. The external cloud service vendors are responsible for the software development and performance of the service. Therefore, the Group is the agent to the end customers and recognises revenue on a net basis.

The Group also provides intelligent construction services to property developer. Revenue from individual contracts is recognised using the percentage of completion method, measured by reference to the percentage of work performed to date as a percentage of total contract value.

2.21 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statements of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.22 Leases

Leases are recognised 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.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payment to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group entity, which does not have recent third party financing; and
- makes adjustments specific to the lease, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the payment commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of office premises and staff quarters are recognised on a straight-line basis as an expense in the consolidated statements of profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

2.23 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and cash flow and fair value interest rate risk), liquidity risk and credit risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by management of each individual entity within the Group.

(a) Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables, cash at banks, amounts due from related parties, joint ventures and non-controlling interests.

The carrying amounts of cash at banks, trade and other receivables, amounts due from related parties, joint ventures and non-controlling interests represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) Cash deposit at banks

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-size reputable banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(ii) Trade and other receivables

For trade and other receivables, 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 appropriately managed.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations, including, among others, the economic impact of the unprecedented COVID-19 pandemic on the operations of the Group
- actual or expected significant changes in the operating results of individual property owner or the debtors
- significant increases in credit risk on other financial instruments of the individual property owner or the same debtors

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 30 days past due	Lifetime expected losses.
Non-performing	Interest and/or principal repayments are 90 days past due	Lifetime expected losses.

The Group accounts for its credit risk by appropriately providing for expected credit loss (ECL) on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking information on macroeconomic factors.

Amounts due from related parties (trade and non-trade nature)

As at 31 December 2018, 2019, 2020 and 30 September 2021, the Group has assessed that the expected loss rate for trade and other receivables from related parties were low since the related parties have a strong capacity to meet its contractual cash flow obligation in the near term. The Group assessed that the expected credit loss rate for trade and 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 were recognised during the Track Record Period.

Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected credit loss provision for trade receivables.

As at 31 December 2018, 2019, 2020 and 30 September 2021, 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.

	0 – 30 days	31-60 days	61 – 90 days	91 – 180 days	181 – 365 days	Over 365 days	Total
As at 31 December 2018							
Expected loss rate	3.9%	6.8%	12%	21.2%	23.3%	100%	
Gross carrying amount — trade receivables (RMB'000)	2,974	219	617	1,351	7,034	561	12,756
Loss allowance (RMB'000)	116	15	74	286	1,642	561	2,694
As at 31 December 2019							
Expected loss rate	1.5%	2.9%	5.3%	10.1%	10.5%	100%	
Gross carrying amount — trade receivables (RMB'000)	4,589	1,251	302	2,996	10,332	961	20,431
Loss allowance (RMB'000)	70	36	16	303	1,089	961	2,475
As at 31 December 2020							
Expected loss rate	1.3%	2.9%	6.7%	15.4%	17.9%	100%	
Gross carrying amount — trade receivables (RMB'000)	17,597	4,466	4,027	5,709	7,838	783	40,420
Loss allowance (RMB'000)	221	130	269	877	1,401	783	3,681
As at 30 September 2021							
Expected loss rate	0.8%	1.8%	4.3%	10.1%	12.9%	100%	
Gross carrying amount — trade receivables (RMB'000)	19,192	9,357	12,061	20,050	16,416	1,993	79,069
Loss allowance (RMB'000)	150	172	520	2,025	2,124	1,993	6,984

The expected credit loss rate for the provision matrix is for trade receivables which are mainly related to the property management services business. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the credit card delinquency rates to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors throughout the Track Record Period.

The loss allowances for trade receivables as at 31 December 2018, 2019, 2020 and 30 September 2021 are disclosed in Note 15.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other receivables

Other receivables (excluding other receivables from related parties) mainly included payments made 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 at 31 December 2018, 2019, 2020 and 30 September 2021, 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 loss model to assess credit loss of other receivables.

	Performing	Total
	RMB'000	RMB'000
Other receivables (excluding other receivables from related parties)		
As at 31 December 2018		
Gross carrying amount	3,785	3,785
Loss allowance	(39)	(39)
Net carrying amount	3,746	3,746
As at 31 December 2019		
Gross carrying amount	3,809	3,809
Loss allowance	(35)	(35)
Net carrying amount	3,774	3,774
As at 31 December 2020		
Gross carrying amount	18,092	18,092
Loss allowance	(213)	(213)
Net carrying amount	17,879	17,879
As at 30 September 2021		
Gross carrying amount	12,861	12,861
Loss allowance	(148)	(148)
Net carrying amount	12,713	12,713

Movements on the provision for impairment for other receivables (excluding prepayments) are as follows:

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January	51	39	35	213
(Reversal of)/provisions for impairment loss	(12)	(4)	178	(65)
As at end of year/period	39	35	213	148

(iii) Amounts due from joint ventures and non-controlling interests

The Group assesses on a forward looking basis the expected credit losses associated with its amounts due from joint ventures and non-controlling interests carried at amortised cost and adopted three-stage approach to assess the impairment. Those parties have a low risk of default and a capacity to meet contractual cash flows. Besides, there is no significant increase of credit risk for the amounts due from for joint ventures and non-controlling interests since initial recognition. Thus the Group used the 12 months expected credit loss model to assess credit loss of the provision for joint ventures and non-controlling interests.

	Performing	Total
	RMB'000	RMB'000
As at 31 December 2018		
Gross carrying amount	4,181	4,181
Loss allowance	(45)	(45)
Net carrying amount	4,136	4,136
As at 31 December 2019		
Gross carrying amount	8,750	8,750
Loss allowance	(103)	(103)
Net carrying amount	8,647	8,647
As at 31 December 2020		
Gross carrying amount	13,980	13,980
Loss allowance	(159)	(159)
Net carrying amount	13,821	13,821
As at 30 September 2021		
Gross carrying amount	16,220	16,220
Loss allowance	(166)	(166)
Net carrying amount	16,054	16,054

Movement on the loss allowance provision for provision for joint ventures and non-controlling interests reconcile to the opening loss allowance for the provision as follows:

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January	—	45	103	159
Provision for impairment loss	45	58	56	7
As at end of year/period	45	103	159	166

(b) Liquidity risk

In managing the liquidity risk, the Group regularly and closely monitors its current and expected liquidity requirements to maintain its rolling cash flow at a level which is considered adequate by the Group to finance the Group's operations and to maintain sufficient cash to meet its business development requirements.

Management has periodically prepared cash flow projections and the Group has a number of alternative plans to mitigate the potential impact on the Group's business development and current operation, should there be circumstances that the anticipated cash flow may be affected by any unexpected changes in the PRC economic conditions. The Company's directors consider that the Group will be able to maintain sufficient financial resources to meet its needs.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and the earliest date the Group and the Company can be required to pay.

	On demand	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2018					
Trade payables	—	4,513	—	—	4,513
Accruals and other payables	—	27,745	—	—	27,745
Amounts due to related parties	8,538	—	—	—	8,538
	8,538	32,258	—	—	40,796
As at 31 December 2019					
Trade payables	—	6,423	—	—	6,423
Accruals and other payables	—	23,935	—	—	23,935
Amounts due to related parties	12,951	—	—	—	12,951
	12,951	30,358	—	—	43,309
As at 31 December 2020					
Trade payables	—	9,790	—	—	9,790
Accruals and other payables	—	34,400	—	—	34,400
Consideration payable	—	16,218	—	2,703	18,921
Amounts due to related parties	67,370	—	—	—	67,370
Borrowing	—	671	4,668	—	5,339
	67,370	61,079	4,668	2,703	135,820

	On demand	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 September 2021						
Trade payables	—	22,410	—	—	—	22,410
Accruals and other payables	—	39,123	—	—	—	39,123
Accruals for [REDACTED] expenses	—	[REDACTED]	—	—	—	[REDACTED]
Consideration payable	—	—	—	2,703	—	2,703
Amounts due to related parties	24,407	—	—	—	—	24,407
Borrowing	—	662	4,072	—	—	4,734
Lease liabilities	—	571	885	1,277	6,485	9,218
	24,407	65,751	4,957	3,980	6,485	105,580

(c) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the functional currency of the relevant Group entity.

The Group mainly operates in the PRC with most of the transactions settled in RMB. The Group generates RMB from sales in the PRC to meet its liabilities denominated in RMB. Other than certain bank balances, the Group's assets and liabilities are primarily denominated in RMB. Therefore, the Group's assets and liabilities, and transactions arising from its operations primarily do not expose it to material foreign exchange risk. The Group does not hedge its exposure to the foreign currencies.

(d) Interest rate risk

Except for bank deposits at variable interest rate, the Group has no other significant interest-bearing assets. Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rate because the interest rates of bank deposits are not expected to change significantly.

The Group's bank borrowing is at fixed interest rate. The Group has not hedged its fair value interest rate risk. The interest rate and terms of repayments of borrowings are disclosed in Note 22. The relevant interest rate risk is considered immaterial.

3.2 Capital risk 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.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, issue new shares or sell assets to reduce debt or to obtain bank and other borrowing.

The Group is required to comply with a number of covenants under the terms of the major borrowing facilities. They have been complied throughout the reporting period based on directors' assessment.

3.3 Fair value estimation

The carrying amounts of the Group's financial assets, including cash at banks, trade and other receivables, amounts due from related parties, amounts due from joint ventures, amounts due from non-controlling interest and the Group's financial liabilities, including trade payables, accruals and other payables, borrowings, lease liabilities and amounts due to related parties approximate their fair values.

4 Critical estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Current taxation and deferred taxation

The Group is subject to taxation in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. There are transactions and calculations for which the ultimate tax determination is uncertain (for example, certain expenses such as entertainment and advertising expenses may not be finally deductible) 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 periods in which such determination are made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred taxation assets and taxation in the periods in which such estimate is changed.

4.2 Step acquisition

In a business combination achieved in stages, the Group requires to re-measure its previously held equity interest in acquired entity at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss. The excess of consideration transferred, amount of any non-controlling interest and fair value of previously held equity interest over the fair values of net identifiable assets acquired is recorded as goodwill. The fair value of the equity interest was determined by using the discounted cash flow approach and various key assumptions and estimates, including revenue growth rate, discount rate and terminal growth rate. These estimates and judgement are based on the market condition and historical performance of the investees.

4.3 Impairment of non-financial assets

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.8. Other assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances, including, among others, the economic impact of the unprecedented COVID-19 pandemic on the operations of the Group, indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

4.4 Impairment of financial assets

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 and impairment loss expenses in the periods in which such estimate has been changed. For details of the key assumptions and inputs used, see Note 3.1(a) above.

5 Revenue and segment information

Management has determined operating segments based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company.

The CODM has identified three reportable operating segments, namely property management, healthcare services and others:

Property management . . .	Provision of property management services, provision of value-added services to non-property owners and provision of community value-added services
Healthcare services	Provision of healthcare management services
Others	Development and maintenance of IT systems for property developers, provision of other IT-related services and other miscellaneous services

The CODM assesses the performance of the operating segments based on measures of adjusted profits before income tax. The measurement basis of segment results excludes the effects of depreciation, share of profits of investments accounted for using the equity method, finance income/costs, net and income tax expense. Other information provided, except as noted below, to the CODM is measured in a manner consistent with that in the consolidated financial statements.

The Group generated all revenue in the PRC, accordingly, no analysis of geographic information is presented.

	Property management	Healthcare services	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2018				
Revenue from contracts				
- recognised over time	124,251	—	—	124,251
- recognised at a point in time	—	—	—	—
Revenue	124,251	—	—	124,251
Segment results	15,830	—	—	15,830
Depreciation	(665)	—	—	(665)
Operating profits	15,165	—	—	15,165
Share of profits of investments accounted for using the equity method	24	—	—	24
Finance income, net	74	—	—	74
Income tax expense	(4,141)	—	—	(4,141)
Profit for the year	11,122	—	—	11,122
At 31 December 2018				
Total segment assets	103,511	—	—	103,511
Total assets				103,511
Investments accounting for using the equity method	304	—	—	304
Total segment liabilities	73,606	—	—	73,606
Year ended 31 December 2018				
Additions to:				
Property, plant and equipment	808	—	—	808

	Property management	Healthcare services	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2019				
Revenue from contracts				
- recognised over time	178,807	—	—	178,807
- recognised at a point in time	1,968	—	—	1,968
Revenue	180,775	—	—	180,775
Segment results	41,367	—	—	41,367
Depreciation	(825)	—	—	(825)
Operating profits	40,542	—	—	40,542
Share of profits of investments accounted for using the equity method	72	—	—	72
Finance income, net	195	—	—	195
Income tax expense	(11,005)	—	—	(11,005)
Profit for the year	29,804	—	—	29,804
At 31 December 2019				
Total segment assets	161,294	—	—	161,294
Total assets				161,294
Investments accounting for using the equity method	726	—	—	726
Total segment liabilities	101,138	—	—	101,138
Year ended 31 December 2019				
Additions to:				
Property, plant and equipment	1,317	—	—	1,317
Investments accounted for using the equity method	350	—	—	350

	Property management	Healthcare services	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2020				
Revenue from contracts				
- recognised over time	213,971	—	—	213,971
- recognised at a point in time	7,639	—	—	7,639
Revenue	221,610	—	—	221,610
Segment results	57,698	—	—	57,698
Depreciation	(841)	—	—	(841)
Operating profits	56,857	—	—	56,857
Share of profits of investments accounted for using the equity method	913	—	—	913
Finance income, net	151	—	—	151
Income tax expense	(13,911)	—	—	(13,911)
Profit for the year	44,010	—	—	44,010
At 31 December 2020				
Total segment assets	304,649	44,227	12,275	361,151
Total assets				361,151
Investments accounting for using the equity method	1,805	70	—	1,875
Total segment liabilities	223,426	15,126	2,503	241,055
Year ended 31 December 2020				
Additions to:				
Property, plant and equipment	1,197	—	—	1,197
Investments accounted for using the equity method	1,226	—	—	1,226
Acquisition of subsidiaries				
- Property, plant and equipment	139	21,421	1,343	22,903
- Intangible assets	40,722	9,480	98	50,300
- Investments accounting for using the equity method	—	70	—	70

	Property management	Healthcare services	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Nine months ended 30 September 2020				
Revenue from contracts				
- recognised over time	155,241	—	—	155,241
- recognised at a point in time	5,026	—	—	5,026
Revenue	160,267	—	—	160,267
Segment results	43,697	—	—	43,697
Depreciation	(690)	—	—	(690)
Operating profits	43,007	—	—	43,007
Share of profits of investments accounted for using the equity method	665	—	—	665
Finance income, net	127	—	—	127
Income tax expense	(10,977)	—	—	(10,977)
Profit for the year	32,822	—	—	32,822
At 30 September 2020				
Total segment assets	199,825	—	—	199,825
Total assets				199,825
Investments accounting for using the equity method	2,616	—	—	2,616
Total segment liabilities	106,319	—	—	106,319
Nine months ended ended 30 September 2020				
Additions to:				
Property, plant and equipment	772	—	—	772

	Property management	Healthcare services	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Nine months ended 30 September 2021				
Revenue from contracts				
- recognised over time	232,654	13,829	14,869	261,352
- recognised at a point in time	2,563	—	768	3,331
Less: Inter-segment revenue	—	(1,245)	(2,979)	(4,224)
Revenue	235,217	12,584	12,658	260,459
Segment results	47,088	3,454	6,271	56,813
Depreciation	(1,438)	(1,555)	(383)	(3,376)
Operating profits	45,650	1,899	5,888	53,437
Share of profits of investments accounted for using the equity method	1,559	17	—	1,576
Finance income/(costs), net	33	(311)	4	(274)
Adjusted profits before income tax	47,242	1,605	5,892	54,739
[REDACTED] expenses				[REDACTED]
Profit before income tax				41,812
Income tax expense				(14,277)
Profit for the period				27,535
At 30 September 2021				
Reportable segment assets	244,361	53,147	24,914	322,422
Corporate assets				11,043
Total assets				333,465
Investments accounting for using the equity method	2,786	53	—	2,839
Reportable segment liabilities	127,028	17,469	15,015	159,512
Corporate liabilities				23,333
Total liabilities				182,845
Nine months ended 30 September 2021				
Additions to:				
Property, plant and equipment	2,729	1,415	972	5,116
Intangible assets	—	—	1,660	1,660

Revenue mainly comprises of proceeds from property management services, value-added services to non-property owners, community value-added services, community healthcare services and IT and intelligent construction services. An analysis of the Group's revenue by category for the years ended 31 December 2018, 2019, 2020 and the nine months ended 30 September 2020 and 2021 are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue from customer and recognised over time:					
Property management services	82,688	104,636	135,954	92,736	147,710
Value-added services to non-property owners	20,714	47,104	53,571	46,528	54,957
Community value-added services	20,849	27,067	24,446	15,977	29,987
Community healthcare services	—	—	—	—	12,584
IT and intelligent construction services	—	—	—	—	11,890
	124,251	178,807	213,971	155,241	257,128
Revenue from customer and recognised at a point in time:					
Valued-added services to non-property owners	—	1,968	7,639	5,026	2,563
IT and intelligent construction services	—	—	—	—	768
	—	1,968	7,639	5,026	3,331
	124,251	180,775	221,610	160,267	260,459

For the years ended 31 December 2018, 2019, 2020 and nine months ended 30 September 2020 and 2021, revenue from the Remaining Group contributed 24%, 37%, 31% and 36% (unaudited) and 33% of the Group's revenue, respectively. Other than the Remaining Group, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the Track Record Period.

Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	As at 1 January	As at 31 December			As at 30 September
	2018	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities					
Property management services	21,056	20,766	31,666	48,253	34,697
Value-added services to non-property owners	793	1,616	4,013	13,166	10,393
Community value-added services	273	427	1,157	518	590
Healthcare services	—	—	—	—	3,914
IT and intelligent construction services	—	—	—	—	1,955
	22,122	22,809	36,836	61,937	51,549

(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. During the years ended 31 December 2019 and 2020, the increase in contract liabilities was mainly due to the expansion of business volume from business development activities. Contract liabilities decrease from RMB61,937,000 as of 31 December 2020 to RMB51,549,000 as of 30 September 2021, mainly attributable to the payment practice of property owners where tend to settle more near the end of year.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December			Nine months ended 30 September	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue recognised that was included in the contract liabilities balances at the beginning of the year/period					
Property management services . .	18,838	18,547	29,448	29,448	37,638
Value-added services to non-property owners	793	1,616	4,013	4,013	13,166
Community valued-added services	273	427	1,157	1,095	518
	19,904	20,590	34,618	34,556	51,322

(iii) Unsatisfied performance obligations

For property management services, the Group recognises revenue in the amount that according to the payment terms. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

For value-added services to non-property owners and community value-added services, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

6 Other gains, net

	Year ended 31 December			Nine months ended 30 September	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Exchange gains/(losses)	15	1	(14)	—	—
Remeasurement gains on interests in investments accounted for using the equity method (Note 26.2)	—	—	1,820	—	—
Gain on disposal of subsidiaries (Note 27)	—	—	—	—	415
Government grant (Note a)	38	1,993	1,387	798	3,243
Sundry income, net	751	296	272	225	242
	804	2,290	3,465	1,023	3,900

Note a: The government grants mainly represent financial subsidies granted by local government. There are no unfulfilled conditions or other contingencies attached to these grants.

7 Expenses by nature

	Year ended 31 December			Nine months ended 30 September	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Employee benefits expense (Note 8)	57,809	79,632	94,763	66,248	116,470
Greening and cleaning expenses	17,827	23,008	27,477	18,010	25,972
Maintenance expenses	6,511	10,484	8,959	7,258	13,186
Utilities	7,861	7,835	11,465	8,273	11,684
Security charges	10,139	6,604	5,174	3,803	9,273
Community activities expenses	329	607	587	381	809
Uniform expenses	459	710	904	277	373
Information technology service fee	—	—	—	—	1,993
Entertainment expenses	414	711	1,098	873	998
Legal and professional fees	252	342	956	811	934
Amortisation of intangible assets (Note 13)	—	—	213	—	4,355
Depreciation of property, plant and equipment (Note 14)	665	825	841	690	3,376
Auditor's remuneration	2	2	17	17	18
[REDACTED] expenses	—	—	—	—	[REDACTED]
Office expenses	2,245	3,012	5,164	4,564	6,531
Travelling expenses	768	928	1,227	765	1,774
Other tax and surcharges	628	849	958	758	1,378
Others	4,166	7,139	6,974	4,759	8,553
Total cost of sales, selling and marketing expenses and administrative expenses	110,075	142,688	166,777	117,487	220,604

8 Employee benefits expense

	Year ended 31 December			Nine months ended 30 September	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries and allowances	44,694	64,217	76,637	55,728	94,356
Bonuses	3,673	3,408	5,790	1,964	2,979
Pension costs	5,769	7,296	5,450	3,763	11,427
Other staff welfare	3,673	4,711	6,886	4,793	7,708
	57,809	79,632	94,763	66,248	116,470

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group which do not include any directors for the years ended 31 December 2018, 2019, 2020 and the nine months ended 30 September 2020 and 2021. The directors' emoluments are reflected in the analysis presented in Note 31. The emoluments payable to the five individuals during the Track Record Period are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries and other short-term benefits	1,987	2,512	2,563	1,910	3,521
Retirement scheme contributions	94	157	113	82	267
	2,081	2,669	2,676	1,992	3,788

The emoluments of the above individuals fell within the following bands during each of the years ended 31 December 2018, 2019, 2020 and the nine months ended 30 September 2020 and 2021:

	Year ended 31 December			Nine months ended 30 September	
	2018	2019	2020	2020	2021
				(Unaudited)	
Emolument bands (in HK dollar)					
Nil — HK$1,000,000	4	4	5	5	4
HK$1,000,001 — HK$1,500,000	1	1	—	—	1

9 Finance income and costs

	Year ended 31 December			Nine months ended 30 September	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Finance income					
- Interest income on bank deposits	74	195	151	127	233
Finance costs					
- Interest expense on bank borrowing	—	—	—	—	207
- Interest expense on consideration payable	—	—	—	—	173
- Interest expense on lease liabilities	—	—	—	—	127
	—	—	—	—	507

10 Income tax expense

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and, accordingly, is exempted from Cayman Islands income tax.

Subsidiaries established and operating in the PRC are generally subject to the PRC enterprise income tax at the rate of 25% for the years ended 31 December 2018, 2019, 2020 and the nine months ended 30 September 2020 and 2021. For certain subsidiaries qualified as micro and small enterprises, the PRC enterprise income tax was charged at a preferential rate of 20% for the years in which they were qualified.

Subsidiaries established in other jurisdictions are for the purpose of investment holding and therefore have no assessable profits for the years ended 31 December 2018, 2019, 2020 and the nine months ended 30 September 2020 and 2021.

	Year ended 31 December			Nine months ended 30 September	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000** (Unaudited)	**RMB'000**
Current income tax					
- PRC corporate income tax	4,095	10,963	14,271	11,176	16,831
Deferred income tax (Note 20)	46	42	(360)	(199)	(2,554)
Income tax expense	4,141	11,005	13,911	10,977	14,277

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the Group for the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021 is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit before income tax	15,263	40,809	57,921	43,799	41,812
Calculated at the PRC corporate income tax rate of 25%	3,816	10,202	14,480	10,950	10,453
Difference in tax rate applicable to certain subsidiaries	—	(225)	(398)	(337)	890
Expenses not deductible for tax purposes	322	1,069	623	566	2,456
Income not subject to taxation	(6)	(44)	(824)	(205)	(576)
Unrecognised tax losses	9	3	30	3	1,054
Income tax expense	4,141	11,005	13,911	10,977	14,277

11 Earnings per share

(a) Basic

The basic earnings per share is calculated by dividing the profit attributable to owner of the Company by the weighted average number of ordinary shares in issue during the respective years. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effect of the issuance of 3 shares of the Company in connection with the Reorganisation completed on 2 June 2021 deemed to have been in issue since 1 January 2018.

	Year ended 31 December			Nine months ended 30 September	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit attributable to owner of the Company	10,586	27,903	39,612	30,563	22,266
Weighted average number of share in issue	4	4	4	4	4
Basic earnings per share	2,647	6,976	9,903	7,641	5,567

As disclosed in Note 32, subject to the share premium account of the Company being credited as a result of the issue of the [REDACTED] under the [REDACTED], the directors are authorised to allot and issue a total of [REDACTED] shares credited as fully paid at par to Top Glory International Holdings Ltd. by way of capitalisation of HK$[REDACTED] standing to the credit of the share premium account of the Company. The earnings per share presented above has not taken into account the proposed [REDACTED] pursuant to the resolutions of the shareholders passed on 14 March 2022, as set out in Note 18, because the proposed [REDACTED] has not become effective as at report date.

(b) Diluted

Diluted earnings per share presented is the same as the basic earnings per share as there was no potentially dilutive ordinary share outstanding as at 31 December 2018, 2019 and 2020 and 30 September 2021.

12 Subsidiaries

The Company

	As at 30 September 2021
	RMB'000
Investments, at cost	
- Unlisted shares	134,454

(a) The following is a list of subsidiaries held by the Company as at 31 December 2018, 2019, 2020 and 30 September 2021:

Name of companies	Place and date of incorporation/ establishment and kind of legal entity	Principal activities/ place of operation	Particulars of issued share capital and debt securities	Ownership interest held by the Company and the Group (%) 31 December 2018	2019	2020	30 September 2021	As at the date of this report	Note
Directly held:									
Redco Healthy Living Investments Holdings Limited 力高健康生活投資控股有限公司	British Virgin Islands, May 2021, limited liability company	Investment holding, Hong Kong	1 ordinary share of 1 US dollar each, US$1	—	—	—	100%	100%	i, ix
Indirectly held:									
Weiye International Investments Company Limited 偉業國際投資有限公司	British Virgin Islands, October 2012, limited liability company	Investment holding, Hong Kong	1 ordinary share of 1 US dollar each, US$1	—	—	100% (Note 26.1(c))	100%	100%	i
Hong Lee Investment (International) Company Limited 康利投資(國際)有限公司	Hong Kong, August 2013, limited liability company	Investment holding, Hong Kong	10,000 ordinary shares of 1 HK dollar each, HK$10,000	100%	100%	100%	100%	100%	ii
Fame Step International Investment Limited 達榮國際投資有限公司	Hong Kong, January 2011, limited liability company	Investment holding, Hong Kong	1 ordinary share of 1 HK dollar each, HK$1	100%	100%	100%	100%	100%	ii
Hong Kong Weiye Holdings Company Limited 香港偉業控股有限公司	Hong Kong, May 2017, limited liability company	Investment holding, Hong Kong	1 ordinary share of 1 HK dollar each, HK$1	—	—	100% (Note 26.1(c))	100%	100%	ii
Shenzhen Youjumeijia Property Management Co., Ltd. 深圳優居美家物業服務有限公司	The PRC, January 2016, wholly owned foreign enterprise	Property management service in the PRC	Registered HK$10,000,000 Paid up HK$2,000,000	100%	100%	100%	100%	100%	i
UG Property Management Co., Ltd 優居美家物業服務有限責任公司	The PRC, April 2008, limited liability company	Property management service in the PRC	Registered RMB50,000,000 Paid up RMB5,000,000	100%	100%	100%	100%	100%	iii
Shenzhen Yugao Property Management Co., Ltd. 深圳市御高物業管理有限公司	The PRC, June 2014, limited liability company	Property management in the PRC	Registered RMB500,000 Paid up RMB500,000	100%	100%	100%	100%	100%	i, iv
Yantai Zhongtai Property Management Co., Ltd. ("Yantai Zhongtai") 煙台市中泰物業管理有限公司	The PRC, May 2003, limited liability company	Property management in the PRC	Registered RMB3,000,000 Paid up RMB3,000,000	56%	56%	60% (Note 26.3(a))	60%	60%	i, v

				Ownership interest held by the Company and the Group (%)					
				31 December			30 September		
Name of companies	Place and date of incorporation/ establishment and kind of legal entity	Principal activities/ place of operation	Particulars of issued share capital and debt securities	2018	2019	2020	2021	As at the date of this report	Note
Xianyang Yugao Family Property Service Co., Ltd. 咸陽御高世家物業服務有限公司	The PRC, April 2019, limited liability company	Property management service in the PRC	Registered RMB500,000 Paid up RMB nil	—	60%	60%	60%	60%	i
Nanchang Yonghu Lirui Property Management Co., Ltd. 南昌雍湖力瑞物業服務有限公司	The PRC, May 2019, limited liability company	Property management service in the PRC	Registered RMB1,000,000 Paid up RMB1,000,000	—	51%	51%	51%	51%	i
Nanchang Junyu Meijia Property Service Co., Ltd. 南昌君譽美家物業服務有限公司	The PRC, May 2019, limited liability company	Property management service in the PRC	Registered RMB1,000,000 Paid up RMB1,000,000	—	—	35% (Note 16(b))	35%	35%	i, vi
Nanchang Yugao Union Property Service Co., Ltd. 南昌御高合聯物業服務有限公司	The PRC, June 2019, limited liability company	Property management service in the PRC	Registered RMB10,000,000 Paid up RMB nil	—	100%	100%	100%	100%	i
Nanchang Yujing Helian Property Management Co., Ltd. 南昌御景合聯物業服務有限公司	The PRC, June 2019, limited liability company	Property management service in the PRC	Registered RMB10,000,000 Paid up RMB nil	—	100%	100%	100%	100%	i
Jiangxi Dingmei Property Management Co., Ltd. 江西省鼎美物業服務有限公司	The PRC, February 2020, limited liability company	Property management service in the PRC	Registered RMB5,000,000 Paid up RMB1,000,000	—	—	51%	51%	51%	i
Zhanjiang Yigao Property Service Co., Ltd. 湛江市怡高物業服務有限公司	The PRC, September 2020, limited liability company	Property management service in the PRC	Registered RMB2,000,000 Paid up RMB500,000	—	—	60%	60%	60%	i
Wuhu Senlin Property Management Co., Ltd. 蕪湖市森林物業管理有限公司	The PRC, February 2004, limited liability company	Property management in the PRC	Registered RMB5,000,000 Paid up RMB5,000,000	—	—	51% (Note 26.1(a))	51%	51%	i
Jiangmen Yujia Property Service Co., Ltd. 江門市御嘉物業服務有限公司	The PRC, November 2020, limited liability company	Property service in the PRC	Registered RMB500,000 Paid up RMB500,000	—	—	70%	70%	70%	i
Shenzhen Juyue Property Service Co., Ltd. 深圳居悅物業服務有限公司	The PRC, December 2020, limited liability company	Property service in the PRC	Registered RMB5,000,000 Paid up RMB nil	—	—	100%	100%	100%	i
Shenzhen Yuanlian Enterprise Management Co., Ltd. 深圳市園聯企業管理有限公司	The PRC, December 2020, limited liability company	Property management service in the PRC	Registered RMB5,000,000 Paid up RMB nil	—	—	100%	100%	100%	i

				Ownership interest held by the Company and the Group (%)					
	Place and date of incorporation/ establishment and kind of legal entity	Principal activities/ place of operation	Particulars of issued share capital and debt securities	31 December			30 September	As at the date of this report	
Name of companies				2018	2019	2020	2021		Note
Shenzhen Yujian Youju Property Consulting Co., Ltd. 深圳遇見優居置業諮詢有限公司	The PRC, November 2020, limited liability company	Property sales planning in the PRC	Registered RMB5,000,000 Paid up RMB nil	—	—	100%	— (Note 27)	—	i
Shenzhen Redco Healthcare & Nutrition Holding Co., Ltd. 深圳力高健康醫養控股有限公司	The PRC, July 2017, wholly owned foreign enterprise	Provision of healthcare service in the PRC	Registered USD1,430,000 Paid up RMB nil	—	—	100% (Note 26.1(c))	70% (Note 26.3(b))	70%	i, vii
Shenzhen Redco Kangan Health Management Co., Ltd. 深圳力高康安健康管理有限公司	The PRC, July 2017, limited liability company	Provision of healthcare service in the PRC	Registered RMB5,000,000 Paid up RMB nil	—	—	100% (Note 26.1(c))	70%	70%	i, vii
Shenzhen Redco Zhangzhewu Health Investment Development Co., Ltd. 深圳力高長者屋健康投資發展有限公司	The PRC,August 2017, limited liability company	Provision of healthcare service in the PRC	Registered RMB29,400,000 Paid up RMB 18,000,000	—	—	100% (Note 26.1(c))	70%	70%	i, vii
Shenzhen Redco Hean Health Management Co., Ltd. 深圳力高鶴安健康管理有限公司	The PRC, September 2018, limited liability company	Provision of healthcare service in the PRC	Registered RMB1,000,000 Paid up RMB nil	—	—	100% (Note 26.1(c))	70%	70%	i, vii
Shenzhen Zhongtian Yunlian Technology Development Co., Ltd. 深圳中天雲聯科技發展有限公司	The PRC, February 2019, limited liability company	Software invention in PRC	Registered RMB10,000,000 Paid up RMB nil	—	—	100% (Note 26.1(b))	100%	100%	i
Shenzhen Lilan Design Consultant Co., Ltd. 深圳市力藍設計顧問有限公司	The PRC, May 2020, limited liability company	Construction activities in PRC	Registered RMB1,000,000 Paid up RMB nil	—	—	100%	— (Note 27)	—	i
Nanchang Redco Zhangzhewu Health Industry Co., Ltd. 南昌力高長者屋健康產業有限責任公司	The PRC, August 2017, limited liability company	Provision of healthcare service in the PRC	Registered RMB1,000,000 Paid up RMB1,000,000	—	—	100% (Note 26.1(c))	70%	70%	i, vii
Yantai Redco Zhangzhewu Health Industry Investment Co., Ltd. 煙臺力高長者屋健康產業投資有限公司	The PRC, August 2017, limited liability company	Provision of healthcare service in the PRC	Registered RMB1,000,000 Paid up RMB1,000,000	—	—	100% (Note 26.1(c))	70%	70%	i, vii

Name of companies	Place and date of incorporation/ establishment and kind of legal entity	Principal activities/ place of operation	Particulars of issued share capital and debt securities	Ownership interest held by the Company and the Group (%)					Note
				31 December			30 September	As at the date of this report	
				2018	2019	2020	2021		
Yantai Redco Kangan Health Management Company Limited 煙臺力高康安健康管理有限公司	The PRC, September 2018, limited liability company	Provision of healthcare service in the PRC	Registered RMB2,000,000 Paid up RMB2,000,000	—	—	100% (Note 26.1(c))	70%	70%	i, vii
Yantai Redco He'an Elderly Service Center Co., Ltd. 煙臺力高鶴安養老服務中心有限公司	The PRC, April 2019, limited liability company	Provision of healthcare service in the PRC	Registered RMB2,000,000 Paid up RMB nil	—	—	100% (Note 26.1(c))	70%	70%	i, vii
Yuyao Yurun Heilan Property Service Co., Ltd. 余姚御潤合聯物業服務有限公司	The PRC, April 2021, limited liability company	Property management service in the PRC	Registered RMB5,000,000 Paid up RMB nil	—	—	—	100%	100%	i, ix
Foshan Aimeijia Property Service Co., Ltd. 佛山市愛美嘉物業服務有限公司	The PRC, September 2021, limited liability company	Provision of healthcare service in the PRC	Registered RMB1,000,000 Paid up RMB nil	—	—	—	100%	49%	i, ix, x

Note:

(i) No audited financial statements have been prepared for these companies as they are newly incorporated or not required to issue audited financial statements under statutory requirements of their respective places of incorporation.

(ii) The Hong Kong statutory financial statements of these companies for the years ended 31 December 2018, 2019 and 2020 were audited by PricewaterhouseCoopers.

(iii) The PRC statutory financial statements of these companies for the years ended 31 December 2018, 2019 and 2020 were audited by 南昌雙永聯合會計師事務所.

(iv) The PRC statutory financial statements of these companies for the year ended 31 December 2019 was audited by 深圳永信瑞和會計師事務所(特殊普通合伙). No statutory financial statements were prepared for the years ended 31 December 2018 and 2020 as it was not required to issue audited financial statements under the statutory requirements of the PRC for the years ended 31 December 2018 and 2020.

(v) The PRC statutory financial statements of these companies for the year ended 31 December 2020 was audited by 山東中立德會計師事務所有限公司. No statutory financial statements were prepared for the years ended 31 December 2018 and 2019 as it was not required to issue audited financial statements under the statutory requirements of the PRC for the years ended 31 December 2018 and 2019.

(vi) The PRC statutory financial statements of these companies for the years ended 31 December 2020 were audited by 南昌雙永聯合會計師事務所.

(vii) On 10 June 2021, the ownership interest of Shenzhen Redco Healthcare & Nutrition Holding Co., Ltd. held by the Company is reduced from 100% to 70% (Note 26.3(b)). Thus, the effective ownership interest of the subsidiaries held by Shenzhen Redco Healthcare & Nutrition Holding Co., Ltd. reduced from 100% to 70%, which were Shenzhen Redco Kangan Health Management Co., Ltd., Shenzhen Redco Zhangzhewu Health Investment Development Co., Ltd., Shenzhen Redco Hean Health Management Co., Ltd., Nanchang Redco Zhangzhewu Health Industry Co., Ltd., Yantai Redco Zhangzhewu Health Industry Investment Co., Ltd., Yantai Redco Kangan Health Management Company Limited and Yantai Redco He'an Elderly Service Center Co., Ltd.

(viii) The English names of the PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

(ix) The subsidiaries were incorporated by the Group during the nine months ended 30 September 2021.

(x) The Group disposed of 51% equity interests in this subsidiary to 佛山市愛情美家物業服務有限公司, an independent third party to the Group, at no consideration on 13 December 2021.

(b) Non-controlling interests ("NCI")

Set out below is summarised financial information for subsidiaries which have NCI that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised balance sheets

	Yantai Zhongtai			Nanchang Junyu Meijia Property Service Co., Ltd. ("Nanchang Junyu Meijia")	Wuhu Senlin Property Management Co., Ltd ("Wuhu Senlin")
	31 December		30 September	30 September	
	2019	2020	2021	2021	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current					
Assets	23,440	40,783	43,900	4,763	22,522
Liabilities	(13,628)	(24,370)	(23,674)	(957)	(12,423)
Total net current assets	9,812	16,413	20,226	3,806	10,099
Non-current					
Assets	485	983	785	6,935	20,024
Liabilities	—	—	—	(1,734)	(3,911)
Total non-current net assets	485	983	785	5,201	16,113
Net assets	10,297	17,396	21,011	9,007	26,212
Accumulated NCI	4,531	6,959	8,404	5,855	12,843

Summarised statements of profit or loss

	Yantai Zhongtai			Nanchang Junyu Meijia	Wuhu Senlin
	31 December		30 September	30 September	30 September
	2019	2020	2021	2021	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	21,638	30,032	34,409	2,822	43,055
Total comprehensive income	3,345	7,100	3,613	779	6,020
Profit allocated to NCI	1,472	2,840	1,445	506	2,950

Summarised statements of cash flows

	Yantai Zhongtai			Nanchang Junyu Meijia	Wuhu Senlin
	31 December		30 September	30 September	30 September
	2019	2020	2021	2021	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities	6,104	7,146	1,604	185	3,211
Cash flows from investing activities	(8,889)	(5,696)	(645)	—	(1,501)
Cash flows from financing activities	1,966	2,364	685	—	—
Net (decrease)/ increase in cash and cash equivalents	(819)	3,814	1,644	185	1,710

The Group acquired two subsidiaries during the year ended 31 December 2020, Wuhu Senlin Property Management Co., Ltd. and Nanchang Junyu Meijia Property Service Co., Ltd., which have non-controlling interest to the Group. Information about the acquisitions detail can be referred to Note 26.

13 Intangible assets

	Customer relationship	Property management contract	Service contracts	Goodwill (Note 26.1)	Computer software	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2018, 31 December 2018 and 2019						
Cost	—	—	—	—	—	—
Accumulated amortisation	—	—	—	—	—	—
Net book amount	—	—	—	—	—	—
Year ended 31 December 2020						
Opening net book amount	—	—	—	—	—	—
Acquisitions of subsidiaries (Note 26)	17,080	7,689	1,299	24,232	—	50,300
Amortisation	(102)	(107)	(4)	—	—	(213)
Closing net book amount	16,978	7,582	1,295	24,232	—	50,087
As at 31 December 2020						
Cost	17,080	7,689	1,299	24,232	—	50,300
Accumulated amortisation	(102)	(107)	(4)	—	—	(213)
Net book amount	16,978	7,582	1,295	24,232	—	50,087
Nine months ended 30 September 2020						
(Unaudited)						
Opening net book amount	—	—	—	—	—	—
Additions	—	—	—	—	—	—
Amortisation	—	—	—	—	—	—
Closing net book amount	—	—	—	—	—	—

	Customer relationship	Property management contract	Service contracts	Goodwill (Note 26.1)	Computer software	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 September 2020						
(Unaudited)						
Cost	—	—	—	—	—	—
Accumulated amortisation	—	—	—	—	—	—
Net book amount	—	—	—	—	—	—
Nine months ended 30 September 2021						
Opening net book amount	16,978	7,582	1,295	24,232	—	50,087
Additions	—	—	—	—	1,660	1,660
Amortisation	(1,830)	(1,922)	(521)	—	(82)	(4,355)
Closing net book amount	15,148	5,660	774	24,232	1,578	47,392
As at 30 September 2021						
Cost	17,080	7,689	1,299	24,232	1,660	51,960
Accumulated amortisation	(1,932)	(2,029)	(525)	—	(82)	(4,568)
Net book amount	15,148	5,660	774	24,232	1,578	47,392

Except for the computer software, the Group's intangible assets were acquired as part of business combinations during the Track Record Period. See Note 26 for more details.

Note:

(a) Amortisation of intangible assets has been charged to the consolidated statements of comprehensive income as follows:

	Year ended 31 December			Nine months ended 30 September	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cost of sales	—	—	213	—	4,355
	—	—	213	—	4,355

(b) An independent valuation was performed by an independent valuer to determine the amount of the customer relationship, property management contracts and service contracts recognised by the Group during year end 31 December 2020. Methods and key assumptions in determining the fair value of the customer relationship, property management contracts and service contracts as at respective acquisition dates are disclosed as follows:

	Valuation technique	Discount rate	Expected life of the intangible assets
Customer relationship.	Discounted cash flow	16.59%-17.00%	7 years
Property management contracts . . .	Discounted cash flow	16.00%-16.09%	3 - 4 years
Service contracts.	Discounted cash flow	13.70%-15.20%	1 - 2 years

(c) Impairment tests for goodwill arising from business combinations

The goodwill arose as part of business combinations (Note 26) and were determined at the respective acquisition dates, being the differences between the purchase considerations and the fair values of net identifiable assets of acquirees.

The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill as at 31 December 2020:

	Wuhu Senlin Property Management Co., Ltd.	Shenzhen Zhongtian Yunlian Technology Development Co., Ltd. and its subsidiaries	Weiye International Investments Company Limited and its subsidiaries
Revenue — 2021 to 2025 (% annual growth rate)	3.0%	4.9%-64.7%	7.9%-64.2%
Gross margin (% of revenue) .	39.4%	36.0%	61.0%
Long-term growth rate	3.0%	3.0%	3.0%
Pre-tax discount rate	20.5%	21.2%	18.0%

Management determines growth rate of revenue and gross margin based on past performance and its expectations for the market development. The terminal growth rate applied beyond the budget period is estimated based on industry forecast. The discount rate used is pre-tax and reflects specific risks relating to the CGUs.

Goodwill of approximately RMB15,953,000, RMB6,000 and RMB8,273,000 are monitored by management at the level of Wuhu Senlin Property Management Co., Ltd. in property management segment as a cash-generated unit ("CGU") standalone, level of others segment and level of Healthcare service segment respectively. As at 31 December 2020, the recoverable amounts of the CGU in Wuhu Senlin Property Management Co., Ltd., Shenzhen Zhongtian Yunlian Technology Development Co., Ltd. and its subsidiaries and Weiye International Investments Company Limited and its subsidiaries are estimated to exceed the carrying amounts of the CGUs by approximately RMB1,204,000, RMB126,000 and RMB280,000. Such recoverable amounts of the CGUs are determined based on value-in-use (VIU) calculations. The VIU was determined by applying discounted cash flow model on pre-tax cash flow projections based on financial budgets approved by management covering a 5-year period. The calculation requires the Group to estimate the future cash flows expected to arise from each CGU or groups of CGUs and a suitable discount rate in order to calculate the present value. As the acquisitions were completed within a month before 31 December 2020, there were no significant changes in expected future cash flows generated from the CGUs as well as the discount rate. By reference to the result of such VIU calculation in the impairment assessment, management determined that no impairment provision on goodwill was required as at 31 December 2020.

Impact of possible changes in key assumptions

Management has undertaken sensitivity analysis on the impairment test of goodwill. The following table sets forth possible changes to the key assumptions of the impairment test and the changes taken in isolation in the VIU calculations that would remove the remaining headroom respectively as at 31 December 2020:

	Wuhu Senlin Property Management Co., Ltd.	Shenzhen Zhongtian Yunlian Technology Development Co., Ltd. and its subsidiaries	Weiye International Investments Company Limited and its subsidiaries
Revenue — 2021 to 2025 (% annual growth rate)	-0.1%	-0.1%	-0.1%
Gross margin (% of revenue)	-0.6%	-0.1%	-0.1%
Long-term growth rate	-0.7%	-0.7%	-0.2%
Pre-tax discount rate	+0.5%	+0.6%	+0.1%

Had the key assumptions during the budget period has been reasonably changed as below, the carrying amount of the CGUs would exceeds their recoverable amount by:

	Wuhu Senlin Property Management Co., Ltd.	Shenzhen Zhongtian Yunlian Technology Development Co., Ltd. and its subsidiaries	Weiye International Investments Company Limited and its subsidiaries
	RMB'000	RMB'000	RMB'000
Revenue — 2021 to 2025 (% annual growth rate) — Assuming decreased by 2%	16,774	4,279	7,756
Gross margin (% of revenue)—Assuming decreased by 2%	918	4,279	6,876
Long-term growth rate—Assuming decreased by 2%	2,015	285	2,700
Pre-tax discount rate—Assuming increased by 2%	3,041	217	3,528

Management did not identify any indicator for the goodwill might be impaired as at 30 September 2021 and thus, no goodwill impairment assessment has been performed as at 30 September 2021.

14 Property, plant and equipment

	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2018					
Cost	—	2,193	1,357	—	3,550
Accumulated depreciation	—	(1,099)	(922)	—	(2,021)
Net book amount	—	1,094	435	—	1,529
Year ended 31 December 2018					
Opening net book amount	—	1,094	435	—	1,529
Additions	—	590	218	—	808
Depreciation	—	(505)	(160)	—	(665)
Closing net book amount	—	1,179	493	—	1,672
As at 31 December 2018					
Cost	—	2,778	1,575	—	4,353
Accumulated depreciation	—	(1,599)	(1,082)	—	(2,681)
Net book amount	—	1,179	493	—	1,672

	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2019					
Opening net book amount	—	1,179	493	—	1,672
Additions	—	1,081	236	—	1,317
Disposals	—	(1)	(12)	—	(13)
Depreciation	—	(653)	(172)	—	(825)
Closing net book amount	—	1,606	545	—	2,151
As at 31 December 2019					
Cost	—	3,837	1,694	—	5,531
Accumulated depreciation	—	(2,231)	(1,149)	—	(3,380)
Net book amount	—	1,606	545	—	2,151
Year ended 31 December 2020					
Opening net book amount	—	1,606	545	—	2,151
Additions	—	578	619	—	1,197
Acquisition of subsidiaries (Note 26)	6,727	4,991	2	11,183	22,903
Disposals	—	(214)	(3)	—	(217)
Depreciation	—	(654)	(187)	—	(841)
Closing net book amount	6,727	6,307	976	11,183	25,193
As at 31 December 2020					
Cost	6,727	11,440	2,252	11,183	31,602
Accumulated depreciation	—	(5,133)	(1,276)	—	(6,409)
Net book amount	6,727	6,307	976	11,183	25,193
Nine months ended 30 September 2020 (Unaudited)					
Opening net book amount	—	1,606	545	—	2,151
Additions	—	392	380	—	772
Disposals	—	—	(3)	—	(3)
Depreciation	—	(562)	(128)	—	(690)
Closing net book amount	—	1,436	794	—	2,230

	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 September 2020 (Unaudited)					
Cost	—	4,229	2,009	—	6,238
Accumulated depreciation	—	(2,793)	(1,215)	—	(4,008)
	—	1,436	794	—	2,230
Nine months ended 30 September 2021					
Opening net book amount	6,727	6,307	976	11,183	25,193
Additions	406	2,200	1,263	1,247	5,116
Modification	—	—	—	2,579	2,579
Disposals	—	(40)	(1)	—	(41)
Depreciation	(598)	(1,480)	(843)	(455)	(3,376)
Closing net book amount	6,535	6,987	1,395	14,554	29,471
As at 30 September 2021					
Cost	7,133	13,508	3,306	15,009	38,956
Accumulated depreciation	(598)	(6,521)	(1,911)	(455)	(9,485)
Net book amount	6,535	6,987	1,395	14,554	29,471

Depreciation expenses have been charged to the consolidated statements of comprehensive income as follows:

	Year ended 31 December			Nine months ended 30 September	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cost of sales	404	498	520	462	2,203
Administrative expenses	261	327	321	228	1,173
	665	825	841	690	3,376

15 Trade and other receivables and prepayments

The Group

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables (Note (a))				
- Related parties (Note 25(b))	11,309	27,952	53,863	63,895
- Third parties	12,756	20,431	40,420	79,069
	24,065	48,383	94,283	142,964
Less: Loss allowance	(2,694)	(2,475)	(3,681)	(6,984)
	21,371	45,908	90,602	135,980
Deposits	591	922	2,852	2,863
Receivables due from property owners (Note (c))	1,643	1,598	4,789	4,818
Other receivables				
- Advance to employees	17	50	6,108	645
- Others	1,534	1,239	4,343	4,535
Less: allowance for impairment of other receivables	(39)	(35)	(213)	(148)
	3,746	3,774	17,879	12,713
Prepaid [REDACTED] expenses	—	—	—	[REDACTED]
Deferred [REDACTED] expenses	—	—	—	[REDACTED]
Prepayments for property, plant and equipment	—	—	—	1,288
Other prepayments	244	16	414	1,690
	244	16	414	8,531
Total trade and other receivables and prepayments	25,361	49,698	108,895	157,224
Non-current	—	—	—	1,288
Current	25,361	49,698	108,895	155,936
	25,361	49,698	108,895	157,224

Note:

(a) Trade receivables mainly arise from property management service income, value-added services as provided to non-property owners, community healthcare services and IT and intelligent construction services.

Property management services income are received in accordance with the terms of the relevant services agreements. Service income from property management service is due for payment by the residents upon the issuance of demand note.

(b) The carrying amounts of other receivables and deposits approximate their fair values and are unsecured, interest-free and repayable on demand. The carrying amounts of the Group's trade and other receivables and deposits are denominated in RMB.

(c) It mainly represented utilities costs of properties paid on behalf of property owners.

As at 31 December 2018, 2019, 2020 and 30 September 2021, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
0 — 30 days	11,022	29,236	66,890	64,020
31 — 60 days	1,477	2,413	6,174	16,082
61 — 90 days	617	1,011	4,042	14,736
91 — 180 days	2,677	3,377	6,347	25,428
181 — 365 days	7,198	10,884	8,572	20,655
Over 365 days	1,074	1,462	2,258	2,043
	24,065	48,383	94,283	142,964

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9.

The movement of provision for impairment of trade receivables is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
At beginning of year/period.	2,910	2,694	2,475	2,475	3,681
(Reversal of)/provision for impairment (credited)/ charged to consolidated profit or loss	(216)	(219)	1,206	660	3,303
At end of year/period	2,694	2,475	3,681	3,135	6,984

Net reversal of/(provision for) impairment losses of trade receivables has been included in net reversal of/(provision for) impairment losses of financial assets of the consolidated statements of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering the amount. Information about the impairment of trade receivables and the group's exposure to credit risk can be found in Note 3.1.

The Company

	As at 30 September 2021
	RMB'000
Prepaid [REDACTED] expenses	[REDACTED]
Deferred [REDACTED] expenses	[REDACTED]
Other prepayments.	69
	5,622

16 Investments accounted for using the equity method

The carrying amounts recognised in the consolidated balance sheets are as follows:

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Associates	—	527	1,070	1,522
Joint ventures	304	199	805	1,317
	304	726	1,875	2,839

The amounts recognised in the consolidated statements of profit or loss are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Share of results of associates	—	177	307	492	452
Share of results of joint ventures	24	(105)	606	173	1,124
	24	72	913	665	1,576

(a) Interests in associates

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	—	—	527	1,070
Additions	—	350	1,226	—
Transfers to subsidiaries (Note 26.2)	—	—	(1,060)	—
Acquisitions of subsidiaries (Note 26.1)	—	—	70	—
Share of profit, net	—	177	307	452
At end of the year/period	—	527	1,070	1,522

The directors of the Company consider that none of the associates were significant to the Group and thus the individual financial information of the associates was not disclosed.

(b) Details of interest in associates

Name of entity	Principal place of business	% of ownership indirectly held — 31 December 2018	31 December 2019	31 December 2020	30 September 2021	Principal activities
Indirectly held:						
Nanchang Junyu Meijia Property Service Co., Ltd. 南昌君譽美家物業服務有限公司	The PRC	—	35%	— (Note)	—	Property management service in the PRC
Gongqing City High-tech Zone Chuangxin Redco Property Service Co., Ltd. 共青城市高新區創新力高物業服務有限公司	The PRC	—	—	49%	49%	Property management service in the PRC
Gongqing City Gold Medal Property Service Co., Ltd. 共青城市金牌物業服務有限公司	The PRC	—	—	49%	49%	Property management service in the PRC
Anhui Huali Property Service Co., Ltd. 安徽華力物業服務有限公司	The PRC	—	—	20%	20%	Property management service in the PRC
Love Care Redco (Shanghai) Elderly Service Co., Ltd. 愛照護力高 (上海) 養老服務有限公司	The PRC	—	—	20%	20%	Provision of healthcare service in the PRC
Yantai Aicare Redco Elderly Service Co., Ltd. 煙台愛照護力高養老服務有限公司	The PRC	—	—	20%	20%	Provision of healthcare service in the PRC

The associates held by the Group have share capital consisting solely of ordinary shares. All of the associates are private companies with no quoted market price available for their shares.

Note: On 14 December 2020, the Group entered into an acting-in-concert agreement with another shareholder which holds 33% interest, whereby the said shareholder and its appointed director will follow decisions made by the Group and directors appointed by the Group in shareholders' meetings and directors' meetings respectively. Effectively, the Group has obtained 68% voting rights in aggregate in shareholders' meetings and is able to appoint three out of five directors. As resolutions of directors' meetings only require a simple majority approval, the Group considers it has obtained control over Nanchang Junyu Meijia. Accordingly, Nanchang Junyu Meijia has been derecognised as an associate and classified as a subsidiary since 14 December 2020 (Note 26.2).

(c) Interests in joint ventures

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	280	304	199	805
Dividends received	—	—	—	(612)
Share of profit/(loss), net	24	(105)	606	1,124
At end of the year/period	304	199	805	1,317

The directors of the Company consider that none of the joint ventures were significant to the Group and thus the individual financial information of the joint ventures was not disclosed.

(d) Nature of interest in joint ventures

Name of entity	Principal place of business	% of ownership indirectly held 31 December 2018	2019	2020	30 September 2021	Principal activities
Indirectly held:						
Jiangxi Province Guogao Property Services Limited 江西省國高物業服務有限公司	The PRC	51%	51%	51%	51%	Property management service in the PRC
Nanchang Yingmei Property Co., Ltd. 南昌盈美物業有限公司	The PRC	51%	51%	51%	51%	Property management service in the PRC
Shijiazhuang Lanting Property Management Co., Ltd. 石家莊蘭庭物業管理有限公司	The PRC	—	51%	51%	51%	Property management in the PRC
Xixian New District Qinhan New City Junyue Family Property Management Co., Ltd. 西咸新區秦漢新城君樾世家物業管理有限公司	The PRC	—	—	50%	50%	Property management in the PRC

The Group has joint control over the above entities under contractual agreements, and unanimous consent is required from all parties for all relevant activities of the entities.

As at 31 December 2018, 2019, 2020 and 30 September 2021, there were no material commitments or contingent liabilities in respect of associates and joint ventures.

17 Cash and cash equivalents

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at banks	64,742	85,659	134,626	72,922
Cash on hand	4,562	3,956	2,713	911
Cash and cash equivalents	69,304	89,615	137,339	73,833

The carrying amounts of the Group's cash and cash equivalents are equivalent to their fair values and are denominated in the following currencies:

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	68,922	89,231	136,973	69,379
HKD	337	337	322	1,085
USD	45	47	44	3,369
	69,304	89,615	137,339	73,833

The cash and cash equivalents denominated in RMB are deposited with banks in the PRC. The remittance of such balances out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

18 Share capital

	Number of share	Par value per share	HK$'000	RMB'000
Authorised:				
At 10 February 2021 (date of incorporation) and 30 September 2021	3,800,000	HK$0.1	380	316
Issued and fully paid:				
At 10 February 2021 (date of incorporation)	1	HK$0.1	—	—
Issuance of shares upon reorganisation	3	HK$0.1	—	—
At 30 September 2021	4	HK$0.1	—	—

19 Reserves

The Group

	Statutory reserves (Note)	Retained earnings	Exchange reserve	Other reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2018	1,981	14,260	104	—	16,345
Profit for the year	—	10,586	—	—	10,586
Currency translations differences	—	—	(85)	—	(85)
Transfer to statutory reserve	1,120	(1,120)	—	—	—
As at 31 December 2018	3,101	23,726	19	—	26,846
As at 1 January 2019	3,101	23,726	19	—	26,846
Profit for the year	—	27,903	—	—	27,903
Currency translations differences	—	—	(43)	—	(43)
Transfer to statutory reserve	446	(446)	—	—	—
As at 31 December 2019	3,547	51,183	(24)	—	54,706
As at 1 January 2020	3,547	51,183	(24)	—	54,706
Profit for the year	—	39,612	—	—	39,612
Currency translations differences	—	—	13	—	13
Transfer to statutory reserve	871	(871)	—	—	—
Change in ownership interests in subsidiaries without change of control (Note 26.3(a))	—	—	—	576	576
As at 31 December 2020	4,418	89,924	(11)	576	94,907
(Unaudited)					
As at 1 January 2020	3,547	51,183	(24)	—	54,706
Profit for the period	—	30,563	—	—	30,563
Currency translations differences	—	—	38	—	38
As at 30 September 2020	3,547	81,746	14	—	85,307

	Statutory reserves (Note)	Retained earnings	Exchange reserve	Other reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2021	4,418	89,924	(11)	576	94,907
Profit for the period	—	22,266	—	—	22,266
Currency translations differences	—	—	171	—	171
Change in ownership interests in subsidiaries without change of control (Note 26.3(b))	—	—	—	2,408	2,408
As at 30 September 2021	4,418	112,190	160	2,984	119,752

Note: Statutory reserve represents the appropriation of 10% of profit after tax determined based on the relevant accounting rules and regulations of the PRC as required by the Articles of Association of the Company's PRC subsidiaries. The appropriation may cease to apply if the balance of the statutory reserve has reached 50% of the PRC subsidiaries' registered capital. The statutory reserve can be used to make up prior year losses or to increase share capital.

The Company

	Exchange reserve	Capital reserve (Note)	Total
	RMB'000	RMB'000	RMB'000
As at 10 February 2021 (date of incorporation)	—	—	—
Acquisition of subsidiaries	—	134,454	134,454
Currency translations differences	46	—	46
As at 30 September 2021	46	134,454	134,500

Note: Capital reserve of the Company represented the difference between the net assets value of the subsidiaries acquired and the consideration settled by issuance of the shares to the immediate holding company pursuant to the Reorganisation.

20 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes related to the same tax authority.

The balances shown in the consolidated balance sheets, after appropriate offsetting, are as follows:

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred income tax assets				
- Deferred income tax assets to be recovered after more than 12 months	695	653	5,245	6,652
Deferred income tax liabilities				
- Deferred income tax liability to be recovered after more than 12 months	—	—	(7,211)	(6,064)
- Deferred income tax liability to be recovered within 12 months	—	—	(1,529)	(1,529)
Net deferred income tax assets/(liabilities)	695	653	(3,495)	(941)

The movements in the net deferred income tax assets/(liabilities) are as follows:

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	741	695	653	(3,495)
(Charged)/credited to consolidated statement of profit or loss	(46)	(42)	360	2,554
Acquisition of subsidiaries	—	—	(4,508)	—
At end of year/period	695	653	(3,495)	(941)

The movements in deferred income tax assets and liabilities during the Track Record Periods, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax liabilities

	Fair value adjustment on acquisition of subsidiaries	Total
	RMB'000	RMB'000
As at 1 January 2018, 31 December 2018 and 2019	—	—
As at 1 January 2020	—	—
Acquisition of subsidiaries	(8,740)	(8,740)
As at 31 December 2020	(8,740)	(8,740)
As at 1 January 2021	(8,740)	(8,740)
Credited to consolidated statement of profit or loss	1,147	1,147
As at 30 September 2021	(7,593)	(7,593)

Deferred income tax assets

	Provision	Tax losses	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2018	741	—	741
Charged to consolidated statement of profit or loss	(46)	—	(46)
As at 31 December 2018	695	—	695
As at 1 January 2019	695	—	695
Charged to consolidated statement of profit or loss	(42)	—	(42)
As at 31 December 2019	653	—	653

	Provision	Tax losses	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2020	653	—	653
Credited to consolidated statement of profit or loss	360	—	360
Acquisition of subsidiaries	1,131	3,101	4,232
As at 31 December 2020	2,144	3,101	5,245
As at 1 January 2021	2,144	3,101	5,245
Credited to consolidated statement of profit or loss	812	595	1,407
As at 30 September 2021	2,956	3,696	6,652

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

As at 31 December 2018, 2019 and 2020 and 30 September 2021, the Group did not recognise deferred income tax assets of approximately RMB23,000, RMB22,000, RMB50,000 and RMB1,140,000 in respect of losses incurred by the Group's PRC subsidiaries amounting to approximately RMB93,000, RMB88,000, RMB198,000 and RMB4,561,000, that can be carried forward for one to five years for offsetting against future taxable income.

Pursuant to the relevant PRC corporate income tax rules and regulations, deferred tax on withholding tax is imposed on declared dividends in respect of profits earned by the Group's PRC subsidiaries from 1 January 2008. The Company controls the dividend policy of its subsidiaries and the Directors do not have an intention to distribute the retained earnings of certain subsidiaries such that deferred income tax liabilities of approximately RMB2,382,000, RMB5,139,000, RMB9,005,000 and RMB12,538,000 as at 31 December 2018, 2019 and 2020 and 30 September 2021, have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of these subsidiaries. Unremitted earnings totalled approximately RMB23,824,000, RMB51,392,000, RMB90,050,000 and RMB125,379,000 as at 31 December 2018, 2019 and 2020 and 30 September 2021.

21 Trade payables, accruals and other payables

The Group

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	4,513	6,423	9,790	22,410
Accruals and other payables	27,745	23,935	34,400	39,123
Accruals for [REDACTED] expenses	—	—	—	[REDACTED]
Consideration payable	—	—	18,142	2,097
Other taxes payables	1,015	3,069	5,181	2,565
Salary payables	3,509	4,670	7,124	5,300
	32,269	31,674	64,847	52,070
Less: non-current portion				
Consideration payable	—	—	(1,924)	(2,097)
	32,269	31,674	62,923	49,973

As at 31 December 2018, 2019, 2020 and 30 September 2021, the carrying amounts of the Group's trade payables approximate their fair values due to their short maturities.

As at 31 December 2018, 2019, 2020 and 30 September 2021, the carrying amounts of trade and other payables were mainly denominated in RMB.

The aging analysis of the trade payables based on invoice dates is as follows:

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
0 - 30 days	3,164	1,007	4,408	16,654
31 - 60 days	679	3,568	1,399	2,349
61 - 90 days	124	1,672	2,566	1,950
Over 90 days	546	176	1,417	1,457
	4,513	6,423	9,790	22,410

The Company

	As at 30 September 2021
	RMB'000
Accruals for [REDACTED] expenses	[REDACTED]

22 Borrowing

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Long-term bank borrowing	—	—	4,550	4,350
Portion of due for repayment within one year	—	—	(400)	(400)
Non-current portion	—	—	4,150	3,950

As at 31 December 2020 and 30 September 2021, the effective interest rate of bank borrowing was 6.09%. Bank borrowing is pledged by properties provided by a director of a subsidiary, the bank borrowing has been subsequently settled.

The carrying amount of the borrowing approximated its fair value and was denominated in RMB.

The amounts based on the scheduled repayment dates set out in the loan agreement and the maturities of the Group's total borrowing at the respective balance sheet dates are shown below:

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts of borrowing that are repayable:				
- Within 1 year	—	—	400	400
- Between 1 and 2 years	—	—	4,150	3,950
	—	—	4,550	4,350

As at 31 December 2018 and 2019, the Group had no banking facilities.

As at 31 December 2020 and 30 September 2021, the Group have total borrowing facilities of RMB4,950,000 and the Group utilised all bank facilities.

23 Leases

(a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Right-of-use assets				
- Properties (Note 14)	—	—	11,183	14,554
Lease liabilities				
- Current	—	—	—	359
- Non-current	—	—	—	3,594
	—	—	—	3,953

No leases are subject to recognition of right-of-assets for years ended 31 December 2018 and 2019. During the year ended 31 December 2020, the Group acquired the right-of-use assets of RMB11,183,000 through acquisition of a subsidiary (Note 26.1). Additions and modification to the right-of-use assets during the nine months ended 30 September 2021 were RMB1,247,000 and RMB2,579,000 respectively.

The total cash outflow for leases during the year ended 31 December 2018, 2019, 2020 and nine months ended 30 September 2020 and 2021 were RMB323,000, RMB405,000, RMB830,000, RMB549,000 and RMB1,466,000 respectively.

(b) Amounts recognised in the consolidated statement of profit or loss

The consolidated statement of profit or loss shows the following amounts relating to leases:

	Year ended 31 December			Nine months ended 30 September	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000** (Unaudited)	**RMB'000**
Depreciation charge of right-of-use assets - Properties (Note 14) . . .	—	—	—	—	455
Interest expense (included in finance costs).	—	—	—	—	127
Expense relating to short-term leases (included in cost of sales and administrative expenses)	323	405	830	549	1,466

(c) The Group's leasing activities and how these are accounted for

The Group leases various offices. Rental contracts are typically made for fixed periods of 2 months to 26 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

24 Consolidated statements of cash flows

(a) Reconciliation of profit before income tax to net cash generated from operations is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit before income tax	15,263	40,809	57,921	43,799	41,812
Adjustments for:					
- Finance income	(74)	(195)	(151)	(127)	(233)
- Finance cost	—	—	—	—	507
- Depreciation of property, plant and equipment	665	825	841	690	3,376
- Amortisation of intangible assets	—	—	213	—	4,355
- Gain on disposal of subsidiaries	—	—	—	—	(415)
- (Gain)/loss on disposal of property, plant and equipment	—	(12)	(11)	(11)	4
- Share of profits of investments accounted for using the equity method	(24)	(72)	(913)	(665)	(1,576)
- Net (reversal of)/provision for impairment of financial assets	(185)	(165)	1,441	796	3,245
- Remeasurement gains on interests in investments	—	—	(1,820)	—	—
- Exchange (gain)/losses	(15)	(1)	14	—	—
Operating profit before working capital changes	15,630	41,189	57,535	44,482	51,075
Changes in working capital:					
- Trade, prepayments and other receivables	(3,553)	(24,114)	(35,188)	(36,348)	(46,636)
- Trade payables	1,457	1,910	1,344	1,650	12,620
- Contract liabilities	687	14,027	13,002	(13,505)	(10,388)
- Accruals and other payables	1,512	(595)	9,909	8,889	3,383
Net cash generated from operations	15,733	32,417	46,602	5,168	10,054

(b) The reconciliation of liabilities arising from financing activities is as follows:

	Bank borrowing due within 1 year	Bank borrowing due after 1 year	Lease liabilities due within 1 year	Lease liabilities due after 1 year	Amounts due to related parties	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2018	—	—	—	—	8,470	8,470
Allowance from related parties	—	—	—	—	328	328
Repayment to related parties	—	—	—	—	(260)	(260)
As at 31 December 2018	—	—	—	—	8,538	8,538
As at 1 January 2019	—	—	—	—	8,538	8,538
Advance from related parties	—	—	—	—	4,453	4,453
Repayment to related parties	—	—	—	—	(40)	(40)
As at 31 December 2019	—	—	—	—	12,951	12,951
As at 1 January 2020	—	—	—	—	12,951	12,951
Advance from related parties	—	—	—	—	4,767	4,767
Repayment to related parties	—	—	—	—	(347)	(347)
Non-cash items:						
Acquisitions of subsidiaries (Note 26)	400	4,150	—	—	49,879	54,429
Consideration for acquisition of ownership interests in subsidiaries without change in control	—	—	—	—	120	120
As at 31 December 2020	400	4,150	—	—	67,370	71,920
As at 1 January 2020	—	—	—	—	12,951	12,951
Advance from related parties	—	—	—	—	5,459	5,459
Repayment to related parties	—	—	—	—	(2,230)	(2,230)
As at 30 September 2020 (Unaudited)	—	—	—	—	16,180	16,180

	Bank borrowing due within 1 year	Bank borrowing due after 1 year	Lease liabilities due within 1 year	Lease liabilities due after 1 year	Amounts due to related parties	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2021	400	4,150	—	—	67,370	71,920
Advance from related parties	—	—	—	—	19,087	19,087
Repayment to related parties	—	—	—	—	(54,420)	(54,420)
Repayment of bank borrowing	(200)	—	—	—	—	(200)
Interest paid	(18)	(189)	—	—	—	(207)
Non-cash items:						
Disposal of subsidiaries	—	—	—	—	(7,612)	(7,612)
New leases	—	—	153	1,094	—	1,247
Modification of lease	—	—	5	2,574	—	2,579
Foreign exchange adjustments	—	—	—	—	(18)	(18)
Other non-cash movements	218	(11)	201	(74)	—	334
As at 30 September 2021	400	3,950	359	3,594	24,407	32,710

25 Related parties transactions

The directors of the Company are of the view that the following companies are related parties of the Group:

Name	Relationship with the Group
Mr. Tang Chengyong	Executive Director of the Company
Mr. Huang Peng	Executive Director of operating subsidiary
The Remaining Group	Controlled by the controlling shareholder
Nanchang Yingmei Property Co., Ltd.	A joint venture

* 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.

Save as disclosed elsewhere in the consolidated financial statements, the following transactions were carried out with related parties:

(a) Transactions with related parties

	Year ended 31 December			Nine months ended 30 September	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (Unaudited)**	**RMB'000**
Provision of property management service					
The Remaining Group	7,080	8,720	3,954	3,394	5,466
Provision of service — Value-added services to non-property owners (Pre-delivery property management services)					
The Remaining Group	20,714	46,482	53,656	45,689	52,146
Associates and joint ventures of the Remaining Group	—	2,590	7,554	5,865	4,079
	20,714	49,072	61,210	51,554	56,225
Provision of Carpark sales agency services					
The Remaining Group	1,874	8,436	2,447	2,234	1,945

	Year ended 31 December			Nine months ended 30 September	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Provision of healthcare services					
The Remaining Group	—	—	—	—	11,197
Associates and joint ventures of the Remaining Group	—	—	—	—	40
	—	—	—	—	11,237
Provision of IT and intelligent construction services					
The Remaining Group	—	—	—	—	11,609
Associates and joint ventures of the Remaining Group	—	—	—	—	277
	—	—	—	—	11,886
Maintenance expense					
Shenzhen Jindian Design Consulting Co., Ltd., a subsidiary of the Remaining Group	—	—	—	—	1,376

All the transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

(b) Balances with related parties

The Group

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from related parties — trade				
The Remaining Group	10,935	27,177	52,324	61,968
Associates and joint ventures of the Remaining Group	374	775	1,539	1,927
	11,309	27,952	53,863	63,895

The balances were unsecured, interest-free and repayable on demand. The carrying values approximate their fair values and are denominated in RMB.

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from related parties — non-trade				
The Remaining Group	2,039	9,804	18,696	—

The balances were non-trade in nature, unsecured, interest-free and repayable on demand. The carrying values approximate their fair values and are denominated in RMB.

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from joint ventures — non-trade				
Nanchang Yingmei Property Co., Ltd.	831	920	—	—

The balances were unsecured, interest-free and repayable on demand. The carrying values approximate their fair values and are denominated in RMB.

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from non-controlling interest — non-trade				
Mr. Zeng Huanming	3,305	7,727	10,171	9,636
Shenzhen Zhangzhewu Investment Development Co., Ltd.	—	—	3,650	3,650
Jinan Yingli Enterprise Management Consulting Co., Ltd.	—	—	—	2,768
	3,305	7,727	13,821	16,054

The balances were unsecured, interest-free and repayable on demand. The carrying values approximate their fair values and are denominated in RMB.

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due to related parties — contract liabilities				
The Remaining Group	1,292	4,013	12,470	15,915
Associates and joint ventures of the Remaining Group	—	—	696	19
	1,292	4,013	13,166	15,934

The balances were unsecured, interest-free and repayable on demand. The carrying values approximate their fair values and are denominated in RMB.

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due to related parties — Non-trade				
The Remaining Group	8,538	12,951	66,100	24,287
Associates and joint ventures of the Remaining Group	—	—	1,150	—
Mr. Tang Chengyong	—	—	120	120
	8,538	12,951	67,370	24,407

The balances were unsecured, interest-free and repayable on demand. The carrying values approximate their fair values and are denominated in RMB.

All the above balances which are non-trade in nature will be settled prior to the [REDACTED].

The Company

	As at 30 September 2021
	RMB'000
Amounts due to subsidiaries	
Hong Lee Investment (International) Company Limited	13,024
UG Property Management Co., Ltd	2,512
	15,536

	As at 30 September 2021
	RMB'000
Amounts due to related parties	
Redco Holdings (Hong Kong) Co. Limited, a subsidiary of the Remaining Group	37

The balances were unsecured, interest-free and repayable on demand, and will be settled prior to the [REDACTED].

(c) Key management compensation

Key management includes the directors and senior management who have important roles in making operational and financial decisions. The compensation paid or payable to key management for employee services is disclosed in Note 8(a).

(d) Guarantee

As at 31 December 2020 and 30 September 2021, bank borrowing is secured by the pledge of certain properties of Mr. Huang Peng. Mr. Huang Peng was a director of an operating subsidiary as at 31 December 2020 and resigned as director of the operating subsidiary during the nine months ended 30 September 2021. It is released prior to the [REDACTED].

26 Acquisitions of subsidiaries

26.1 Business combinations

(a) Acquisition of Wuhu Senlin Property Management Co., Ltd.

On 31 December 2020, the Group completed the acquisition of 51% equity interest of Wuhu Senlin Property Management Co., Ltd. (蕪湖市森林物業管理有限公司) ("Wuhu Senlin") from an independent third party at a consideration of approximately RMB26,251,000. Wuhu Senlin is principally engaged in property management services in Wuhu, Anhui Province of the PRC.

(b) Acquisition of Shenzhen Zhongtian Yunlian Technology Development Co., Ltd. and its subsidiaries

On 17 December 2020, the Group completed the acquisition of 100% equity interest of Shenzhen Zhongtian Yunlian Technology Development Co., Ltd. (深圳中天雲聯科技發展有限公司) ("Shenzhen Zhongtian") and its subsidiaries at a consideration of RMB1. Shenzhen Zhongtian is principally engaged in software development services in Shenzhen, Guangdong Province of the PRC. The acquisition details is disclosed in Note 1.11.

(c) Acquisition of Weiye International Investments Company Limited and its subsidiaries

On 30 December 2020, the Group completed the acquisition of 100% equity interest of Weiye International Investments Company Limited (偉業國際投資有限公司) ("Weiye International") and its subsidiaries at a consideration of RMB1. Weiye International is principally engaged in community healthcare services in the PRC. The acquisition details is disclosed in Note 1.11.

The following table summarises the consideration paid for the acquisitions, the fair value of assets acquired and liabilities assumed at the acquisition date. The non-controlling interests are measured at proportionate share in the recognised amounts of net identifiable assets as at the acquisition date.

Goodwill was mainly resulted from the enhanced level of workforce and the benefits of expanding its scope of services available to customers as a well rounded healthy living services provider.

	Wuhu Senlin	Shenzhen Zhongtian and its subsidiaries	Weiye International and its subsidiaries	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Consideration paid as at acquisition date	8,109	—	—	8,109
Consideration payable as at acquisition date (Note)	18,142	—	—	18,142
Net assets acquired	26,251	—	—	26,251
Recognised amounts of identifiable assets acquired and liabilities assumed:				
Investments in associates	—	—	70	70
Property, plant and equipment	139	1,343	10,236	11,718
Right-of-use assets	—	—	11,183	11,183
Deferred tax assets	1,131	—	3,101	4,232
Trade receivables and prepayments, deposits and other receivables	15,972	2,197	6,921	25,090
Amounts due from related parties	—	4,711	3,930	8,641
Amounts due from non-controlling interest	—	—	3,650	3,650
Intangible assets	17,834	92	1,207	19,133
Income tax liabilities	(2,792)	—	—	(2,792)
Cash and cash equivalents	1,481	4,152	5,781	11,414
Trade and other payables	(3,199)	(1,516)	(2,177)	(6,892)
Amounts due to related parties	—	(10,962)	(38,917)	(49,879)
Borrowing	—	—	(4,550)	(4,550)
Contract liabilities	(6,489)	—	(5,610)	(12,099)
Deferred income tax liabilities	(3,885)	(23)	(3,098)	(7,006)
Total net identifiable assets/liabilities acquired	20,192	(6)	(8,273)	11,913
Goodwill (Note 13)	15,953	6	8,273	24,232
Less: Non-controlling interest initially recognised as at acquisition date	(9,894)	—	—	(9,894)
Net assets acquired	26,251	—	—	26,251

	Wuhu Senlin	Shenzhen Zhongtian and its subsidiaries	Weiye International and its subsidiaries	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Analysis of net outflow/(inflow) of cash and cash equivalents in respect of acquisition of subsidiaries:				
Cash consideration paid	8,109	—	—	8,109
Less: Cash and cash equivalents acquired	(1,481)	(4,152)	(5,781)	(11,414)
Net cash outflow/(inflow)	6,628	(4,152)	(5,781)	(3,305)

Note: Cash consideration for acquisition of Wuhu Senlin of RMB16,218,000 was settled during the period ended 30 September 2021 while the remaining cash consideration will be settled before 31 December 2023.

Wuhu Senlin did not contribute revenue or net profit after tax to the Group for the period from 31 December 2020, the acquisition date, to 31 December 2020.

If the above acquisition had occurred on 1 January 2020, consolidated revenue and net profit after tax of the Group for the year ended 31 December 2020 would have been RMB24,862,000 and RMB517,000.

Entities acquired in the transaction in relation to Shenzhen Zhongtian did not contribute revenue or net profit after tax to the Group for the period from 17 December 2020, the acquisition date, to 31 December 2020.

If the above acquisition had occurred on 1 January 2020, consolidated revenue and net profit after tax of the Group for the year ended 31 December 2020 would have been RMB13,935,000 and RMB2,396,000.

Entities acquired in the transaction in related to Weiye International did not contribute revenue or net profit after tax to the Group for the period from 30 December 2020, the acquisition date, to 31 December 2020.

If the above acquisitions had occurred on 1 January 2020, consolidated revenue and net loss after tax of the Group for the year ended 31 December 2020 would have been RMB15,562,000 and RMB1,510,000.

Management is of the opinion that acquired trade receivables arising from the acquisition of Wuhu Senlin at gross contractual amount of RMB4,523,000 is not recoverable. They have been written off on acquisition.

The fair value of acquired trade and other receivables, deposits arising from the acquisition of Shenzhen Zhongtian and Weiye International approximate the gross contractual amount.

The acquisition related costs were immaterial.

26.2 Step acquisition

Step acquisition of Nanchang Junyu Meijia

Nanchang Junyu Meijia was a 35% associate of the Group before the step acquisition. As set out in Note 16(b), upon entering into the acting-in-concert agreement with another shareholder to granted that another shareholder would follow the Group's decision. Thus, the Group has obtained control over Nanchang Junyu Meijia since 14 December 2020.

The following table summarises the consideration paid for the step acquisition, the fair value of assets acquired and liabilities assumed at the acquisition date. The non-controlling interests are measured at proportionate share in the recognised amounts of net identifiable assets as at the acquisition date.

	Nanchang Junyu Meijia
	RMB'000
Consideration:	
Fair value of the associate shares held by the Group	2,880
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Intangible asset	6,935
Trade and other receivables and deposits	304
Cash and cash equivalents	2,976
Trade and other payables	(253)
Deferred income tax liabilities	(1,734)
	8,228
Non-controlling interest initially recognised as at acquisition date	(5,348)
Net assets acquired	2,880
Remeasurement gain on associate (Note 6)	
Fair value of interests in associate	2,880
Less: Interests in associate	(1,060)
	1,820

	Nanchang Junyu Meijia
	RMB'000
Analysis of net inflow of cash and cash equivalents in respect of acquisition of the subsidiary:	
Cash consideration paid	—
Less: Cash and cash equivalents acquired	2,976
Net cash inflow	2,976

Nanchang Junyu Meijia did not contribute material revenue or net profit after tax to the Group for the period from the acquisition date to 31 December 2020. If the acquisition of Nanchang Junyu Meijia had occurred on 1 January 2020, consolidated revenue and net profit after tax of the Group for the year ended 31 December 2020 would not be materially different.

The fair value of acquired trade and other receivables, deposits from the acquisition of Nanchang Junyu Meijia approximate the gross contractual amount.

The acquisition related costs were immaterial.

26.3 Change in ownership without change in Control

(a) Acquisition of 4% equity interests of Yantai Zhongtai

On 18 December 2020, the Group completed the acquisition of 4% equity interests of Yantai Zhongtai from the non-controlling shareholder at a consideration of RMB120,000. The Group recorded a decrease in non-controlling interest of approximately RMB696,000 and an increase in the balance in reserves of approximately RMB576,000 upon the completion of acquisition.

(b) Addition of registered capital of Shenzhen Redco Healthcare & Nutrition Holding Co., Ltd.

On 10 June 2021, Shenzhen Redco Healthcare & Nutrition Holding Co., Ltd.'s registered capital increased by USD430,000, which was to be paid by an independent third party. Upon completion, although the equity interest of Shenzhen Redco Healthcare & Nutrition Holding Co., Ltd. held by the Company reduced from 100% to 70%, the Group considers it still has control over Shenzhen Redco Healthcare & Nutrition Holding Co., Ltd. The Group recorded a non-controlling interest of approximately RMB365,000 and an increase in the balance of reserves of approximately RMB2,408,000 upon the completion of acquisition.

27 Disposal of subsidiaries

During the nine months ended 30 September 2021, the Group disposed of 100% equity interests in Lilan Design and Shenzhen Yujian Youju Property Consulting Co., Ltd. ("Shenzhen Yujian Youju") to Shenzhen Redco Weili Shiye Development Co., Ltd (深圳力高偉力實業發展有限公司) at a consideration of RMB1 and RMB1, respectively, resulting in an aggregate gain on disposal is RMB415,000. The aforementioned companies are principally engaged in provision of renovation design and consultancy services and property sales planning services in the PRC, respectively. Upon the completion of the disposal, the Group lost its control over the aforementioned companies and their financial results are not consolidated with the results of the Group.

An analysis on the losses on disposal of subsidiaries is as follows:

	Lilan Design	Shenzhen Yujian Youju	Total
	RMB'000	RMB'000	RMB'000
Consideration satisfied by:			
- Cash consideration	—	—	—
Less: Net liabilities disposed of:			
- Amount due from related parties	(7,217)	—	(7,217)
- Other receivables	(68)	—	(68)
- Cash and cash equivalents	(22)	(5)	(27)
- Other payables	110	5	115
- Amount due to related parties	7,612	—	7,612
	415	—	415
Gain on disposal of subsidiaries, pre-tax	415	—	415
Less: PRC enterprise income tax payable upon disposal of subsidiaries	—	—	—
Gain on disposal of subsidiaries, net of tax	415	—	415
An analysis on net outflow of cash and cash equivalents in respect of disposal of subsidiaries is as follows:			
Cash consideration	—	—	—
Less: Cash and cash equivalents disposed of	(22)	(5)	(27)
Net cash outflow	(22)	(5)	(27)

28 Dividends

No dividend has been paid or declared by the Company or the companies now comprising the Group during the years ended 31 December 2018, 2019, 2020 and nine months ended 30 September 2020 and 2021.

29 Commitments

Capital commitment

Significant capital expenditure contracted for at the end of each reporting period but not recognised as liabilities is as follows:

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Acquisition of business	—	—	—	4,050
Purchase of property, plant and equipment	—	—	—	24,672
Total	—	—	—	28,722

In May 2021, the Group has entered into a strategic cooperation framework agreement to acquire 70% equity interest of an entity principally engaged in property management business in the PRC at a consideration of not less than RMB4,050,000. As at 30 September 2021, the Group is negotiating the terms of the acquisition.

In September 2021, the Group entered into preliminary sale and purchase agreements with independent third party to purchase office premises and car park space for considerations of HK$30,250,000 and HK$1,000,000, respectively, of which HK$1,550,000 has been settled by the Group as at 30 September 2021.

As at 31 December 2018, 2019, 2020 and 30 September 2021, the Company did not have any commitment.

30 Contingent liabilities

As at 31 December 2018, 2019, 2020 and 30 September 2021, the Group and the Company did not have any significant contingent liabilities.

31 Directors' benefits and interests

(a) Directors' and chief executive's emoluments

The remuneration of each director and the chief executive are set out below:

	Fees	Salaries	Employer's contributions to a retirement benefit scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2018				
Executive Directors				
Mr. Tang Chengyong	—	—	—	—
Ms. Wong Yin Man	—	—	—	—
Ms. Huang Yanqi	—	—	—	—
Non-executive director				
Mr. Huang Ruoqing	—	—	—	—
	—	—	—	—
For the year ended 31 December 2019				
Executive Directors				
Mr. Tang Chengyong	—	—	—	—
Ms. Wong Yin Man	—	—	—	—
Ms. Huang Yanqi	—	—	—	—
Non-executive director				
Mr. Huang Ruoqing	—	—	—	—
	—	—	—	—

	Fees	Salaries	Employer's contributions to a retirement benefit scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2020				
Executive Directors				
Mr. Tang Chengyong	—	—	—	—
Ms. Wong Yin Man	—	—	—	—
Ms. Huang Yanqi	—	—	—	—
Non-executive director				
Mr. Huang Ruoqing	—	—	—	—
	—	—	—	—
For the nine months ended 30 September 2020 (unaudited)				
Executive Directors				
Mr. Tang Chengyong	—	—	—	—
Ms. Wong Yin Man	—	—	—	—
Ms. Huang Yanqi	—	—	—	—
Non-executive director				
Mr. Huang Ruoqing	—	—	—	—
	—	—	—	—
For the nine months ended 30 September 2021				
Executive Directors				
Mr. Tang Chengyong	—	—	—	—
Ms. Wong Yin Man	—	57	—	57
Ms. Huang Yanqi	—	37	—	37
Non-executive director				
Mr. Huang Ruoqing	—	—	—	—
	—	94	—	94

(b) Directors' retirement and termination benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking during the year ended 31 December 2018, 2019, 2020 and nine months ended 30 September 2020 and 2021.

No payment was made to the directors as compensation for early termination of the appointment during the year ended 31 December 2018, 2019, 2020 and nine months ended 30 September 2020 and 2021.

(c) Consideration provided to third parties for making available directors' services

No payment was made to any former employers of the directors for making available the services of them as a director of the Company during the year ended 31 December 2018, 2019, 2020 and nine months ended 30 September 2020 and 2021.

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans and other dealings in favour of the directors, controlled bodies corporate by and connected entities with such directors during the year ended 31 December 2018, 2019, 2020 and nine months ended 30 September 2020 and 2021.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2018, 2019, 2020 and nine months ended 30 September 2020 and 2021.

32 Subsequent events

Purchase of office premises and car park space

On 17 September 2021, the Group entered into preliminary sale and purchase agreements with independent third party to purchase office premises and car park space for considerations of HK$30,250,000 and HK$1,000,000, respectively. The Group applied for and obtained mortgage loan amounting to HK$12,500,000 to settle part of the considerations and such purchase transaction has been formally completed in December 2021.

[REDACTED]

Pursuant to the resolutions of the shareholder passed on 14 March 2022, subject to the share premium account of the Company being credited as a result of the issue of the [REDACTED] under the [REDACTED], the directors are authorised to allot and issue a total of [REDACTED] shares credited as fully paid at par to Top Glory International Holdings Ltd. by way of capitalisation of HK$[REDACTED] standing to the credit of the share premium account of the Company.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 September 2021. 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 30 September 2021.

The information set out in this Appendix IIA 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 document, and is included herein for illustrative purpose only.

The unaudited pro forma financial information should be read in conjunction with the section entitled "Financial Information" in this document and the Accountant's Report set out in Appendix I to this document.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the [REDACTED] on the consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 September 2021 as if the [REDACTED] had taken place on 30 September 2021.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group as of 30 September 2021 or any future date following the [REDACTED].

	Audited Consolidated Net Tangible Assets of the Group Attributable to Owners of the Company as at 30 September 2021	Estimated [REDACTED] from the [REDACTED]	Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets Attributable to Owners of the Company as at 30 September 2021	Unaudited Pro Forma Adjusted Net Tangible Assets per Share	
	Note 1	Note 2		Note 3	Note 4
	RMB'000	RMB'000	RMB'000	RMB	HK$
Based on an [REDACTED] of HK$[REDACTED] per Share	72,360	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK$[REDACTED] per Share	72,360	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

1. The audited consolidated net tangible assets attributable to owners of the Company as at 30 September 2021 is extracted from the historical financial information contained in the Accountant's Report set forth in Appendix I to this document, which is based on the audited consolidated net assets of the Group attributable to the owners of the Company as at 30 September 2021 of approximately RMB119,752,000 with an adjustment for the intangible assets attributable to owners of the Company as at 30 September 2021 of approximately RMB47,392,000.

2. The estimated [REDACTED] from the [REDACTED] are based on the [REDACTED] range of HK$[REDACTED] per Share and HK$[REDACTED] per Share, respectively after deduction of the [REDACTED] fees and other related expenses paid/payable by the Company and excluding [REDACTED] expenses of approximately RMB[REDACTED] (equivalents to approximately HK$[REDACTED]) which has been accounted for in the consolidated statements of comprehensive income up to 30 September 2021. It does not take account of any Shares which may be issued upon the exercise of the [REDACTED], or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this document.

3. The unaudited pro forma adjusted net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that [REDACTED] Shares (including the completion of the [REDACTED] to be effective upon [REDACTED]) were in issue assuming that the [REDACTED] and [REDACTED] had been completed on 30 September 2021 without taking into account of any Shares which may be issued upon the exercise of the [REDACTED], or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this document.

4. For the purpose of this unaudited pro forma adjusted net tangible assets, the balances stated in Renminbi are converted into Hong Kong dollars at a rate of RMB0.8092 to HK$1.00, as set out in "Information about this document and the [REDACTED]" to this Document. 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 the unaudited pro forma adjusted net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2021.

[REDACTED]

[REDACTED]

[REDACTED]

*The following is the preliminary financial information of our Group as of and for the year ended 31 December 2021 (the "**2021 Preliminary Financial Information**"), together with comparative financial information as of and for the year ended 31 December 2020 and a discussion of changes in our financial condition and results of operations between the two periods. The 2021 Preliminary Financial Information has been prepared based on the unaudited consolidated financial statements of the Group prepared in accordance with HKFRSs. The 2021 Preliminary Financial Information does not constitute the audited consolidated financial statements of the Group for the year ended 31 December 2021. The 2021 Preliminary Financial Information was not audited. Investors should bear in mind that the 2021 Preliminary Financial Information in this appendix may be subject to adjustments.*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Year ended 31 December 2020	Year ended 31 December 2021
		RMB'000	RMB'000 (Unaudited)
Revenue	3	221,610	354,327
Cost of sales	4	(144,808)	(238,558)
Gross profit		76,802	115,769
Other gains, net		3,465	3,954
Selling and marketing expenses	4	(2,111)	(3,933)
Administrative expenses	4	(19,858)	(54,759)
Net provision for impairment losses of financial assets		(1,441)	(3,487)
Operating profit		56,857	57,544
Finance income		151	291
Finance costs		—	(709)
Finance income/(costs), net		151	(418)
Share of profits of investments accounted for using the equity method		913	2,145
Profit before income tax		57,921	59,271
Income tax expense	5	(13,911)	(19,138)
Profit for the year		44,010	40,133
Profit for the year attributable to:			
Owners of the Company		39,612	32,140
Non-controlling interests		4,398	7,993
		44,010	40,133
Earnings per share attributable to owners of the Company (Note)			
Basic and diluted	6	9,903	8,035

Note: The earnings per share presented above has not taken into account the proposed [REDACTED] pursuant to the resolutions of the shareholders passed on 14 March 2022 because the proposed [REDACTED] has not become effective as at the report date.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2020	**2021**
	RMB'000	**RMB'000**
		(Unaudited)
Profit for the year	44,010	40,133
Other comprehensive income		
Item that may be reclassified to profit or loss		
- Currency translation differences	13	372
Total comprehensive income for the year	44,023	40,505
Total comprehensive income attributable to:		
Owners of the Company	39,625	32,512
Non-controlling interests	4,398	7,993
Total comprehensive income for the year	44,023	40,505

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2020	As at 31 December 2021
		RMB'000	RMB'000 (Unaudited)
Assets			
Non-current assets			
Intangible assets		50,087	48,388
Property, plant and equipment		25,193	56,158
Investments accounted for using the equity method		1,875	3,408
Deferred income tax assets		5,245	6,938
		82,400	114,892
Current assets			
Trade and other receivables and prepayments	7	108,895	150,797
Amounts due from related parties		18,696	—
Amounts due from non-controlling interests		13,821	—
Cash and cash equivalents		137,339	123,652
		278,751	274,449
Total assets		361,151	389,341
Equity			
Equity attributable to owners of the Company			
Share capital		—	—
Reserves		94,907	129,827
		94,907	129,827
Non-controlling interests		25,189	32,407
Total equity		120,096	162,234

	Note	As at 31 December 2020	As at 31 December 2021
		RMB'000	RMB'000 (Unaudited)
Liabilities			
Non-current liabilities			
Borrowings	9	4,150	—
Lease liabilities		—	3,569
Other payables	8	1,924	2,155
Deferred income tax liabilities		8,740	7,212
		14,814	12,936
Current liabilities			
Trade payables	8	9,790	18,513
Accruals and other payables	8	62,923	54,895
Contract liabilities		61,937	76,327
Borrowings	9	400	10,231
Lease liabilities		—	366
Amounts due to related parties		67,370	33,695
Current income tax liabilities		23,821	20,144
		226,241	214,171
Total liabilities		241,055	227,107
Total equity and liabilities		361,151	389,341

NOTES TO THE 2021 PRELIMINARY FINANCIAL INFORMATION

1 General information

Redco Healthy Living Company Limited (the "Company") is a limited liability company incorporated in the Cayman Islands on 10 February 2021. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are principally engaged in the provision of property management services, value-added services to non-property owners, community value-added services, development and maintenance services to the information technology ("IT") systems, healthcare management services and property agency services (collectively, the "[REDACTED] Business") in the People's Republic of China (the "PRC").

The ultimate holding company of the Company is Redco Properties Group Limited ("Redco Properties") whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's immediate holding company is Top Glory International Holdings Ltd. ("TGI"), whose equity interests are wholly held by Redco Properties. The ultimate controlling parties of the Group are Mr. Wong Yeuk Hung and Mr. Huang Ruoqing (the "Controlling Shareholders"), who are parties acting in concert and have been collectively controlling the Group.

The [REDACTED] of the Company's shares on the Main Board of the Stock Exchange will constitute a [REDACTED] from Redco Properties ("[REDACTED]"). After completion of the [REDACTED], Redco Properties and its subsidiaries ("Redco Group") excluding the Group are collectively referred to as the Remaining Group. The 2021 Preliminary Financial Information are presented in Renminbi ("RMB"), unless otherwise stated.

2 Basis of presentation and accounting policies

The 2021 Preliminary Financial Information of the Group has been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). The accounting policies used in the preparation of the 2021 Preliminary Financial Information are consistent with those used in Accountant's Report as set out in Note 2 in "Appendix I — Accountant's Report". The 2021 Preliminary Financial Information has been prepared under the historical cost convention. The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. For details on the areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the 2021 Preliminary Financial Information, please see Note 4 in "Appendix I — Accountant's Report".

New standard, amendments to standards and annual improvements that have been issued but are not effective and have not been early adopted by the Group

		Effective for annual periods beginning on or after
Amendments to HKFRS 16	Covid-19-related Rent Concessions beyond 2021 (Amendments)	1 April 2021
Annual Improvements Project	Annual Improvements to HKFRSs 2018-2020	1 January 2022
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope Amendments	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combinations	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKFRS 17	Amendments to HKFRS 17	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements of the Company in the foreseeable future.

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

As disclosed in note 23 to the consolidated financial statements, for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. As at 31 December 2021, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB3,612,000 and RMB3,935,000, respectively. The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

3 Revenue and segment information

Management has determined operating segments based on the reports reviewed by Chief Operating Decision Maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company.

The CODM has identified three reportable operating segments, namely property management, healthcare services and others:

Property management	—	Provision of property management services, provision of value-added services to non-property owners and provision of community value-added services
Healthcare services	—	Provision of healthcare management services
Others	—	Development and maintenance of IT systems for property developers, provision of other IT-related services and other miscellaneous services

The CODM assesses the performance of the operating segments based on measures of adjusted profits before income tax. The measurement basis of segment results excludes the effects of depreciation, share of profits of investments accounted for using the equity method, finance income/costs, net and income tax expense. Other information provided, except as noted below, to the CODM is measured in a manner consistent with that in the consolidated financial statements.

	Property management	Healthcare services	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
2020				
Revenue from contracts				
- recognised over time	213,971	—	—	213,971
- recognised at a point in time	7,639	—	—	7,639
Revenue	221,610	—	—	221,610
Segment results	57,698	—	—	57,698
Depreciation	(841)	—	—	(841)
Operating profits	56,857	—	—	56,857
Share of profits of investments accounted for using the equity method	913	—	—	913
Finance income, net	151	—	—	151
Income tax expense	(13,911)	—	—	(13,911)
Profit for the year	44,010	—	—	44,010
Total segment assets	304,649	44,227	12,275	361,151
Total assets				361,151
Investments accounted for using the equity method	1,805	70	—	1,875
Additions to:				
Property, plant and equipment	1,197	—	—	1,197
Investments accounted for using the equity method	1,226	—	—	1,226
Acquisition of subsidiaries				
- Property, plant and equipment	139	21,421	1,343	22,903
- Intangible assets	40,722	9,480	98	50,300
- Investments accounted for using the equity method	—	70	—	70
Total segment liabilities	223,426	15,126	2,503	241,055

	Property management	Healthcare services	Others	Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
2021				
Revenue from contracts				
- recognised over time	318,690	18,449	17,939	355,078
- recognised at a point in time	2,563	—	783	3,346
Inter-segment revenue	—	(1,018)	(3,079)	(4,097)
Revenue	321,253	17,431	15,643	354,327
Segment results	63,999	5,414	6,414	75,827
Depreciation	(1,801)	(2,184)	(545)	(4,530)
Operating profits	62,198	3,230	5,869	71,297
Share of profits/(loss) of investments accounted for using the equity method	2,167	(22)	—	2,145
Finance income/(costs), net	22	(440)	—	(418)
Profits before [REDACTED] expenses and income tax	64,387	2,768	5,869	73,024
[REDACTED] expenses				[REDACTED]
Profit before income tax				59,271
Income tax expense				(19,138)
Profit for the year				40,133

	Property management	Healthcare services	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
2021				
Reportable segment assets	269,194	60,156	25,643	354,993
Corporate assets				34,348
Total assets				389,341
Investments accounted for using the equity method	3,360	48	—	3,408
Additions to:				
Property, plant and equipment				
- Reportable segment assets	3,460	1,746	976	6,182
- Corporate assets				26,781
				32,963
Intangible assets				
- Reportable segment assets	—	—	2,933	2,933
- Corporate assets				1,415
				4,348
Reportable segment liabilities	150,653	13,895	15,064	179,612
Corporate liabilities				47,495
Total liabilities				227,107

Revenue mainly comprises of proceeds from property management services, value-added services to non-property owners, community value-added services, community healthcare services and IT and intelligent construction services. An analysis of the Group's revenue by category for the years ended 31 December 2020 and 2021 are as follows:

	Year ended 31 December	
	2020	2021
	RMB'000	RMB'000 (Unaudited)
Revenue from customer and recognised over time:		
Property management services	135,954	202,099
Value-added services to non-property owners	53,571	75,033
Community value-added services	24,446	41,558
Community healthcare services	—	17,431
IT and intelligent construction services	—	14,860
	213,971	350,981
Revenue from customer and recognised at a point in time:		
Valued-added services to non-property owners	7,639	2,563
IT and intelligent construction services	—	783
	7,639	3,346
	221,610	354,327

For the years ended 31 December 2020 and 2021, revenue from the Remaining Group contributed 31% and 34% of the Group's revenue, respectively. Other than the Remaining Group, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the years ended 31 December 2020 and 2021.

4 Expenses by nature

	Year ended 31 December	
	2020	2021
	RMB'000	RMB'000 (Unaudited)
Employee benefits expense	94,763	157,858
Greening and cleaning expenses	27,477	33,833
Maintenance expenses	8,959	18,057
Utility	11,465	14,869
Security charges	5,174	15,745
Community activities expenses	587	1,234
Uniform expenses	904	817
Information technology service fee	—	2,404
Entertainment expenses	1,098	1,380
Legal and professional fees	956	1,659
Amortisation of intangible assets	213	6,047
Depreciation of property, plant and equipment	841	4,530
Auditor's remuneration	17	18
[REDACTED] expenses	—	[REDACTED]
Office expenses	5,164	10,442
Travelling expenses	1,227	2,185
Other tax and surcharges	958	1,782
Others	6,974	10,637
Total cost of sales, selling and marketing expenses and administrative expenses	166,777	297,250

5 Income tax expense

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and, accordingly, is exempted from Cayman Islands income tax.

Subsidiaries established and operating in the PRC are generally subject to the PRC enterprise income tax at the rate of 25% for the years ended 31 December 2020 and 2021. For certain subsidiaries qualified as micro and small enterprises, the PRC enterprise income tax was charged at a preferential rate of 20% for the years in which they were qualified.

Subsidiaries established in other jurisdictions are for the purpose of investment holding and therefore have no assessable profits for the years ended 31 December 2020 and 2021.

	Year ended 31 December	
	2020	2021
	RMB'000	RMB'000 (Unaudited)
Current income tax		
- PRC corporate income tax	14,271	22,359
Deferred income tax	(360)	(3,221)
Income tax expense	13,911	19,138

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the Group for the years ended 31 December 2020 and 2021 is as follows:

	Year ended 31 December	
	2020	2021
	RMB'000	RMB'000 (Unaudited)
Profit before income tax	57,921	59,271
Calculated at the PRC corporate income tax rate of 25%	14,480	14,818
Difference in tax rate applicable to certain subsidiaries	(398)	728
Expenses not deductible for tax purposes	623	2,468
Income not subject to taxation	(824)	(705)
Unrecognised tax losses	30	1,829
Income tax expense	13,911	19,138

6 Earnings per share

(a) Basic

The basic earnings per share is calculated by dividing the profit attributable to owner of the Company by the weighted average number of ordinary shares in issue during the respective years. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effect of the issuance of 3 shares of the Company in connection with the Reorganisation completed on 2 June 2021 deemed to have been in issue since 1 January 2020.

	Year ended 31 December	
	2020	2021
	RMB'000	RMB'000 (Unaudited)
Profit attributable to owners of the Company	39,612	32,140
Weighted average number of shares in issue	4	4
Basic earnings per share	9,903	8,035

On 14 March 2022, the directors are authorised to allot and issue a total of [REDACTED] shares credited as fully paid at par to Top Glory International Holdings Ltd. by way of capitalisation of HK$[REDACTED] standing to the credit of the share premium account of the Company. The earnings per share presented above has not taken into account the proposed [REDACTED] pursuant to the resolutions of the shareholders passed on 14 March 2022, because the proposed [REDACTED] has not become effective as at report date.

(b) Diluted

Diluted earnings per share presented is the same as the basic earnings per share as there was no potentially dilutive ordinary share outstanding as at 31 December 2020 and 2021.

7 Trade and other receivables and prepayments

	As at 31 December	
	2020	2021
	RMB'000	RMB'000 (Unaudited)
Trade receivables (Note (a))		
- Related parties	53,863	60,820
- Third parties	40,420	76,020
	94,283	136,840
Less: Loss allowance	(3,681)	(7,448)
	90,602	129,392
Deposits	2,852	3,358
Receivables due from property owners (Note (c))	4,789	6,111
Other receivables		
- Advance to employees	6,108	467
- Others	4,343	3,087
Less: allowance for impairment of other receivables	(213)	(92)
	17,879	12,931
Prepaid [REDACTED] expenses	—	[REDACTED]
Deferred [REDACTED] expenses	—	[REDACTED]
Other prepayments	414	2,682
	414	8,474
Total trade and other receivables and prepayments	108,895	150,797

Notes:

(a) Trade receivables mainly arise from property management service income, value-added services as provided to non-property owners, community healthcare services and IT and intelligent construction services.

Property management services income are received in accordance with the terms of the relevant services agreements. Service income from property management service is due for payment by the residents upon the issuance of demand note.

(b) The carrying amounts of other receivables and deposits approximate their fair values and are unsecured, interest-free and repayable on demand. The carrying amounts of the Group's trade and other receivables and deposits are denominated in RMB.

(c) It mainly represented utilities costs of properties paid on behalf of property owners.

As at 31 December 2020 and 2021, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at 31 December	
	2020	2021
	RMB'000	RMB'000 (Unaudited)
0 - 30 days	66,890	67,181
31 - 60 days	6,174	10,618
61 - 90 days	4,042	7,208
91 - 180 days	6,347	24,480
181 - 365 days	8,572	22,773
Over 365 days	2,258	4,580
	94,283	136,840

8 Trade payables, accruals and other payables

	As at 31 December	
	2020	2021
	RMB'000	RMB'000 (Unaudited)
Trade payables	9,790	18,513
Accruals and other payables	34,400	41,711
Accruals for [REDACTED] expenses	—	[REDACTED]
Consideration payable	18,142	2,155
Other taxes payables	5,181	4,550
Salary payables	7,124	5,003
	64,847	57,050
Less: non-current portion		
Consideration payable	(1,924)	(2,155)
	62,923	54,895

As at 31 December 2020 and 2021, the carrying amounts of the Group's trade payables approximate their fair values due to their short maturities.

As at 31 December 2020 and 2021, the carrying amounts of trade and other payables were mainly denominated in RMB.

The aging analysis of the trade payables based on invoice dates is as follows:

	As at 31 December	
	2020	**2021**
	RMB'000	**RMB'000 (Unaudited)**
0 - 30 days	4,408	12,350
31 - 60 days	1,399	550
61 - 90 days	2,566	1,431
Over 90 days	1,417	4,182
	9,790	18,513

9 Borrowings

	As at 31 December	
	2020	**2021**
	RMB'000	**RMB'000 (Unaudited)**
Total bank borrowings	4,550	10,231
Portion of due for repayment within one year or contain a repayment on demand clause	(400)	(10,231)
Non-current portion	4,150	—

As at 31 December 2020 and 2021, the effective interest rates of bank borrowing were 6.09% and 1.50% respectively.

As at 31 December 2020, the Group's bank borrowing was secured by the pledge of properties provided by a director of a subsidiary. Such bank borrowing was fully repaid during the year ended 31 December 2021.

As at 31 December 2021, the Group's bank borrowing was secured by the pledge of certain properties with a carrying amount of RMB26,772,000 and guaranteed by the Company.

As at 31 December 2020 and 2021, the carrying amount of the borrowing approximated its fair value and was denominated in RMB and HKD respectively.

The amounts based on the scheduled repayment dates set out in the loan agreement and the maturities of the Group's total borrowing at the respective balance sheet dates are shown below:

	As at 31 December	
	2020	2021
	RMB'000	RMB'000 (Unaudited)
Amounts of borrowing that are repayable:		
- Within 1 year	400	962
- Between 1 and 2 years	4,150	969
- Between 2 and 5 years	—	2,996
- Over 5 years	—	5,304
	4,550	10,231

As at 31 December 2021, the Group have total bank facilities of approximately RMB10,231,000 (2020: RMB4,550,000) and the Group utilised all bank facilities as at both year end.

10 Dividends

No dividend has been paid or declared by the Company or the companies now comprising the Group during the years ended 31 December 2020 and 2021.

11 Subsequent event

Save as the [REDACTED] disclosed in note 6, there are no other material subsequent event undertaken by the Company or by the Group after 31 December 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

We are a property management service provider with a leading position in Jiangxi Province and a service network strategically covering core regions such as the Yangtze River Delta region, the Greater Bay Area, the Bohai Rim Region and the Central China Region.

We provide diversified services through three business lines, namely property management services, value-added services to non-property owners and community value-added services. Our portfolio of managed properties comprises residential properties and non-residential properties, which primarily includes commercial properties, such as office buildings and shopping street, and public facilities. We have maintained a long-standing strategic business relationship with Redco Group. During the Track Record Period, for each of our business lines, a significant portion of our revenue was derived from properties developed by Redco Group and its joint ventures or associates. See "Business — Our Strengths — Strategic business relationship with Redco Group and fast-growing business development capabilities."

Our revenue increased by 59.9% from RMB221.6 million for the year ended December 31, 2020 to RMB354.3 million for the same period in 2021. Our profit for the period decreased by 8.9% from RMB44.0 million for the year ended December 31, 2020 to RMB40.1 million for the same period in 2021.

Going forward, we plan to implement the following strategies, which we believe, will further strengthen our core competitive strengths and enable us to capture rising business opportunities:

- Reinforce our market position in economically developed regions and further expand our project portfolio through organic growth, strategic acquisitions and collaboration with third-party property developers;
- Continue to provide high-quality, dual-butler services and improve our brand value and customer experience;
- Further promote our information technology services and upgrade our own information technology platform to maximize cost efficiency and enhance our service standards;
- We aim to provide community healthcare services for customers of different ages and healthcare needs, and further enhance our healthcare management capabilities; and
- We strive to attract, retain and motivate talented personnel through career development opportunities and training programs.

Except for the estimated non-recurring [REDACTED] expenses as disclosed in this document, to the best of our Directors' knowledge, there has been no material adverse change in the financial or trading position or prospects of our Group since December 31, 2021 and up to the date of this document.

RESULTS OF OPERATIONS

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Revenue

Our total revenue increased by 59.9% from RMB221.6 million in 2020 to RMB354.3 million in 2021, primarily due to the growth in revenue generated from each of our three business lines as discussed below:

- *Property management services*. Our revenue from property management services increased by 48.6% from RMB136.0 million in 2020 to RMB202.1 million in 2021, primarily because we acquired Wuhu Senlin on December 31, 2020, which added total GFA under management of approximately 4.5 million sq.m. to our existing GFA under management, and Wuhu Senlin's revenue during the year ended December 31, 2021 was consolidated with our Group.

- *Value-added services to non-property owners*. Our revenue from value-added services to non-property owners increased by 52.3% from RMB61.2 million in 2020 to RMB93.2 million in 2021, primarily because of (i) the fact that we started to generate revenue from our information technology service upon our acquisition of Zhongtian Yunlian in December 2020, and (ii) the increases in revenue generated from pre-sale management services due to the increases in pre-sales activities for properties developed by Redco Group.

- *Community value-added services*. Our revenue from community value-added services increased by 141.8% from RMB24.4 million in 2020 to RMB59.0 million in 2021, primarily due to (i) the fact that we started to derive revenue from community healthcare services upon our acquisition of Weiye International in December 2020; and (ii) an increase in revenue from common area management services, as we provided such services to projects acquired from Wuhu Senlin, whose revenue during the year ended December 31, 2021 was consolidated with our Group.

Cost of sales

Our total cost of sales increased by 64.8% to RMB238.6 million in 2021 from RMB144.8 million in 2020, primarily due to (i) an increase in our employee benefit expenses as a result of the increase in the number of our employees driven by our business expansion and the acquisition of Wuhu Senlin and (ii) an increase in greening and cleaning expenses and outsourcing expenses as a result of our continued business expansion.

Gross profit and gross profit margin

As a result of the foregoing, our total gross profit increased by 50.8% from RMB76.8 million for the year ended December 31, 2020 to RMB115.8 million in 2021. Our gross profit margin decreased from 34.7% in 2020 to 32.7% in 2021, primarily because:

- *Property management services*. Our gross profit margin for property management services slightly decreased from 28.3% in 2020 to 24.8% in 2021, primarily due to the increase in proportion of revenue derived from properties developed by Independent Third Parties for the year ended December 31, 2021 which had a lower gross profit margin. Such increase in proportion of revenue from properties developed by Independent Third Parties was primarily due to our acquisition of Wuhu Senlin in December 2020 which added 25 properties developed by Independent Third Parties under our management. The projects of Wuhu Senlin that we acquired in December 2020 had relatively lower property management fees, as such projects were more concentrated in lower-tier cities as compared with projects developed by Redco Group and some of its projects were government resettlement houses and the average property management fees were typically at a low level.

- *Value-added services to non-property owners*. Our gross profit margin for value-added services to non-property owners slightly decreased from 44.7% in 2020 to 42.9% in 2021, as we received one-off exemption of RMB3.4 million from making a portion of social insurance contributions during the year ended December 31, 2020 pursuant to local governments' supportive policies in response to the COVID-19 outbreak. We did not receive such exemptions during the same period in 2021.

- *Community value-added services*. Our gross profit margin for community value-added services slightly decreased from 46.0% in 2020 to 43.6% in 2021 primarily because of an increase in labor costs.

Other net gains

We recorded other net gains of RMB4.0 million in 2021 as compared to other net gains of RMB3.5 million in 2020, primarily because of an increase in government grants.

Selling and marketing expenses

Our selling and marketing expenses increased to RMB3.9 million in 2021 from RMB2.1 million in 2020, primarily due to the increase in employee benefit expenses relating to sales and marketing activities as a result of our continuous business expansion.

Administrative expenses

Our administrative expenses increased by 175.4% from RMB19.9 million in 2020 to RMB54.8 million in 2021, primarily due to an increase in administrative staffs' costs as a result of our business expansion and our acquisition of Wuhu Senlin and the [REDACTED] expenses incurred in 2021.

Net provision for impairment losses of financial assets

Our net provision for impairment loss of financial assets increased from RMB1.4 million in 2020 to RMB3.5 million in 2021 due to the increase in trade receivables resulted from property management service.

Finance income

Our finance income increased from RMB0.2 million in 2020 to RMB0.3 million in 2021, which represented interest income from bank deposits.

Finance costs

Our finance cost increased from nil in 2020 to RMB0.7 million in 2021, primarily due to an increase in interest expenses for the bank borrowings and consideration payables of Wuhu Senlin.

Share of profits of investments accounted for using the equity method

Our share of profits of investments accounted for using the equity method increased from RMB0.9 million in 2020 to RMB2.1 million in 2021, primarily due to an increase in our share of profit and loss derived from our joint ventures and associates in 2021.

Income tax expenses

Income tax expenses increased to RMB19.1 million in 2021 from RMB13.9 million in 2020, primarily due to our increased taxable profit as a result of our business expansion.

Profit for the period

As a result of the foregoing, our profit for the period decreased from RMB44.0 million in 2020 to RMB40.1 million in 2021.

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

Current assets and current liabilities

	As of December 31,	
	2020	2021
	RMB'000	
		(Unaudited)
Current assets		
Trade and other receivables and prepayments	108,895	150,797
Amounts due from related parties	18,696	—
Amounts due from non-controlling interests	13,821	—
Cash and cash equivalents	137,339	123,652
Total current assets	**278,751**	**274,449**
Current liabilities		
Trade payables	9,790	18,513
Accruals and other payables	62,923	54,895
Contract liabilities	61,937	76,327
Borrowings	400	10,231
Lease liabilities	—	366
Amounts due to related parties	67,370	33,695
Current income tax liabilities	23,821	20,144
Total current liabilities	**226,241**	**214,171**
Net current assets	**52,510**	**60,278**

Trade and other Receivables and Prepayments

Our trade and other receivables and prepayments increased from RMB108.9 million as of December 31, 2020 to RMB150.8 million as of December 31, 2021, primarily because of (i) an increase in our property management revenue and (ii) an addition of trade receivables from recently acquired subsidiaries, such as Wuhu Senlin and Zhongtian Yunlian.

The following table sets forth a breakdown of our average trade receivables turnover days for the periods indicated, based on the invoice date:

	As of December 31,	
	2020	2021
Average trade receivable turnover days[(1)]	117	119

Note:

(1) Our trade receivables turnover days are calculated by dividing the average of trade receivables at the beginning and the end of relevant period by revenue and multiply the resulting value by number of days in the relevant period. Average trade receivables are calculated as trade receivables as of the beginning of the year/period plus trade receivables as of the end of the year/period, divided by two.

Amounts due from Related Parties

We recorded amounts due from related parties of RMB18.7 million and nil as of December 31, 2020 and 2021, respectively. The decrease in amounts due from related parties during the Track Record Period was because we settled such amount before the [REDACTED].

Amounts due from Non-controlling Interests

Our amounts due from non-controlling interests represent interest-free cash advances we made to non-controlling shareholders of our subsidiaries. We recorded amounts due from non-controlling interests of RMB13.8 million and nil as of December 31, 2020 and 2021, respectively. The decrease was because we settled such amount before the [REDACTED]. Our amounts due from non-controlling interests are non-trade in nature.

Trade Payables

Our trade payables increased significantly from RMB9.8 million as of December 31, 2020 to RMB18.5 million as of December 31, 2021, primarily due to the increase in expenses paid to suppliers as a result of the increase in GFA under our management during the Track Record Period.

The following table sets forth our trade payable turnover days for the periods indicated:

	As of December 31,	
	2020	2021
Average trade payable turnover days[(1)]	20	22

Note:

(1) Our trade payable turnover days are calculated by dividing the average of trade payables at the beginning and the end of relevant period by cost of sales and multiply the resulting value by number of days in the relevant period. Average trade payables are calculated as trade payables as of the beginning of the year/period plus trade payables as of the end of the year/period, divided by two.

Accruals and other Payables

Our accruals and other payables (including those recorded as current liabilities and non-current liabilities) decreased from RMB64.8 million as of December 31, 2020 to RMB57.1 million as of December 31, 2021, primarily because certain consideration recorded as payable in relation to our acquisition of Wuhu Senlin as of December 31, 2020 had been paid as of December 31, 2021.

Contract Liabilities

Our contract liabilities primarily consist of advances of property management fees and other service fees. Our contract liabilities increased from RMB61.9 million as of December 31, 2020 to RMB76.3 million as of December 31, 2021, primarily due to the increase in the number of properties we managed.

Amounts due to Related Parties

Our amounts due to Related Parties primarily represents advances subsidiaries of Redco Group made to us to support our business development pursuant to Redco Group's centralized fund management and allocation. Such amounts were interest-free and non-trade in nature. We recorded amounts due to Related Parties of RMB67.4 million and RMB33.7 million as of December 31, 2020 and 2021, respectively. Such amount is expected to be settled before the [REDACTED].

Property, Plant and Equipment

Our property, plant and equipment mainly consist of an office, car parking space, office equipment, machinery, vehicles, leasehold improvements and right-of-use assets. Our property, plant and equipment amounted to RMB25.2 million and RMB56.2 million as of December 31, 2020 and 2021, respectively. The increase in our property, plant and equipment during the Track Record Period was primarily attributable to the purchasing of an office and car parking space in 2021.

KEY FINANCIAL RATIOS

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

	As of or for the year ended December 31,	
	2020	2021
Return on equity(1) (%)	36.6	24.7
Return on total assets(2) (%)	12.2	10.3
Current ratio(3) (times)	1.2	1.3
Gearing ratio(4) (%)	3.8	6.3

Note:

(1) Return on equity is calculated based on profit for the year/period divided by balance of total equity as of the end of that year/period and multiplied by 100%.

(2) Return on total assets is calculated based on profit for the year/period divided by balance of total assets as the year end of the period and multiplied by 100%.

(3) Current ratio is calculated based on current assets divided by current liabilities as of the same date.

(4) Gearing ratio is calculated based on the sum of interest-bearing borrowings as of the respective dates divided by total equity as of the same dates and multiplied by 100%.

Return on Equity

Our return on equity was 36.6% and 24.7% in 2020 and 2021, respectively. Our return on equity decreased from 2020 to 2021 primarily because of a decrease in our profit for the year due to [REDACTED] expenses incurred in 2021.

Return on Total Assets

Our return on total assets was 12.2% and 10.3% in 2020 and 2021, respectively. The decrease in our return on total assets from 2020 to 2021 primarily because of a decrease in our profit for the year due to [REDACTED] expenses incurred in 2021.

Current Ratio

Our current ratio generally remained stable at 1.2 times as of December 31, 2020 and 1.3 times as of December 31, 2021.

Gearing Ratio

Our gearing ratio was 3.8% and 6.3% as of December 31, 2020 and 2021, respectively. We incurred interest-bearing borrowings of RMB4.6 million and RMB10.2 million as December 31, 2020 and 2021, respectively. Please see "—Indebtedness" for details.

INDEBTEDNESS

Borrowings and Lease Liabilities

As of December 31, 2020 and 2021, our borrowings amounted to RMB4.6 million and RMB10.2 million, respectively.

The following table sets forth the components of our interest-bearing borrowings as of the dates indicated:

	As of December 31,	
	2020	**2021**
	RMB'000	
		(Unaudited)
Non-current		
Long-term bank borrowings	4,550	10,231
Portion of due for repayment within one year or contain a repayment on demand clause	(400)	(10,231)
Total	**4,150**	**—**

The table below sets forth a repayment schedule of the borrowings as of the dates indicated:

	As of December 31,	
	2020	**2021**
	RMB'000	
		(Unaudited)
Amounts of borrowings that are repayable:		
Within one year	400	962
One to two years	4,150	969
Two to five years	—	2,996
Over five years	—	5,304
Total	**4,550**	**10,231**

In March 2020, Yantai Redco Kangan Health Management Company Limited ("Yantai Redco"), a subsidiary of Weiye International, entered into a bank loan with Rural Commercial Bank of Shandong, Yantai branch in principal amount of RMB4.95 million at an interest of 6.09% per annum for a tenor until December 1, 2022 ("Yantai Redco Loan"）. The proceeds from the bank loan were used for purchase of medical devices. In December 2020, we acquired Weiye International and its subsidiaries, including, among others, Yantai Redco. No revenue of Weiye International was consolidated with our Group in 2020. As of December 31, 2020 and 2021, the effective interest rate of bank loan was 6.09%. the bank loan is pledged by properties provided by a director of a subsidiary. Save for the Yantai Redco Loan, we did not obtain any other banking facilities during the Track Record Period. As of the date of this document, the Yantai Redco Loan had been fully repaid, and we did not have any unutilized banking facilities.

In December 2021, Redco Healthy Living Investments Holding Limited, a subsidiary of our Company, entered into a mortgage loan with the Bank of East Asia in principal amount of HK$12.5 million at an interest rate of 1-month HIBOR plus 1.3% per annum. The loan will be repaid in 120 monthly installments. The proceeds from the mortgage loan were used for purchasing an office and a carparking space in Hong Kong. The loan is secured by a mortgage on the office and a carparking space that we purchased.

As of December 31, 2020 and 2021, our lease liabilities amounted to nil and RMB3.9 million, respectively.

Amounts due to related parties

As of December 31, 2020 and 2021, our amounts due to related parties amounted to approximately RMB67.4 million and RMB33.7 million, respectively. Amounts due to related parties are advances subsidiaries of Redco Group made to us to support our business development pursuant to Redco Group's centralized fund management and allocation, which were non-trade in nature, unsecured and interest-free.

Contingent Liabilities and Commitments

As of December 31, 2020 and 2021, we did not have any significant contingent liabilities. As of the same dates, we did not record any capital commitments.

Except as intra-group liabilities, we did not have any outstanding loan capital, debt securities, debentures, bank overdrafts, liabilities under acceptances or acceptance credits or hire purchase commitments guarantees or other material contingent liabilities or any covenant in connection therewith as of December 31, 2021. As of the same date, we had not guaranteed the indebtedness of any Independent Third Parties. Save as otherwise disclosed above, our Directors confirm that there has been no material adverse change in our indebtedness, capital commitments and contingent liabilities since December 31, 2021 and up to the date of this document.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Please refer to "Financial Information — Quantitative and Qualitative Analysis of Financial Risks" for further information.

CODE ON CORPORATE GOVERNANCE PRACTICES

Since we were not yet [REDACTED] on the Stock Exchange during the year ended December 31, 2021, the Corporate Governance Code as set out in Appendix 14 to the Listing Rules ("Corporate Governance Code") was not applicable to us during such period under review. After the [REDACTED], we will comply with all the code provisions set forth in the Corporate Governance Code.

REVIEW OF OUR PRELIMINARY FINANCIAL INFORMATION

We established an audit committee, which will come into operation with effect from the [REDACTED], in compliance with the Corporate Governance Code. Each of the proposed members of the audit committee will review the 2021 Preliminary Financial Information as set out in this appendix. The unaudited financial information in respect of our consolidated statement of financial position as of December 31, 2021, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31, 2021 as set out in the 2021 Preliminary Financial Information above has been agreed by the Reporting Accountant to the amounts set out in the Group's unaudited consolidated financial statements for the year ended December 31, 2021 following their work under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The work performed by the Reporting Accountant in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Reporting Accountant on the 2021 Preliminary Financial Information.

PURCHASE, SALES OR REDEMPTION OF OUR SHARES

Since we were not yet [REDACTED] on the Stock Exchange in during the year ended December 31, 2021, this disclosure requirement is not applicable to us.

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 10 February 2021 under the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands (referred to in this appendix as 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 March 14, 2022 with effect from the [REDACTED]. 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.

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 so appointed shall hold office 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) the giving any security or indemnity either:

(aaa) to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or

(bbb) 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 and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(bb) any proposal 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 [REDACTED] or [REDACTED] of the offer;

(cc) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including: —

(aaa) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or

(bbb) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Directors, his close associate(s) and employee(s) of the Company or 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 generally accorded to the class of persons to which such scheme or fund relates;

(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.

(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.

All shareholders have the right to speak and vote at a general meeting except where a shareholder is required, by the rules of the Stock Exchange, to abstain from voting to approve the matter under consideration.

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 financial year and such general meeting must be held within six (6) months after the end of the Company's financial year 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 or resolution 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. All other general meetings must be called by notice of at least fourteen (14) clear 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 or, for quorum purposes only, two persons appointed by the clearing house as authorized representative or 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 ordinary 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 to 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 22 February 2021.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Act prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

The notice of registered office is a matter of public record. A list of the names of the current directors and alternate directors (if applicable) is made available by the Registrar of Companies for inspection by any person on payment of a fee. The register of mortgages is open to inspection by creditors and members.

Members of the Company have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. The register of members shall contain such particulars as required by Section 40 of the Companies Act. A branch register must be kept in the same manner in which a principal register is by the Companies Act required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, 25% or more of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

(u) Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Act, 2018 of the Cayman Islands ("**ES Act**") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Act. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Act.

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in the paragraph headed "Documents on Display" in Appendix [V] to this document. 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 February 10, 2021. Our Company has established its principal place of business in Hong Kong at Room 2001-2, Enterprise Square 3, 39 Wang Chiu Road, Kowloon Bay, Kowloon, 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 July 5, 2021. Ms. Szeto Kar Yee Cynthia (司徒嘉怡) has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, its operations are subject to the Cayman Islands Companies Act, the Memorandum and the Articles and the applicable laws of Cayman Islands. A summary of certain provisions of the Memorandum and Articles and relevant aspects of the company law of the Cayman Islands is set out in "Summary of the Constitution of the Company and Cayman Islands Company Law" in Appendix III to this document.

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 3,800,000 Shares of HK$0.1 each. Upon its incorporation, one Share was allotted and issued to an initial subscriber who is an Independent Third Party on February 10, 2021, which was then transferred to Redco Properties Holdings Limited on the same date.

Pursuant to the written resolutions of our Shareholder passed on March 14, 2022, the authorized share capital of our Company was increased from HK$380,000 to HK$100,000,000 by the creation of additional 996,200,000 Shares.

Immediately following completion of the [REDACTED] and the [REDACTED] and without taking into account any Shares which may be issued upon the exercise of the [REDACTED], the issued share capital of our Company will be HK$[REDACTED] divided into [REDACTED] Shares, all fully paid or credited as fully paid, and [REDACTED] Shares will remain unissued.

Save as disclosed and as mentioned in " — 4. Written resolutions of our Shareholder passed on March 14, 2022" below, there has been no alteration in the share capital of our Company since its incorporation.

3. Changes in the 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 document.

The following alterations in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this document:

Zhongtian Yunlian

On December 17, 2020, the registered capital of Zhongtian Yunlian was increased from RMB5 million to RMB10 million.

Shenzhen Redco Health

On June 10, 2021, the registered capital of Shenzhen Redco Health was increased from USD1.0 million to USD1.4 million.

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this document.

4. Written resolutions of our Shareholder passed on March 14, 2022

Pursuant to the written resolutions passed by our Shareholder on March 14, 2022, among other matters:

(a) we approved and conditionally adopted the amended and restated Memorandum and Articles which will become effective upon [REDACTED];

(b) the authorized share capital of our Company was increased from HK$380,000 divided into 3,800,000 Shares to HK$100,000,000 divided into 1,000,000,000 Shares by the creation of an additional 996,200,000 Shares ranking pari passu in all aspects with the existing Shares with immediate effect;

(c) conditional on (aa) the Stock Exchange granting the approval for the [REDACTED] of, and permission to [REDACTED], the Shares in issue and Shares to be allotted and issued pursuant to the [REDACTED], the [REDACTED] and as mentioned in this document including the Shares which may be allotted and issued pursuant to the exercise of the [REDACTED]; (bb) the [REDACTED] having been duly determined; and (cc) the obligations of the [REDACTED] under the [REDACTED] becoming unconditional and not being terminated in accordance with the terms of such agreement (or any conditions as specified in this document), in each case on or before the dates and times specified in the [REDACTED]:

(i) the [REDACTED] was approved and our Directors were authorized to allot and issue the [REDACTED] pursuant to the [REDACTED];

(ii) the [REDACTED] was approved and our Directors were authorized to allot and issue Shares upon the exercise of the [REDACTED];

(iii) conditional on the share premium account of our Company being credited as a result of the [REDACTED], our Directors were authorized to capitalize HK$[REDACTED] standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par [REDACTED] Shares for issue and allotment to holder of Shares whose names appear on the register of members of our Company on the date of passing this resolution in proportion (as near as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholdings in our Company;

(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 other similar arrangements or pursuant to a specific authority granted by the Shareholders in general meeting, unissued Shares not exceeding the aggregate of 20% of the number of issued Shares immediately following the completion of the [REDACTED] (including the [REDACTED] but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED]) and the [REDACTED], 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 buy back on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the number of issued Shares immediately following the completion of the [REDACTED] (including the [REDACTED] but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED]) and the [REDACTED], 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 allotted and issued or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the total number of issued Shares bought back by our Company pursuant to the mandate to buy back Shares referred to in paragraph (v) above.

5. Reorganization

In preparation for the [REDACTED], the companies comprising our Group underwent the Reorganization and our Company became the holding company of our Group. For further details with regard to the Reorganization, see "History, Reorganization and Corporate Structure" in this document.

6. Buyback by our Company of our own securities

This section includes information required by the Stock Exchange to be included in this document concerning the buyback by our Company of our own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their shares on the Stock Exchange subject to certain restrictions.

(i) Shareholders' approval

The Listing Rules provide that all proposed buybacks of shares (which must be fully paid in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of its shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by our Shareholder on March 14, 2022, a general unconditional mandate (the "Buyback Mandate") was granted to our Directors authorizing the buyback of shares by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be [REDACTED] and which is recognized by the SFC and the Stock Exchange for this purpose, with the total number of Shares not exceeding 10% of the total number of Shares in issue and to be issued as mentioned herein, at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by an applicable law or the Articles to be held or when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever is the earliest.

(ii) Source of funds

Buybacks must be funded out of funds legally available for the purpose in accordance with the Articles and the Cayman Islands Companies Act. A listed company may not buyback its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(iii) Core connected persons

The Listing Rules prohibit our Company from knowingly 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 sell Shares to our Company.

(b) Reasons for buybacks

Our Directors believe that it is in the best interests of our Company and our Shareholders as a whole for our Directors to have a general authority from our Shareholders to enable our Company to buy back Shares in the market. Such buybacks may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value per Share and/or earnings per Share and will only be made when our Directors believe that such buybacks will benefit our Company and our Shareholders.

(c) Funding of buyback

In buying back Shares, our Company may only apply funds legally available for such purpose in accordance with our Articles, the Listing Rules and the applicable laws of the Cayman Islands.

It is presently proposed that any buyback of Shares will be made out of the profits of our Company, the share premium amount of our Company or the proceeds of a fresh issue of Shares made for the purpose of the buyback and, in the case of any premium payable on the purchase over the par value of the Shares to be bought back must be provided for, out of either or both of the profits of our Company or from sums standing to the credit of the share premium account of our Company. Subject to the Cayman Islands Companies Act, a buyback of Shares may also be paid out of capital.

On the basis of the current financial position of our Group as disclosed in this document and taking into account the current working capital position of our Company, our Directors consider that, if the Buyback Mandate were to be exercised in full, it might not have a material adverse effect on the working capital and/or the gearing position of our Group as compared to the position disclosed in this document. However, our Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital 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 Buyback Mandate, on the basis of [REDACTED] Shares in issue immediately after the [REDACTED] (but not taking into account of our Shares which may be issued pursuant to the exercise of the [REDACTED]), would result in up to [REDACTED] Shares being bought back by our Company during the period until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held; or

(iii) the date on which the Buyback Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first.

(e) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), has any present intention if the Buyback Mandate is exercised to sell any Share(s) to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If as a result of a buyback of Shares pursuant to the Buyback Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of 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 may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Save as disclosed above, our Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a buyback pursuant to the Buyback Mandate.

If the Buyback Mandate is fully exercised immediately following completion of the [REDACTED] and the [REDACTED] (but not taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED]), the total number of Shares which will be bought back pursuant to the Buyback Mandate will be [REDACTED] 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 [REDACTED]% of the issued share capital of our Company immediately following the full exercise of the Buyback Mandate. Any buyback of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the Buyback Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the Listing Rules.

No core connected person of our Company has notified our Group that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Buyback Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this document and are material:

(a) an equity transfer agreement dated November 24, 2020 entered into between Zeng Huanming (曾煥明) and Shenzhen Youju Meijia Property Management Co., Ltd. (深圳優居美家物業服務有限公司), pursuant to which Zeng Huanming agreed to transfer his 4% equity interest in Yantai Zhongtai Property Management Co., Ltd. (煙台市中泰物業管理有限公司) to Shenzhen Youju Meijia Property Management Co., Ltd. (深圳優居美家物業服務有限公司) at a consideration of RMB120,000;

(b) an equity transfer agreement dated December 31, 2020 entered into between Wuhu Linjuli Property Management Co., Ltd. (蕪湖市鄰距離物業管理有限公司) and Shenzhen Yugao Property Management Co., Ltd. (深圳市御高物業管理有限公司), pursuant to which Wuhu Linjuli Property Management Co., Ltd. (蕪湖市鄰距離物業管理有限公司) agreed to transfer its 51% equity interest in Wuhu Senlin Property Management Co., Ltd (蕪湖市森林物業管理有限公司), to Shenzhen Yugao Property Management Co., Ltd. (深圳市御高物業管理有限公司) at a consideration of RMB2,550,000;

(c) an equity transfer agreement dated November 27, 2020 entered into between Hong Kong Wealth Properties Company Limited (香港富達置業有限公司) and Shenzhen Youju Meijia Property Management Co., Ltd. (深圳優居美家物業服務有限公司) pursuant to which Hong Kong Wealth Properties Company Limited (香港富達置業有限公司) transferred the entire equity interest in Shenzhen Zhongtian Yunlian Technology Development Co., Ltd. (深圳中天雲聯科技發展有限公司) to Shenzhen Youju Meijia Property Management Co., Ltd. (深圳優居美家物業服務有限公司) at a consideration of RMB1.00;

(d) an equity transfer agreement dated February 8, 2021 entered into by Shenzhen Zhongtian Yunlian Technology Development Co., Ltd. (深圳中天雲聯科技發展有限公司) (as transferor) and Shenzhen Redco Weili Industrial Development Co., Ltd. (深圳力高偉力實業發展有限公司) (as transferee), pursuant to which Shenzhen Zhongtian Yunlian Technology Development Co., Ltd. (深圳中天雲聯科技發展有限公司) transferred the entire equity interest in Shenzhen Lilan Design Consultancy Co., Ltd. (深圳市力藍設計顧問有限公司) to Shenzhen Redco Weili Industrial Development Co., Ltd. (深圳力高偉力實業發展有限公司) at a consideration of RMB1.00;

(e) an equity transfer agreement dated February 8, 2021 entered into by Shenzhen Youju Meijia Property Management Co., Ltd. (深圳優居美家物業服務有限公司) (as transferor) and Shenzhen Redco Weili Industrial Development Co., Ltd. (深圳力高偉力實業發展有限公司) (as transferee), pursuant to which Shenzhen Youju Meijia Property Management Co., Ltd. (深圳優居美家物業服務有限公司) transferred the entire equity interest in Shenzhen Yujian Youju Property Consultancy Co., Ltd. (深圳遇見優居置業諮詢有限公司) to Shenzhen Redco Weili Industrial Development Co., Ltd. (深圳力高偉力實業發展有限公司) at a consideration of RMB1.00;

(f) a capital injection agreement dated June 3, 2021 entered into by Jinan Yingli Enterprise Management Consulting Co. Ltd. (濟南盈力企業管理諮詢有限公司) and Hong Kong Weiye Holdings Company Limited (香港偉業控股有限公司), pursuant to which Jinan Yingli Enterprise Management Consulting Co. Ltd. (濟南盈力企業管理諮詢有限公司) injected USD0.4 million into the registered capital of Shenzhen Redco Healthcare & Nutrition Holding Co., Ltd. (深圳力高健康醫養控股有限公司);

(g) the Deed of Non-competition;

(h) the Deed of Indemnity; and

(i) the [REDACTED].

2. Intellectual property rights of our Group

(a) Trademarks

As of the Latest Practicable Date, our Group had been licensed to use the following trademarks which, in the opinion of our Directors, are material to our Group's business:

Trademark	Registration Number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
	305578976	9, 35, 36, 37, 38, 41, 42, 43, 44 and 45	Hong Lee	Hong Kong	March 30, 2021	March 29, 2031
怡邻健康客厅	37412271	45	Shenzhen Redco Kangan Health Management Co., Ltd. (深圳力高康安健康管理有限公司)	PRC	December 7, 2019	December 6, 2029

Trademark	Registration Number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
怡邻健康客厅	37430630	9	Shenzhen Redco Kangan Health Management Co., Ltd. (深圳力高康安健康管理有限公司)	PRC	December 7, 2019	December 6, 2029
怡邻健康客厅	37412249	44	Shenzhen Redco Kangan Health Management Co., Ltd. (深圳力高康安健康管理有限公司)	PRC	December 7, 2019	December 6, 2029
怡邻健康客厅	37409744	45	Shenzhen Redco Kangan Health Management Co., Ltd. (深圳力高康安健康管理有限公司)	PRC	December 7, 2019	December 6, 2029
	37402707	5	Shenzhen Redco Kangan Health Management Co., Ltd. (深圳力高康安健康管理有限公司)	PRC	December 14, 2019	December 13, 2029
	37422785	9	Shenzhen Redco Kangan Health Management Co., Ltd. (深圳力高康安健康管理有限公司)	PRC	December 14, 2019	December 13, 2029

Trademark	Registration Number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
	37417362	39	Shenzhen Redco Kangan Health Management Co., Ltd. (深圳力高康安健康管理有限公司)	PRC	February 7, 2020	February 6, 2030
	37414342	44	Shenzhen Redco Kangan Health Management Co., Ltd. (深圳力高康安健康管理有限公司)	PRC	February 7, 2020	February 6, 2030
UG PROPERTY MANAGEMENT	21623063	36	Shenzhen Youju	PRC	January 28, 2018	January 27, 2029
优居美家	21622301	36	Shenzhen Youju	PRC	January 14, 2019	January 13, 2029
YG 御高物业 YUGAO PROPERTY	43077276	36	Shenzhen Yugao	PRC	October 28, 2020	October 27, 2030

(b) Domain names

As of the Latest Practicable Date, our Group had registered the following domain names which, in our opinion, are material to our business:

No.	Domain name	Name of Registered Proprietor	Date of Registration	Expiry Date
1.	www.redcohealthy.com	Shenzhen Redco Health	March 3, 2021	March 3, 2023

As of the Latest Practicable Date, our Group was the proprietor of the following copyright which, in the opinion of our Directors, is material to our Group's business:

Copyright Name	Registration Number	Name of Proprietor	Place of Registration	Date of Registration
Yearning Healthcare Logo at Reception Room (怡鄰健康客廳標識)	2019-F-00823258	Shenzhen Redco Kangan Health Management Co., Ltd. (深圳力高康安健康管理有限公司)	PRC	July 10, 2019
Project Dynamic Income Management System V1.0 of Zhongtian Yunlian (中天雲聯項目動態收益管理系統V1.0)	2020SR0464721	Zhongtian Yunlian	PRC	May 18, 2020
Zhongtian Yunlian Enterprise Process Management System V1.0 (中天雲聯企業流程管理系統V1.0)	2020SR0464873	Zhongtian Yunlian	PRC	May 18, 2020
Enterprise Integrated Information Portal System V1.0 of Zhongtian Yunlian (中天雲聯企業集成信息門戶系統V1.0)	2020SR0464879	Zhongtian Yunlian	PRC	May 18, 2020
Group Operation Decision-making Platform V1.0 of Zhongtian Yunlian (中天雲聯集團經營決策平臺V1.0)	2020SR0465143	Zhongtian Yunlian	PRC	May 18, 2020

Copyright Name	Registration Number	Name of Proprietor	Place of Registration	Date of Registration
Enterprise Mobile Collaborative Office System V1.0 of Zhongtian Yunlian (中天雲聯企業移動協同辦公系統V1.0)	2020SR0464866	Zhongtian Yunlian	PRC	May 18, 2020
Business Owner Information Management System V1.0 of Zhongtian Yunlian (中天雲聯企業主數據管理系統V1.0)	2020SR0464860	Zhongtian Yunlian	PRC	May 18, 2020
7+7+N Integrated Healthcare Service System (7+7+N整合式健康服務體系)	2021-A-00037401	Shenzhen Redco Kangan Health Management Co., Ltd. (深圳力高康安健康管理有限公司)	PRC	February 18, 2021
"Dual Butler" Service System (「雙管家」服務體系)	2021-A-00037397	Shenzhen Redco Kangan Health Management Co., Ltd. (深圳力高康安健康管理有限公司)	PRC	February 18, 2021

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) Disclosure of Interests — Interests and short positions of the Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations

Immediately following completion of the [REDACTED] and the [REDACTED] and assuming that the [REDACTED] is not exercised, the interests or short positions of our Directors or chief executives of our Company in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to our Company and the Stock Exchange, once the Shares are [REDACTED] will be as follows:

Interest in shares of our Company's associated corporation

Name of Director	Name of associated corporation	Nature of Interest	Number of shares interested	Approximate percentage of shareholding
Mr. Huang[(1)]	Redco Properties	Interest in controlled corporation	1,059,086,000	29.82%

Notes:

(1) Mr. Huang is the beneficial owner of the entire issued share capital of Times International and Times Properties. By virtue of the SFO, Mr. Huang is deemed to be interested in the shares of Redco Properties in which Times International and Times Properties are interested in.

(b) Particulars of service agreements and letters of appointment

Each of our executive Directors has entered into a service agreement with our Company for a term of three years commencing from the [REDACTED], which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of our non-executive Director and independent non-executive Directors has entered into a letter of appointment with our Company for a term of three years commencing from the the date of appointment, which may be terminated by not less than three months' notice in writing served by either party on the other.

(c) Directors' remuneration

Each of our executive Directors, being Mr. Tang Chengyong (唐承勇), Ms. Wong Yin Man (黃燕雯) and Ms. Huang Yanqi (黃燕琪), and non-executive Director, being Mr. Huang, is entitled a remuneration and shall be paid on the basis of a twelve-month year. During the years ended December 31, 2018, 2019 and 2020 and the nine months ended September 30, 2021, the aggregate remuneration (including fees, salaries, bonus, share-based payments, contributions to retirement benefits schemes, allowances and other benefits in kind) paid to our Directors was nil, nil, nil and RMB94,000, respectively. For details, please refer to Note 31 of the Accountant's Report set out in Appendix I to this document.

Each of our independent non-executive Directors has been appointed for a term of three years. We intend to pay a director's fee of HK$250,000 per annum to each of Mr. Lau Yu Leung, Mr. Sze Irons, *B.B.S., J.P.* and Mr. Chow Ming Sang. Save for directors' fees, none of our independent non-executive Directors is expected to receive any other remuneration for holding their office as independent non-executive Directors.

Under the arrangement currently in force, the aggregate remuneration (including fees, salaries, bonus, share-based payments, contributions to retirement benefits scheme, allowances and other benefits in kind) of our Directors for the year ending December 31, 2022 is estimated to be no more than RMB3.5 million.

2. Substantial shareholders

(a) Interest in the substantial Shareholders in our Company

Save as disclosed in "Substantial Shareholders" in this Document, so far as our Directors are aware, immediately following the completion of the [REDACTED] and the [REDACTED] assuming that the [REDACTED], no person (other than our Directors and chief executives of our Company) will have or be deemed or taken to have an interest and/or short position in our Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

(b) Interest in the substantial shareholders of other members of our Group

As of the Latest Practicable Date, so far as our Directors are aware, the following person (other than our Directors or chief executive of our Company) were interested in 10% or more of the issued voting shares of other members of our Group:

Name of member of our Group	Name of Shareholder	Percentage of equity interest
Yantai Zhongtai	Zeng Huanming (曾煥明)	40%
Wuhu Senlin	Wuhu Linjuli Property Management Co., Ltd. (蕪湖市鄰距離物業管理有限公司)	39%
	Chen Minglong (陳明龍)	10%
Nanchang Yonghu	Jiangxi Changda Ruifeng Technology Development Co., Ltd. (江西昌大瑞豐科技發展有限公司)	49%
Xianyang Yugao	Zhou Qingmin (周清敏)	40%
Jiangxi Dingmei	Lu Wenhong (盧文紅)	24.5%
	Sun Shuyan (孫淑燕)	24.5%
Jiangmen Yujia	Dongguan Jiarun Property Service Co., Ltd. (東莞市嘉潤物業服務有限公司)	30%
Zhanjiang Yigao	Zhanjiang Yihong Property Service Co., Ltd. (湛江市怡弘物業服務有限公司)	40%
Nanchang Junyu *(Note 1)*	Haijin Holdings Group Co., Ltd. (海錦控股集團有限公司)	33%
	Jiangxi Shengyu Property Management Co., Ltd. (江西盛裕物業管理有限公司)	32%
Shenzhen Redco Health	Jinan Yingli Enterprise Management Consulting Co. Ltd. (濟南盈力企業管理咨詢有限公司)	30.07%

Notes

1. On December 14, 2020, UG Management entered into an acting-in-concert agreement with Haijin Holdings Group Co., Ltd. (海錦控股集團有限公司) ("**Haijin Holdings**"), which holds 33% of the equity interest in Nanchang Junyu, whereby Haijin Holdings and its appointed director will follow decisions made by UG Management and directors appointed by UG Management in shareholders' meetings and directors' meetings respectively. Effectively, our Group has obtained 68% voting rights in aggregate in shareholders' meetings and is able to appoint three out of five directors. As resolutions of directors' meetings only require a simple majority approval, our Group considers it has obtained control over Nanchang Junyu. Accordingly, Nanchang Junyu is classified as a subsidiary of our Company since December 14, 2020. Please see Note 16 (b)(i) and Note 25.2 to the Accountant's Report in Appendix I to this document for more information.

3. Agency fees or commissions received

Save as disclosed in this document, no commissions, discounts, brokerages or other special terms were granted in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this document.

4. Disclaimers

Save as disclosed in this document:

(a) none of our Directors or chief executive of our Company has any interest or short position in our shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once our Shares are [REDACTED];

(b) none of our Directors or experts referred to under "— D. Other information — 9. Qualifications and consents of experts" below has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;

(d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(e) taking no account of Shares which may be taken up under the [REDACTED], none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the [REDACTED], have an interest or short position in our Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group; and

(f) so far as is known to our Directors as of the Latest Practicable Date, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders of our Company who are interested in more than 5% of the total number of issued Shares has any interests in the five largest customers or the five largest suppliers of our Group.

D. OTHER INFORMATION

1. Tax and other indemnities

Mr. Wong, Mr. Huang and Redco Properties have entered into the Deed of Indemnity with and in favor of our Company (for ourselves and as trustee for each of our subsidiaries) (being the contract referred to in paragraph (g) of "— B. Further Information about Our Business — 1. Summary of material contracts" above) to provide indemnities in respect of, among other matters, (i) any liability for estate duty under the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong), or legislation similar thereto in Hong Kong or any jurisdictions outside Hong Kong which might be incurred by any member of our Company on or before the [REDACTED]; (ii) taxation or taxation claims resulting from income, profits or gains earned, accrued or received to which any member of our Group may be subject on or before the date when the [REDACTED] becomes unconditional; and (iii) any claims, charges, penalties or other indebtedness resulting from any failure to register for and/or make full contribution to social insurance and housing provident fund during the Track Record Period as disclosed in "Business — Legal Proceedings and Compliance — Failure to Make Full Contributions to Social Insurance and Housing Provident Fund".

2. Litigation

Save as disclosed in "Business — Legal Proceedings and Compliance", 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$[REDACTED] for acting as the sponsor for the [REDACTED].

The Sole Sponsor has made an application on our Company's behalf to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], all the Shares in issue and to be issued as mentioned in this document (including any Shares which may be issued pursuant to the exercise of the [REDACTED]). All necessary arrangements have been made for the Shares to be admitted into [REDACTED].

4. Preliminary expenses

The preliminary expenses incurred and paid by our Company relating to the incorporation of our Company were approximately US$5,615.

5. No material adverse change

Saved as disclosed in this document, our Directors confirm that there has been no material adverse change in our Group's financial or trading position since September 30, 2021 (being the date on which the latest audited combined financial information of our Group was prepared).

6. Promoter

Our Company has no promoter. Within the two years immediately preceding the date of this document, 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 [REDACTED] and the related transactions described in this document.

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 0.13% of the consideration or, if higher, the fair value of the Shares being sold or transferred. Profits from [REDACTED] in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfer of Shares.

(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 [REDACTED] in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the [REDACTED] will accept responsibility for any tax effect on, or liabilities of, holder of Shares resulting from their holding or disposal of or [REDACTED] in Shares or exercise of any rights attaching to them.

8. Qualifications and consents of experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this document:

Name	Qualifications
ABCI Capital Limited	A licensed corporation under the SFO to conduct Type 1 (Dealing in securities) and Type 6 (Advising on corporate finance) regulated activities (as defined under the SFO)
PricewaterhouseCoopers	Certified Public Accountants under the Professional Accountants Ordinance (Cap. 50) and Registered Public Interest Entity Auditor under the Financial Reporting Council Ordinance (Cap. 588)
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
JunHe LLP	Legal advisors to our Company as to PRC laws
China Index Academy	Industry Consultant

Each of the experts named above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its reports, letters, opinions, summaries of opinions and/or references to its names included herein in the form and context in which they respectively appear.

9. Interests of experts in our Company

None of the persons named in "— 8. Qualifications and consents of experts" above is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

10. Binding effect

This document shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

11. Miscellaneous

(a) Within the two years immediately preceding the date of this document:

(i) save as disclosed in "History, Reorganization and Corporate Structure" in this document, 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 for 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 document;

(d) the principal register of members of our Company will be maintained in the Cayman Islands by the Conyers Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by the Hong Kong Share Registrar. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to [REDACTED];

(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 the Cayman Islands Companies Act the use of a Chinese name by our Company in conjunction with its English name does not contravene the Cayman Islands Companies Act;

(g) our Company has no outstanding convertible debt securities or debentures;

(h) there is no arrangement under which future dividend are waived or agreed to be waived; and

(i) there is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

12. Bilingual document

The English language and Chinese language versions of this document 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 document, the English language version shall prevail.

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were (a) a copy of the [REDACTED]; (b) the written consents referred to in "Appendix IV — Statutory and General Information — D. Other Information — 10. Consents of experts"; and (c) a copy of each of the material contracts referred to in "Appendix IV — Statutory and General Information — B. Information about Our Business — 1. Summary of material contracts".

B. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.redcohealthy.com up to and including the date which is 14 days from the date of this document:

(a) the Memorandum of Association and the Articles of Association;

(b) the Accountant's Report of our Group for the years ended December 31, 2018, 2019 and 2020 and the nine months ended September 30, 2021 and received from PricewaterhouseCoopers, the text of which is respectively set out in Appendix I to this document;

(c) the report from PricewaterhouseCoopers in respect of the unaudited pro forma financial information of our Group, the text of which is set out in Appendix IIA to this document;

(d) the audited combined financial statements of our Group for the years ended December 31, 2018, 2019 and 2020 and the nine months ended September 30, 2021;

(e) the legal opinion issued by JunHe LLP, our legal advisors as to PRC law, in respect of certain aspects, general corporate matters of our Group;

(f) the letter of advice issued by Conyers Dill & Pearman, our legal advisors as to Cayman Islands law, summarizing certain aspects of the company law of the Cayman Islands referred to in Appendix III to this document;

(g) the industry report issued by China Index Academy;

(h) the Cayman Islands Companies Act;

(i) copies of the material contracts referred to in "Appendix IV — Statutory and General Information — B. Further Information about our Business — 1. Summary of material contracts";

(j) service agreements and letters of appointment entered into between our Company and each of the Directors "Appendix IV — Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 1. Directors"; and

(k) the written consents referred to in "Appendix IV — Statutory and General Information — D. Other Information — 10. Consents of experts".