Post Hearing Information Pack of

Suxin Joyful Life Services Co., Ltd.
蘇新美好生活服務股份有限公司

(the "**Company**")

(A joint stock company established in the People's Republic of China 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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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.

IMPORTANT

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

苏新服务
SUXIN SERVICE 1994

Suxin Joyful Life Services Co., Ltd.
蘇新美好生活服務股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (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 1.0%, 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	**:**	**RMB1.00 per H Share**
Stock code	**:**	**[REDACTED]**

Sole Sponsor, [REDACTED]

交銀國際
BOCOM International

[REDACTED]

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

The final [**REDACTED**] is expected to be fixed by agreement between the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]) and our 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**] per [**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 our 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 within the United States, or to or for the account or benefit of the U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The [**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$[**REDACTED**] for each [**REDACTED**] together with brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and FRC transaction levy of 0.00015%, subject to refund if the [**REDACTED**] as finally determined is less than HK$[**REDACTED**].

The [**REDACTED**] (on behalf of the [**REDACTED**] and with our consents), may, where considered appropriate, reduce the number of [**REDACTED**] being offered under the [**REDACTED**] and/or the indicative [**REDACTED**] below that 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 a case, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the [**REDACTED**], cause to be posted on the website of the Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.suxinfuwu.com**) notice of the reduction in the number of [**REDACTED**] being offered under the [**REDACTED**] and/or the indicative [**REDACTED**]. Further details are set forth in "Structure and Conditions of the [**REDACTED**]" and "How to Apply for [**REDACTED**]" in this document. If applications for [**REDACTED**] have been submitted prior to the day which is the last day for lodging applications under the [**REDACTED**], in the event that the number of [**REDACTED**] and/or the indicative [**REDACTED**] is so reduced, such applications can subsequently be withdrawn.

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

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

The obligations of the [**REDACTED**] under the [**REDACTED**] to subscribe for, and to procure applicants for the subscription for, the [**REDACTED**], are subject to termination by the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]) if certain grounds arise prior to 8:00 a.m. on the day that trading in the H Shares commences on the Stock Exchange. Such grounds are set out in the section entitled "[**REDACTED**] arrangements and expenses—[**REDACTED**]—Grounds for termination by the [**REDACTED**]" in this document. It is important that you refer to that section for further details.

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

IMPORTANT NOTICE TO INVESTORS

This document is issued by our Company solely in connection with the [**REDACTED**] *and does not constitute an* [**REDACTED**] *to sell or a solicitation of an* [**REDACTED**] *to buy any security other than the* [**REDACTED**] *by this document pursuant to the* [**REDACTED**]. *This document may not be used for the purpose of, and does not constitute, an* [**REDACTED**] *or a solicitation of an* [**REDACTED**] *to subscribe for or buy, any security 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* [**REDACTED**] *and sale 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 to make your investment decision. We have 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 by you as having been authorized by us, the Sole Sponsor, the [**REDACTED**], *the* [**REDACTED**], *any of the* [**REDACTED**], *any of our or their respective directors, officers or representatives, 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. Since it 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 city service and property management service provider deeply rooted in the Yangtze River Delta Region, especially in Suzhou. We were ranked 46th among the 2022 Top 100 Property Management Companies in China in terms of Overall Strength (2022中國物業服務百強企業) by CIA*. In 2021, we ranked first in both the property management service market in Suzhou in terms of our total revenue and the city service market in Suzhou in terms of revenue from city services, and also ranked third and fifth in terms of revenue from city services in Jiangsu Province and revenue from non-residential property management services in Jiangsu Province, respectively, according to F&S.

We are a property management service provider offering city services for public infrastructure and facilities, as well as basic property management services and value-added services to commercial properties and residential communities. We assist local governments and public authorities in their provision of city services to improve local residents' living experience and environment. Our city services include (i) municipal infrastructure services; (ii) public facility management services; and (iii) operation of waste collection centers. In addition, we also offer basic property management and value-added services to our managed commercial properties such as industrial parks and manufacturing plants, office buildings, apartments and commercial complexes, and residential communities. As of April 30, 2022, we were contracted to provide public facility management services, basic commercial property management services and basic residential property management services to 78 projects in China, with a total contracted GFA of 8.0 million sq.m., among which 77 projects with a total GFA of over 6.8 million sq.m. were under our management. As of the same date, we were contracted to offer municipal infrastructure services to 13 projects. As of the Latest Practicable Date, we had constructed and operated two waste collection centers in Suzhou with the maximum capacity to process 800 tons of household waste per day and 50 tons of bulky waste per day in aggregate. Meanwhile, we were also in the process of constructing one additional waste collection center in Suzhou which are expected to be put into operation in the early 2023. Such three waste collection centers in aggregate would be capable of processing a total of 1,200 tons of household waste per day and 50 tons of bulky waste per day.

* Each year the CIA publishes the Top 100 Property Management Companies in China in terms of overall strength based on the data from the previous year on key factors such as management scale, operational performance, service quality, growth potential and social responsibility of the property management companies under consideration.

Customer-centric Culture

Our focus on city environment, citizen wellbeing and commitment to customer satisfaction have shaped our brand image for high-caliber services. Our customer-centric culture has guided us to forge ahead and explore new ways to better serve our customers. For example, we have implemented an intelligent city service system that utilizes information and intelligent technologies to facilitate real-time location and inspection, online interactions with staffs, and data analysis to enhance service quality, reduce reliance on manual labor and improve operating efficiency in the following ways: (i) through the data monitoring system, we will be able to (a) have real-time access to the location, cleaning mileage and operation trajectory of working vehicles performing cleaning services; (b) facilitate real-time monitoring on cleaning staff on duty and their working status, as well as any occurrence of emergency; and (c) record and snapshot the vehicles that enter or exit waste collection centers and supervise the entire process of waste transfer on screen; and (ii) through the administrative support and management system, we will be able to process and analyze the operational data through the data analysis and visualization system in helping adjust the working schedule and labor dispatch.

Strategic Business Relationship with SND Group

We believe that underpinned by our close cooperation with SND Group, our parent group, a leading city developer and operator in Suzhou with rich experience in city operation, comprehensive property development and industrial investment, the diverse property portfolio of SND Group provides us with a large potential pipeline of high-quality projects. We have maintained a long and close strategic relationship with SND Group, whose diverse property portfolio provides a large potential pipeline of high-quality projects to us. We have been providing city services, commercial property management services, residential property management services and property leasing services to properties developed by SND Group since our establishment in 1994.

SND Group and its joint ventures and associates together were our second largest customer during the Track Record Period. SND Group has developed various types of properties including but not limited to, residential properties, commercial complexes, office buildings, industrial parks, amusement parks and hotels, while it cooperates with local governments in developing resettlement housing and public facilities within the Suzhou Gaoxin District, and engages in tap water supply and sewage treatment. SND Group also from time to time conducts investments through its subsidiaries, in particular, in science and technology enterprises and industrial parks.

In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, revenue derived from SND Group and its joint ventures and associates amounted to RMB39.3 million, RMB37.1 million, RMB49.3 million, RMB17.7 million and RMB16.0 million respectively, accounting for 9.0%, 8.5%, 10.7%, 11.6% and 9.9% of our total revenue, respectively. As of April 30, 2022, 41 properties under our management was developed by SND Group, its joint ventures and associates with a total GFA of 4.2 million sq.m., representing 61.6% of our total GFA under management. See "—Our Strategic Business Relationship with SND Group" for details.

Active Business Outreach

We also endeavor to expand our business scale by managing more properties developed by independent third-party property developers. In 2019, 2020 and 2021 and the four months ended April 30, 2022, our bidding success rate with respect to properties developed by Independent Third Parties was 94.1%, 88.9%, 92.3% and 100.0%, respectively. In the four months ended April 30, 2021, we did not submit any bids for properties developed by Independent Third Parties. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, our revenue generated from property management services provided to properties solely developed by independent third-party property developers accounted for approximately 45.8%, 44.6%, 44.5%, 45.6% and 50.7% of our total commercial property management service revenue, and approximately 13.7%, 19.7%, 20.1%, 18.4% and 23.0% of our total residential property management service revenue, respectively.

Our quality services generated robust results of operations during the Track Record Period. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, our total revenue was RMB435.9 million, RMB436.8 million, RMB462.0 million, RMB152.5 million and RMB161.6 million respectively, and our profit for the year/period amounted to RMB43.6 million, RMB48.1 million, RMB56.5 million, RMB18.7 million and RMB19.1 million respectively.

We have been recognized as one of the Top 100 Property Management Companies of China for seven consecutive years since 2016 and were ranked 46th among the 2022 Top 100 Property Management Companies of China (2021中國物業服務百強企業) by CIA in terms of overall strength. We were honored as one of the "Leading City Services Companies in China" (中國城市服務領先企業) by CIA in 2022 and a "Leading Brand in the PRC Property Management Industry in Specialized Operations" (中國物業服務專業化運營領先品牌企業) by CIA in 2018, 2019 and 2020. As we are headquartered in Suzhou, the Yangtze River Delta Region has always been and will continue to be our strategic development focus. The Yangtze River Delta Region, which, according to F&S, is one of the most populous and economically prosperous regions in China, and Suzhou ranked second in terms of the urban population and total GDP among all cities in the Yangtze River Delta Region and sixth in terms of total GDP among all cities in China.

OUR BUSINESS MODEL

During the Track Record Period, we generated revenue primarily from the following business lines.

- ***City services.*** We assist local governments and public authorities in their provision of city services to improve local residents' living experience and environment. Our city services include (i) municipal infrastructure services which mainly targeted at public infrastructure where we provide (a) cleaning, greening or maintenance services to city roads, tram and tram platforms, (b) regular inspection and maintenance services to water supply network and street lamps under management, and (c) refurbishment services to external walls of buildings along main city roads; (ii) public facility management services which mainly targeted at public buildings, such as public museums, libraries, art and sports centers, city parks and office buildings for public authorities, where we provide basic property management services, including cleaning, security, gardening and landscaping, as well as repair and maintenance services; and (iii) operation of waste collection centers.

- ***Commercial property management services.*** We provide property developers, property owners and tenants with a wide range of commercial property management services, comprising both basic property management services and value-added services. Commercial properties under our management comprise industrial parks and manufacturing plants, office buildings, apartments and commercial complexes.

- ***Residential property management services.*** We provide property owners and residents with a wide range of residential property management services, comprising both basic property management services and value-added services.

- ***Property leasing.*** We own certain investment properties such as office buildings and apartments which are leased out as staff dormitories or offices. We charge rental fees and management fees.

Our basic property management services provided to commercial properties and residential communities under our management typically include cleaning, security, gardening and landscaping, as well as repair and maintenance services. We also provide a wide spectrum of value-added services to property owners, property developers, residents and tenants in our managed residential communities and commercial properties, primarily including (a) carpark space management services where we charge parking space management fees from property owners or parking fees from temporary visitors based on the duration of parking; (b) resource management services where we assist property owners in (A) managing self-service lockers and electric vehicle charging stations and/or (B) renting out leasable facilities and sites in the common areas of properties under our management, such as basements, elevators and outer walls, to third parties such as vendors seeking a place to operate or promote their businesses; (c) property agency services where we assist property owners in selling and renting out their properties; and (d) other customized services such as provision of customized cleaning and maintenance services, security services, hosting events, business support and/or assistance to customers in leasing printing machines according to specific customer demands. We charged management fees for almost all of the properties under our management on a lump-sum basis, with only a small portion charged on a commission basis.

The following table sets forth a breakdown of our revenue by business line for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2019		2020		2021		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
							(unaudited)			
City services	**134,791**	**30.9**	**141,036**	**32.3**	**169,353**	**36.7**	**51,794**	**34.0**	**73,212**	**45.3**
– Municipal infrastructure services	93,860	21.5	69,311	15.9	72,301	15.7	24,664	16.2	26,168	16.2
– Public facility management services	38,777	8.9	55,414	12.7	69,425	15.0	19,536	12.8	27,104	16.8
– Operation of waste collection centers	2,154	0.5	16,311	3.7	27,627	6.0	7,594	5.0	19,940	12.3
Commercial property management services	**197,875**	**45.4**	**196,305**	**44.9**	**204,378**	**44.2**	**69,240**	**45.4**	**58,937**	**36.5**
– Basic property management services	170,738	39.2	173,754	39.7	178,337	38.6	57,767	37.9	52,407	32.5
– Value-added services	27,137	6.2	22,551	5.2	26,041	5.6	11,473	7.5	6,530	4.0
Residential property management services	**75,016**	**17.2**	**71,558**	**16.4**	**60,550**	**13.1**	**21,867**	**14.3**	**21,794**	**13.5**
– Basic property management services	53,566	12.3	50,399	11.6	42,891	9.3	15,312	10.0	15,886	9.8
– Value-added services	21,450	4.9	21,159	4.8	17,659	3.8	6,555	4.3	5,908	3.7
Property leasing	**28,196**	**6.5**	**27,871**	**6.4**	**27,700**	**6.0**	**9,625**	**6.3**	**7,633**	**4.7**
Total	**435,878**	**100.0**	**436,770**	**100.0**	**461,981**	**100.0**	**152,526**	**100.0**	**161,576**	**100.0**

The table below sets forth the number of projects and the associated amount of GFA that we were contracted to manage for each type of services as of the Latest Practicable Date:

	As of the Latest Practicable Date	
	Number of projects	Contracted GFA
		(sq.m.'000)
Public facility management services	21	2,332
Commercial property management services	35	2,658
Residential property management services	23	3,603
Property leasing	6	58
Total	**85**	**8,651**

The following table sets forth the breakdown of our revenue, gross profit, gross profit margin and GFA under management for and as of the end of the periods indicated by type of property developer:

	For the period ended and/or/as of December 31,												For the four months ended and/or/as of April 30,							
	2019				2020				2021				2021				2022			
	Revenue	Gross profit	Gross profit margin	GFA under management	Revenue	Gross profit	Gross profit margin	GFA under management	Revenue	Gross profit	Gross profit margin	GFA under management	Revenue	Gross profit	Gross profit margin	GFA under management	Revenue	Gross profit	Gross profit margin	GFA under management
	(RMB'000)	*(RMB'000)*	*(%)*	*(sq.m.'000)*	*(RMB'000)*	*(RMB'000)*	*(%)*	*(sq.m.'000)*	*(RMB'000)*	*(RMB'000)*	*(%)*	*(sq.m.'000)*	*(RMB'000)*	*(RMB'000)*	*(%)*	*(sq.m.'000)*	*(RMB'000)*	*(RMB'000)*	*(%)*	*(sq.m.'000)*
														(unaudited)						
SND Group	156,856	33,666	21.5	3,040	148,297	33,063	22.3	3,372	143,317	35,113	24.5	3,035	44,924	11,571	25.8	2,971	43,250	9,840	22.8	3,035
Joint ventures and/or associates of SND Group	46,319	9,134	19.7	1,316	48,959	10,123	20.7	1,216	55,297	13,794	24.9	1,162	20,594	4,950	24.0	1,162	17,296	4,130	23.9	1,162
Independent Third Parties	232,703	45,621	19.6	2,067	239,514	48,882	20.4	2,457	263,367	57,318	21.8	2,525	87,008	17,768	20.4	2,455	101,030	22,384	22.2	2,617
Total	**435,878**	**88,421**	**20.3**	**6,423**	**436,770**	**92,068**	**21.1**	**7,045**	**461,981**	**106,225**	**23.0**	**6,721**	**152,526**	**34,289**	**22.5**	**6,588**	**161,576**	**36,354**	**22.5**	**6,814**

During the Track Record Period, our revenue, gross profit, gross profit margin and GFA under management largely exhibited an upward trend as a result of our business expansion. Our revenue from services provided to properties developed by SND Group decreased from RMB156.9 million in 2019 to RMB148.3 million in 2020, then to RMB143.3 million in 2021, primarily due to a decrease in the property management fees that we collected, which was primarily attributable to our withdrawal from two residential projects at the end of 2019, and a residential project as well as a commercial project in 2021. Our GFA under management from properties developed by joint ventures and/or associates of SND Group decreased from 1.3 million sq.m. as of December 31, 2019 to 1.2 million sq.m. as of December 31, 2020, primary because we withdrew from one residential project in Suzhou under our management in 2020 as we proactively sought more business opportunities in providing city services as well as property management services for commercial properties, in accordance with our overall business strategy. Our revenue, gross profit and gross profit margin from properties developed by joint ventures and/or associates of SND Group increased from 2019 to 2020 despite a slight decrease in our GFA under management from properties developed by joint ventures and/or associates of SND Group, primarily because the occupancy rate of a science and technology park's service center that we undertook in 2019 increased considerably in 2020. The revenue that we generated from services rendered to properties developed by SND Group and its joint ventures and/or associates decreased from RMB44.9 million and RMB20.6 million, respectively, in the four months ended April 30, 2021 to RMB43.3 million and RMB17.3 million, respectively, in the four months ended April 30, 2022 despite the increase in GFA under management, primarily because in the second half of 2021, our value-added services to commercial properties, particularly our narrating services for the showroom and maintenance and repair services, were temporarily suspended as certain commercial properties under our management were closed for business due to the COVID-19 pandemic.

The following table sets forth a breakdown of our revenue by business line and by paying customer for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2019		2020		2021		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
							(unaudited)			
City services	**134,791**	**30.9**	**141,036**	**32.3**	**169,353**	**36.7**	**51,794**	**34.0**	**73,212**	**45.3**
– SND Group	5,205	1.2	5,237	1.2	10,114	2.2	1,781	1.2	5,245	3.2
– Joint ventures and/or associates of SND Group	–	–	–	–	–	–	–	0	–	0
– Independent Third Parties	129,586	29.7	135,799	31.1	159,239	34.5	50,013	32.8	67,967	42.1
Commercial property management services	**197,875**	**45.4**	**196,305**	**44.9**	**204,378**	**44.2**	**69,240**	**45.4**	**58,937**	**36.4**
– SND Group	18,368	4.2	21,760	5.0	20,650	4.5	7,504	4.9	6,599	4.1
– Joint ventures and/or associates of SND Group	7,760	1.8	6,748	1.5	14,430	3.1	6,915	4.5	3,409	2.1
– Independent Third Parties	171,747	39.4	167,797	38.4	169,298	36.6	54,821	36	48,929	30.2

	Year ended December 31,						Four months ended April 30,			
	2019		2020		2021		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
							(unaudited)			
Residential property management services	**75,016**	**17.2**	**71,558**	**16.4**	**60,550**	**13.1**	**21,867**	**14.3**	**21,794**	**13.54**
– SND Group	2,387	0.5	90	0.0	1,654	0.3	384	0.3	69	0.0
– Joint ventures and/or associates of SND Group	4,551	1.0	2,479	0.6	1,739	0.4	867	0.6	410	0.3
– Independent Third Parties	68,078	15.7	68,989	15.8	57,157	12.4	20,616	13.4	21,315	13.2
Property leasing	**28,196**	**6.5**	**27,871**	**6.4**	**27,700**	**6.0**	**9,625**	**6.3**	**7,633**	**4.8**
– SND Group	379	0.1	90	0.0	–	–	–	–	–	–
– Joint ventures and/or associates of SND Group	686	0.2	686	0.2	686	0.1	229	0.2	285	0.2
– Independent Third Parties	27,131	6.2	27,095	6.2	27,014	5.9	9,396	6.1	7,348	4.6
Total	**435,878**	**100.0**	**436,770**	**100.0**	**461,981**	**100.0**	**152,526**	**100.0**	**161,576**	**100.0**

The following table sets forth the average monthly property management fees for public facility management services and commercial and residential property management services by property developer for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2019	2020	2021	2021	2022
	(RMB per sq.m.)				
Public facility management services	**3.7**	**4.4**	**4.9**	**4.5**	**5.2**
SND Group(1)	1.4	1.5	3.9	1.5	5.2
Joint ventures and/or associates of SND Group(2)	–	–	–	–	–
Independent Third Parties(3)	4.3	4.9	5.2	5.1	5.3
Commercial property management services	**7.0**	**6.2**	**6.3**	**6.3**	**6.2**
SND Group(1)(4)	8.4	6.1	5.7	4.9	4.4
Joint ventures and/or associates of SND Group(2)	4.9	4.8	6.1	7.1	7.0
Independent Third Parties(3)	6.7	6.8	6.9	7.4	8.0
Residential property management services	**1.2**	**1.2**	**1.1**	**1.1**	**1.3**
SND Group(1) (4)	1.1	1.0	0.9	0.9	1.0
Joint ventures and/or associates of SND Group(2)	1.3	1.4	1.3	1.3	1.3
Independent Third Parties(3)	1.8	1.7	1.4	1.4	1.9
Overall average monthly property management fees	**3.3**	**3.4**	**3.5**	**3.4**	**3.6**

(1) Refers to properties solely developed by SND Group or jointly developed by SND Group and independent third-party property developers in which project SND Group held a controlling interest.

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

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

(4) Includes (i) Golden Lion Building (金獅大廈) located at Suzhou, Jiangsu Province, which was solely developed by our Group and (ii) Jinlin Apartment (金鄰公寓) located at Suzhou, Jiangsu Province, which was developed by and acquired from a then subsidiary of SND Group by our Group in October 2012 and in which project we held 100% interest.

During the Track Record Period, our overall average monthly property management fees steadily increased. The average property management fees for our public facility management services exhibited an upward trend between 2019 and 2022 and between April 30, 2021 and 2022. The average property management fees for our commercial property management services decreased between 2019 and 2020, and remained relatively stable afterwards. The average property management fees for our residential property management services remained relatively stable between 2019 and 2021, and increased between April 30, 2021 and 2022. For more detailed discussions, see "Business—Portfolio of Properties under Management—Our Pricing Policy."

With respect to public facility management services we provided during the Track Record Period, the average property management fee charged on public facilities developed by SND Group was lower than that of public facilities solely developed by independent third-party property developers, mainly because we managed one mountain park under development by SND Group which we mainly provided security services and charged relatively low property management fees.

With respect to basic commercial property management services we provided during the Track Record Period, the average property management fee charged on commercial properties developed by joint ventures and/or associates of SND Group was lower than those of commercial properties developed by SND Group and independent third-party property developers, mainly because a large portion of commercial properties developed by joint ventures and/or associates of SND Group were industrial parks for which we charged relatively low property management fees.

With respect to basic residential property management services we provided during the Track Record Period, the average property management fee charged on residential properties developed by SND Group was lower than those of residential properties developed by joint ventures and/or associates of SND Group and independent third-party property developers, mainly because a portion of residential properties under our management developed by SND Group were old residential communities for which we charge relatively low property management fees, in line with the market price at the time we entered into property management service agreements with respect to these old residential communities.

During the Track Record Period, the service fees that we charged on the public facility, commercial and residential projects developed by independent third-party property developers were generally higher than those by SND Group and its joint ventures and/or associates. For more information, see "Business—Portfolio of Properties Under Management—Our Pricing Policy."

The table below sets forth a breakdown of our revenue by type of properties for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2019		2020		2021		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
							(unaudited)			
Municipal infrastructure and public facility[(1)]	131,345	30.1	122,934	28.2	139,648	30.4	43,643	28.6	52,422	32.4
Office buildings[(2)]	81,484	18.7	77,305	17.7	85,805	18.5	30,011	19.7	30,203	18.7
Industrial parks and manufacturing plants[(2)]	47,038	10.8	51,220	11.7	55,411	12.0	16,241	10.6	19,638	12.2
Apartments and commercial complexes[(2)]	98,764	22.7	97,347	22.3	92,796	20.0	33,122	21.7	17,568	10.9
Residential communities[(3)]	75,093	17.2	71,653	16.4	60,694	13.1	21,915	14.4	21,805	13.5
Waste collection centers[(4)]	2,154	0.5	16,311	3.7	27,627	6.0	7,594	5.0	19,940	12.3
Total	**435,878**	**100.0**	**436,770**	**100.0**	**461,981**	**100.0**	**152,526**	**100.0**	**161,576**	**100.0**

(1) During the Track Record Period, we provided municipal infrastructure services and public facility management services, respectively, to the municipal infrastructure and public facility under our management.

(2) During the Track Record Period, we provided commercial property management services to the office buildings, industrial parks and manufacturing plants, apartments and commercial complexes under our management. We also provided property leasing services to the office buildings and apartments under our management.

(3) During the Track Record Period, we provided residential property management services to the residential communities under our management.

(4) During the Track Record Period, we provided operation of waste collection centers to the waste collection centers under our management.

The table below sets forth a breakdown of our cost of sales by component for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2019	2020	2021	2021	2022
			(RMB'000)		
				(unaudited)	
Labor costs	128,384	124,576	124,173	42,169	41,915
Subcontracting costs	54,475	69,310	85,008	29,292	32,239
Utilities expenses	64,429	58,759	58,526	20,658	22,261
Maintenance expenses	57,552	47,358	41,391	13,090	14,285

	Year ended December 31,			Four months ended April 30,	
	2019	2020	2021	2021	2022
			(RMB'000)		
				(unaudited)	
Cleaning and security expenses	15,171	16,010	16,179	5,621	6,391
Greening and gardening expenses	8,947	9,095	9,272	3,296	3,560
Office and communication expenses	4,331	3,551	3,723	799	875
Other expenses	14,168	16,043	17,484	3,312	3,696
Total	**347,457**	**344,702**	**355,756**	**118,237**	**125,222**

During the Track Record Period, the main components of our cost of sales include labor costs, subcontracting costs, utility expenses and maintenance expenses. Our maintenance expenses decreased from RMB57.6 million in 2019 to RMB47.4 million in 2020, primarily due to the additional maintenance costs arising from the one-off renovation project for the facade of the buildings along the main roads in the Suzhou Gaoxin District that primarily took place in 2019. Our maintenance expenses further decreased to RMB41.4 million in 2021, primarily because we incurred installation and conditioning costs for the bulky waste processing equipment at our Heshan Waste Collection Center in 2020. Our utilities expenses decreased from RMB64.4 million in 2019 to RMB58.8 million in 2020, primarily due to the waiver of part of water expenses adopted by the government in Suzhou in 2020 as a relief measure in response to the COVID-19 pandemic. See "Financial Information—Principal Components of Consolidated Statements of Profit Or Loss And Other Comprehensive Income—Cost of Sales."

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

	Year ended December 31,						Four months ended April 30,			
	2019		2020		2021		2021		2022	
	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)			
City services	29,605	22.0	32,437	23.0	40,410	23.9	12,054	23.3	17,217	23.5
– Municipal infrastructure services	*19,825*	*21.1*	*18,163*	*26.2*	*21,563*	*29.8*	*6,750*	*27.4*	*8,281*	*31.6*
– Public facility management services	*9,609*	*24.8*	*13,074*	*23.6*	*16,899*	*24.3*	*4,790*	*24.5*	*6,485*	*23.9*
– Operation of waste collection centers	*171*	*7.9*	*1,200*	*7.4*	*1,948*	*7.1*	*514*	*6.8*	*2,451*	*12.3*

	Year ended December 31,						Four months ended April 30,			
	2019		2020		2021		2021		2022	
	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)			
Commercial property management services	32,671	16.5	33,490	17.1	37,002	18.1	12,110	17.5	10,737	18.2
Residential property management services	6,632	8.8	6,471	9.0	5,531	9.1	2,014	9.2	2,034	9.3
Property leasing services	19,513	69.2	19,670	70.6	23,282	84.1	8,111	84.3	6,366	83.4
Total	**88,421**	**20.3**	**92,068**	**21.1**	**106,225**	**23.0**	**34,289**	**22.5**	**36,354**	**22.5**

We saw a relatively high gross profit margin for our property leasing services, for it is a less labor-intensive line of business thus has lower cost of sales. The following table sets forth our gross profit and gross profit margin from commercial and residential property management services by type of property developer for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2019		2020		2021		2021		2022	
	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)			
Commercial property management services										
SND Group	11,869	14.8	12,629	15.7	11,840	15.8	3,474	15.4	2,915	16.7
Joint ventures and/or associates of SND Group	5,839	21.4	6,142	21.6	9,727	25.4	3,593	23.8	2,714	23.6
Independent Third Parties	14,963	16.5	14,719	16.8	15,435	17.0	5,043	16.0	5,108	17.1
Total/Overall	**32,671**	**16.5**	**33,490**	**17.1**	**37,002**	**18.1**	**12,110**	**17.5**	**10,737**	**18.2**
Residential property management services										
SND Group	2,414	5.2	821	2.2	(204)	(0.6)	361	2.9	(152)	(1.4)
Joint ventures and/or associates of SND Group	2,609	14.2	3,295	16.6	3,380	20.8	1,039	20.1	1,187	21.4
Independent Third Parties	1,609	15.6	2,355	16.8	2,355	19.3	614	15.2	999	20.0
Total/Overall	**6,632**	**8.8**	**6,471**	**9.0**	**5,531**	**9.1**	**2,014**	**9.2**	**2,034**	**9.3**

For more detailed discussions, see "Financial Information—Principal Components of Consolidated Statements of Profit Or Loss And Other Comprehensive Income—Gross Profit and Gross Profit Margin."

In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, we incurred losses of approximately RMB5.2 million, RMB5.3 million, RMB4.8 million, RMB1.4 million and RMB1.5 million, respectively, with respect to 13, 11, 11, 11 and 11 properties under our management, respectively, among which (i) two, seven, eight, eight and eight properties were still loss-making but incurred less losses during the Track Record Period, respectively; and (ii) we had ceased to provide property management services for three, nil, nil, nil and nil properties, respectively. The following table sets forth a breakdown of the number of our loss-making projects and the amount of losses by property developer during the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2019		2020		2021		2021		2022	
	Number of properties	Loss	Number of properties	Loss	Number of properties	Loss	Number of properties	Loss	Number of properties	Loss
		(RMB'000)		*(RMB'000)*		*(RMB'000)*		*(RMB'000)* *(unaudited)*		*(RMB'000)*
SND Group[(1)]	10	4,426	9	4,696	9	4,167	9	1,200	9	1,250
Joint ventures and/or associates of SND Group[(2)]	1	391	1	457	1	316	1	104	1	104
Independent Third Parties[(3)]	2	432	1	176	1	307	1	95	1	110
Total	**13**	**5,249**	**11**	**5,329**	**11**	**4,791**	**11**	**1,399**	**11**	**1,464**

(1) Refers to properties solely developed by SND Group or jointly developed by SND Group and independent third-party property developers in which project SND Group held a controlling interest.

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

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

Such losses were incurred primarily because the relatively low property management revenue we recognized from relevant projects were insufficient to cover the costs incurred in providing quality property management services. In the event that we experience unexpected increases in our cost of services, we may propose raising our property management fees with property owners' associations while negotiating to renew our property management service agreements. See "Business—Property Management Fees—Property Management Fees Charged on a Lump-sum Basis."

The gross profit margin for property management services provided to joint ventures and/or associates of SND Group increased during the Track Record Period, primarily because in the second half of 2019 we undertook a new residential project with relatively high gross profit margin.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths have enabled us to achieve a competitive position in the property management industry in the PRC and differentiated us from our competitors: (i) leading provider of comprehensive city services and property management services deeply rooted in the Yangtze River Delta Region; (ii) diversified portfolio of service offerings and properties under management; (iii) long-term and stable cooperation with SND Group contributing to continuous and sustainable business growth; (iv) prestigious brand image supported by quality and professional services; and (v) visionary management team, effective human resource system and well-developed workforce with strong operational capabilities supporting our sustainable growth.

OUR BUSINESS STRATEGIES

We have been gradually shifting our corporate strategy to focus on non-residential projects in recent years, and reallocated certain of our manpower and resources from residential projects to non-residential projects under our management. This is primarily because on the one hand, as our service offerings diversify and the demand for professional commercial property management services increase, we naturally pivot our strategy away from focusing primarily on residential property management services; and on the other hand, the residential property management market faces increasingly intense competition according to F&S, and we believe that given our capability in providing city services and commercial property management services, shifting our strategy to focus on non-residential projects will allow us to seize an opportunity for continuous and sustainable growth.

We plan to strengthen our market position and achieve further expansion by implementing the following strategies: (i) further expand our business operations in Suzhou and the Yangtze River Delta Region and solidify our competitive advantages; (ii) continue to diversify our city service and property management service portfolio; (iii) increase investment in our technologies and intelligent operations to enhance customer experience and operational efficiency; and (iv) continue to attract, cultivate and retain talent.

OUR STRATEGIC BUSINESS RELATIONSHIP WITH SND GROUP

We have maintained a long and close strategic relationship with SND Group, our parent company, and the diverse property portfolio of SND Group provides us with a large potential pipeline of high-quality projects. We have been providing city services, commercial property management services, residential property management services and property leasing services to properties developed by SND Group since our establishment in 1994. SND Group, its joint ventures and/or associates as a whole were our second largest customer during the Track Record Period, and we provided multiple services to a substantial portion of the properties developed by SND Group, its joint ventures and/or associates. See "Business—Competitive Strengths—Long-term and Stable Cooperation with SND Group Contributing to Continuous and Sustainable Business Growth" for more details. According to the 2021 annual report of SND Group published on October 29, 2021, in 2021, SND Group's revenue, gross profit and net profit amounted to approximately RMB15,128.8 million, RMB1,276.5 million and RMB857.2 million, respectively; as of December 31, 2021, SND Group had 41 property projects under development with a planned GFA of approximately 555.0 million sq.m.; and as of the same date, SND Group had a total land reserve for future development of approximately 1.7 million sq.m. See "Business—Our Strategic Business Relationship with SND Group" for more details.

We believe that the business relationship between our Group and SND Group is mutually beneficial and complementary and presents a sustainable business model. Over years of cooperation, our Group and SND Group have developed a mutual and deep understanding of each other's business operations and shared a similar service philosophy. Our long-term cooperation relationship with and proven track record of providing services to SND Group have led to our familiarity with the standards and requirements of SND Group, which has enabled us to reduce communication costs, build mutual trust and constantly provide high quality services to property owners, residents and tenants that meet SND Group's stringent demands and requirements, in turn to add value to the marketability of the properties developed by SND Group, and to reinforce our existing market position and enhance our competitiveness in the PRC and Suzhou property management industry. We also believe our close and long-term cooperative relationship with SND Group is instrumental to its success in establishing a distinguished and well-recognized brand image nationally, while enabling us to reinforce our existing market position and enhance our competitiveness in the PRC property management industry. Meanwhile, our ability to maintain high retention rate with properties under our management during the Track Record Period also demonstrated the level of client satisfaction for our high quality services, which indicates our Group's contribution to the brand image of SND Group by continuously delivering quality property management services to property owners and residents of its developed properties.

Considering our long-standing cooperation with SND 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 of comparable standard and scope, our Directors are of the view that our mutually beneficial and complementary relationship with SND Group will continue to enable us to secure future engagements from SND Group, and it would be relatively difficult for SND Group to select and engage a new service provider to replace us.

Going forward, we expect that the mutually beneficial and complementary business relationship between our Group and SND Group will continue and in turn, is unlikely to be materially or adversely changed. See "Relationship with Controlling Shareholders—Mutual and Complementary relationship with SND Group" for details. While maintaining our business cooperation with SND Group, with a view to diversifying our customer base, we have also been making continuous efforts to expand our business to manage projects developed by third-party property developers as well as our customer base by leveraging our increasingly enhanced brand awareness and market position.

The table below sets forth a breakdown of our contracted GFA and undelivered GFA as of the date indicated by type of property developer:

	As of December 31,						As of April 30,	
	2019		2020		2021		2022	
	Contracted GFA	Undelivered GFA	Contracted GFA	Undelivered GFA	Contracted GFA	Undelivered GFA	Contracted GFA	Undelivered GFA
	(sq.m.'000)							
SND Group(1)	3,003	–	3,335	–	3,774	706	3,774	706
Joint ventures and/or associates of SND Group(2)	1,293	–	1,204	–	1,148	–	1,148	–
Independent Third Parties(3)	2,219	181	2,950	523	3,019	523	3,106	523
Total	**6,515**	**181**	**7,489**	**523**	**7,941**	**1,229**	**8,028**	**1,229**

(1) Refers to properties solely developed by SND Group or jointly developed by SND Group and independent third-party property developers in which project SND Group held a controlling interest.

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

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

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

	Year ended December 31,									Four months ended April 30,			
	2019			2020			2021			2021		2022	
	Number of bids submitted	Number of winning bids	Tender success rate	Number of bids submitted	Number of winning bids	Tender success rate	Number of bids submitted	Number of winning bids	Tender success rate	Number of winning bids	Tender success rate	Number of winning bids	Tender success rate
			%			%			%		%		%
SND Group(1)	3	3	100.0	3	3	100.0	5	5	100.0	1	100.0	–	–
Joint ventures and/or associates of SND Group(2)	1	1	100.0	1	1	100.0	–	–	–	–	–	–	–
Independent Third Parties(3)	17	16	94.1	9	8	88.9	13	12	92.3	–	–	1	100.0

(1) Refers to properties solely developed by SND Group or jointly developed by SND Group and independent third-party property developers in which project SND Group held a controlling interest.

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

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

As of April 30, 2022, our total undelivered GFA of public facilities, commercial properties and residential communities was 1.2 million sq.m. The following table sets forth the expiration schedule of our property management service agreements for public facilities, commercial properties and residential communities under our management as of April 30, 2022.

	Number of agreements	GFA under management	Number of agreements	Contracted GFA
		(sq.m.'000)		*(sq.m.'000)*
Property management service agreements without fixed terms[(1)]	34	4,002	35	4,524
Property management service agreements with fixed terms expiring in				
Year ending December 31, 2022	27	1,302	27	1,297
Year ending December 31, 2023	14	1,382	14	2,079
Subtotal	**41**	**2,684**	**41**	**3,376**
Year ending December 31, 2024 and beyond	2	129	2	129
Total	**77**	**6,814**	**78**	**8,028**

(1) Property management service agreements without fixed terms are typically (i) agreements entered into with property developers before a property owners' association is set up, and (ii) agreements entered into with certain property developers, owners or residents with whom we had property management service agreements that had fixed terms, but such terms expired and we continue to provide services until a new property management service agreement company becomes effective. We face certain risks if such property management agreements are terminated or not renewed. See "Risk Factors—Risks Relating to Our Business and Industry—We may fail to secure new or renew our existing property management service agreements or municipal service agreements on favorable terms, or at all."

OUR CUSTOMERS AND SUPPLIERS

Our customer base primarily consists of property developers, property owners, residents, tenants, industrial and other corporate entities, local government and public authorities. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, revenue generated from sales to our five largest customers in each year during the Track Record Period amounted to RMB155.2 million, RMB143.8 million, RMB182.5 million, RMB57.5 million and RMB68.4 million, respectively, accounting for 35.6%, 33.0%, 39.5%, 37.8% and 42.4% of our total revenue, respectively. See "Business—Customers" for details.

During the Track Record Period, our suppliers are all subcontractors located in China which provide cleaning, security and maintenance services to us. We outsource certain such services to lower our cost of services while maintaining our high service quality. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, our subcontracting costs amounted to RMB54.5 million, RMB69.3 million, RMB85.0 million, RMB29.3 million and RMB32.2 million, respectively, accounting for 15.7%, 20.1%, 23.9%, 24.8% and 25.7%, respectively, of our total cost of services. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, purchases from our five largest suppliers in each year during the Track Record Period amounted to RMB122.6 million, RMB105.3 million, RMB111.5 million, RMB40.9 million and RMB41.7 million, respectively, accounting for 57.2%, 49.5%, 50.8%, 56.5% and 54.4% of our total purchase amount, respectively. See "Business—Suppliers."

SUMMARY OF KEY FINANCIAL INFORMATION

The summary financial information set forth below has been derived from, and should be read in conjunction with, our consolidated audited financial statements, including the accompanying notes, set forth in the Accountants' Report attached as Appendix I to this Document, as well as the information set forth in "Financial Information."

Selected Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Year ended 31 December			Four months ended 30 April	
	2019	**2020**	**2021**	**2021**	**2022**
			(RMB'000)		
				(unaudited)	
Revenue	435,878	436,770	461,981	152,526	161,576
Cost of sales	(347,457)	(344,702)	(355,756)	(118,237)	(125,222)
Gross profit	**88,421**	**92,068**	**106,225**	**34,289**	**36,354**
Other income and gains	27,333	35,262	9,681	3,170	2,123
Selling and marketing expenses	(1,874)	(2,410)	(2,762)	(929)	(952)
Administrative expenses	(32,337)	(36,225)	(29,001)	(9,068)	(7,398)
Other expenses	(177)	(387)	(714)	(29)	(631)
Finance costs	(23,221)	(24,057)	(3,867)	(1,180)	(2,875)
Share of loss of an associate	–	–	(3,009)	(957)	(779)
Profit Before Tax	**58,145**	**64,251**	**76,553**	**25,296**	**25,842**
Income tax expense	(14,591)	(16,148)	(20,036)	(6,583)	(6,699)
Profit for the Year/Period	**43,554**	**48,103**	**56,517**	**18,713**	**19,143**
Profit attributable to:					
Owners of the parent	42,522	47,339	55,465	18,429	18,669
Non-controlling interests	1,032	764	1,052	284	474

Selected Consolidated Statements of Financial Position

	As at 31 December			As at 30 April
	2019	**2020**	**2021**	**2022**
	(RMB'000)			
NON-CURRENT ASSETS				
Property, plant and equipment	230,609	298,774	359,815	398,724
Investment properties	293,791	345,367	349,930	349,490
Other intangible assets	–	167	344	808
Time deposit	5,713	–	–	–
Investment in an associate	–	4,900	6,791	6,012
Equity investments designated at fair value through other comprehensive income	93,977	94,807	92,440	88,820
Right-of-use assets	8,331	10,690	10,258	10,171
Deferred tax assets	6,486	8,315	5,359	6,804
Total non-current assets	**638,907**	**763,020**	**824,937**	**860,829**
CURRENT ASSETS				
Inventories	243	156	177	172
Trade receivables	101,225	96,359	101,222	143,831
Prepayments, other receivables and other assets	23,404	34,771	51,115	44,109
Due from related parties	1,091,300	22,003	35,123	31,699
Financial assets at fair value through profit or loss	5,000	–	–	–
Pledged deposits	349	–	–	–
Restricted cash	–	–	442	280
Cash and cash equivalents	223,299	288,210	302,644	175,814
Total current assets	**1,444,820**	**441,499**	**490,723**	**395,905**
CURRENT LIABILITIES				
Trade payables	178,588	192,853	192,532	188,080
Other payables and accruals	77,426	94,510	103,106	103,814
Interest-bearing bank loans	191,500	6,250	11,250	11,250
Due to related parties	686,975	39,796	65,675	11,776
Lease liabilities	615	226	–	–
Tax payable	15,606	8,282	2,666	1,436
Contract liabilities	35,622	41,902	75,019	57,621
Total current liabilities	**1,186,332**	**383,819**	**450,248**	**373,977**
NET CURRENT ASSETS	**258,488**	**57,680**	**40,475**	**21,928**

	As at 31 December			As at 30 April
	2019	**2020**	**2021**	**2022**
	(RMB'000)			
NON-CURRENT LIABILITIES				
Interest-bearing bank loans	510,300	133,750	122,500	122,500
Lease liabilities	226	–	–	–
Deferred tax liabilities	22,016	22,702	21,311	20,335
Other liabilities	–	165,463	168,074	169,027
Total non-current liabilities	532,542	321,915	311,885	311,862
EQUITY				
Share Capital/Paid-in capital	20,000	43,662	75,000	75,000
Reserves	342,294	451,800	474,152	490,106
Equity attributable to owners of the parent	362,294	495,462	549,152	565,106
Non-controlling interests	2,559	3,323	4,375	5,789
Total equity	**364,853**	**498,785**	**553,527**	**570,895**

Our net assets increased from RMB364.9 million as of December 31, 2019 to RMB498.8 million as of December 31, 2020, primarily due to (i) total comprehensive income of RMB50.3 million in 2020; and (ii) capital injection of RMB83.6 million. Our net assets further increased to RMB553.5 million as of December 31, 2021, primarily due to RMB56.5 million of profit that we realized in 2021. Our net assets increased from RMB553.5 million as of December 31, 2021 to RMB570.9 million as of April 30, 2022, primarily due to total comprehensive income of RMB16.4 million that we realized in the four months ended April 30, 2022.

Our net current asset decreased from RMB258.5 million as of December 31, 2019 to RMB57.7 million as of December 31, 2020, primarily because we collectively settled substantial amounts due from and due to our related parties. Our net current asset decreased from RMB57.7 million as of December 31, 2020 to RMB40.5 million as of December 31, 2021, primarily due to an increase in our current liabilities as the amount due to related parties increased from RMB39.8 million as of December 31, 2020 to RMB65.7 million as of December 31, 2021. Our net current assets decreased from RMB40.5 million as of December 31, 2021 to RMB21.9 million as of April 30, 2022, primarily due to a decrease in our cash and cash equivalents from RMB302.6 million as of December 31, 2021 to RMB175.8 million as of April 30, 2022 as a result of (i) an increase in outstanding trade receivables, which was primarily attributable to (a) our collection of property management fees towards the end of each fiscal year, the seasonality of which aligns with industry practice, as confirmed by F&S; and (b) delay of balance settlement of trade receivables due to the COVID-19 pandemic; and (ii) our collective settlement of trade payables and other payables and accruals, particularly employees' annual bonuses, at the beginning of each fiscal year before lunar new year, as partially offset by decreases in (i) our due to related parties from RMB65.7 million as of December 31, 2021 to RMB11.8 million as of April 30, 2022 as a result of our repayment of an interest-free advance of RMB57.0 million from a related party on March 22, 2022; and (ii) contract liabilities from RMB75.0 million as of December 31, 2021 to RMB57.6 million as of April 30, 2022 as certain prepayments for our property management services were converted into revenue after we started to render our services. See "Financial Information—Related Party Transactions and Balances—Other transactions with related parties" for more details.

Summary of Consolidated Statements of Cash Flow

	Year ended December 31,			Four months ended April 30,	
	2019	**2020**	**2021**	**2021**	**2022**
			(RMB'000)		
				(unaudited)	
Operating cashflow before changes in working capital	70,878	77,686	89,033	29,114	34,147
– Changes in working capital	(18,907)	36,532	4,727	(30,810)	(61,621)
– Income tax paid	(6,758)	(25,362)	(23,495)	(13,313)	(9,444)
Net cash generated from/(used in) operating activities	45,213	88,856	70,265	(15,009)	(36,918)
Net cash (used in)/generated from investing activities	(303,232)	420,932	(64,388)	(26,912)	(30,202)
Net cash generated from/ (used in) financing activities	283,681	(444,877)	8,557	37,988	(59,710)
Net increase in cash and cash equivalents	25,662	64,911	14,434	(3,933)	(126,830)
Cash and cash equivalents as of the beginning of year/period	197,637	223,299	288,210	288,210	302,644
Cash and cash equivalents as of the end of the year/period	**223,299**	**288,210**	**302,644**	**284,277**	**175,814**

Our net cash generated from operating activities decreased from RMB88.9 million for 2020 to RMB70.3 million for 2021, primarily because in 2021, we provided services to certain state-owned enterprises in the Huqiu District of Suzhou, which typically need to go through a relatively lengthy auditing process before they can settle the outstanding amount of trade receivables with us. However, considering the credit history of state-owned enterprises and their unlikelihood of default, we believe there is no material recoverability issue with respect to such trade receivables.

In the four months ended April 30, 2021 and 2022, we recorded net operating cash outflows of RMB15.0 million and RMB36.9 million, respectively, primarily due to (i) the increases in trade receivables of RMB21.7 million and RMB40.2 million, respectively, which was primarily attributable to (a) our collection of property management fees towards the end of each fiscal year, the seasonality of which aligns with industry practice, as confirmed by F&S; and (b) delay of balance settlement of trade receivables due to the COVID-19 pandemic; and (ii) our collective settlement of other payables and accruals, particularly employees' annual bonuses, at the beginning of each fiscal year before lunar new year. As of the Latest Practicable Date, RMB100.2 million, or 62.6%, of our trade receivables as of April 30, 2022 (before impairment), which were all due from Independent Third Parties, had been settled. As of the Latest Practicable Date, the customers who owed the largest and second largest amount of unsettled trade receivables as of April 30, 2022 were both local government authorities. The settlement of their trade receivables as of April 30, 2022 was relatively slow, primarily because, due to the COVID-19 pandemic, the customers (i) did not include the payments for our services in their budgeting plans for 2022; and (ii) the customers had to further reschedule their payments for our services as their business operations and financial conditions were negatively impacted. Our Company has actively followed up with those two debtors and entered into a supplemental agreement with each of them, respectively, to fully settle the outstanding trade receivables. Based on the supplemental agreement with our largest debtor, we expect to collect all the trade receivables due from it as of December 31, 2021 by June 30, 2023 and the trade receivables newly incurred between January 1, 2022 and December 31, 2022 by December 31, 2023. According to the supplemental agreement, such largest debtor will also settle trade receivables to be incurred since January 1, 2023 pursuant to the original credit term of 30 days in our original agreement with it. In addition, based on the supplemental agreement with our second largest debtor, we expect to collect all the trade receivables due from it as of April 30, 2022 and those to be incurred after April 30, 2022 pursuant to our existing agreement with that customer dated September 11, 2018 by December 31, 2023. Save for the aforesaid agreement, we had no contract in force with such second largest debtor as of the Latest Practicable Date. If we enter into further transaction with such second largest debtor, we expect to collect trade receivables due from it in accordance with the original credit terms of 90 days. After making reasonable enquirers, to the best knowledge of our Directors, as of the Latest Practicable Date, we have not been involved in any litigations or disputes with either of the two customers.

Key Financial Ratios

	As of or for the period ended December 31,			As of or for the four months ended April 30,
	2019	2020	2021	2022
Gross profit margin (%)	20.3	21.1	23.0	22.5
Net profit margin (%)	10.0	11.0	12.2	11.8
Current ratio (times)(1)	1.2	1.2	1.1	1.1
Gearing ratio (%)(2)	192.4	61.2	54.5	53.0
Return on equity (%)(3)	12.4	11.0	10.6	N/A
Return on total assets (%)(4)	2.5	2.9	4.5	N/A

(1) Current ratio is calculated based on our total current assets divided by our total current liabilities as of the respective dates.

(2) Gearing ratio is calculated based on total bank borrowings and other liabilities divided by total equity as of the end of that period.

(3) Return on equity is calculated based on our profit for the year attributable to owners of our Company divided by the average balance of total equity attributable to owners of our Company as of the beginning and end of the year and multiplied by 100%.

(4) Return on total assets is calculated based on our profit for the year divided by the average balance of our total assets at the beginning and end of the year and multiplied by 100%.

In 2019 and 2020, we obtained bank borrowings of RMB365.8 million and RMB108.5 million, respectively, and advanced RMB261.3 million and RMB108.5 million, respectively, of these bank borrowings to SND Group. As of December 31, 2020, we had discontinued our participation in the arrangement of SND Group's centralized internal fund management. See "—Indebtedness and Contingent Liabilities—Bank Borrowings and Other Liabilities." Our gearing ratio decreased significantly from 192.4% as of December 31, 2019 to 61.2% as of December 31, 2020, primarily due to a significant decrease in our interest-bearing bank and other liabilities from RMB701.8 million as of December 31, 2019 to RMB305.5 million as of December 31, 2020, primarily as a result of the collective settlement of the bank borrowings that we advanced to SND Group. Our gearing ratio decreased from 61.2% as of December 31, 2020 to 54.5% as of December 31, 2021, primarily because the outstanding amount of our interest-bearing loans decreased from RMB140.0 million as of December 31, 2020 to RMB133.8 million as of December 31, 2021. See "Financial Information—Indebtedness and Contingent Liabilities—Bank Borrowings and Other Liabilities."

CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

Immediately following the [**REDACTED**] (without taking into account the exercise of the [**REDACTED**]), our Company will be (i) owned as to approximately [**REDACTED**]% by SND Company, which is in turn owned as to 90% by the People's Government of Huqiu District, Suzhou City and 10% by Department of Finance of Jiangsu Province, and (ii) owned as to approximately [**REDACTED**]% by SND Chengjian, a wholly-owned subsidiary of SND Company. Accordingly, SND Company and SND Chengjian will be our Controlling Shareholders under the Listing Rules.

As of the Latest Practicable Date, none of our Controlling Shareholders and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly with our business. To ensure that competition will not exist in the future, our Controlling Shareholders have entered into the Deed of Non-Competition in favor of our Company. See "Relationship with Controlling Shareholders—Deed of Non-Competition" for more information.

We have entered into certain transactions which will constitute continuing connected transactions under Chapter 14A of the Listing Rules after [**REDACTED**]. See "Connected Transactions" for more information.

[**REDACTED**]

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

	Based on an [REDACTED] of HK$[REDACTED] per H Share	**Based on an [REDACTED] of HK$[REDACTED] per H Share**
Market capitalization of our Shares(1)	HK$[**REDACTED**] million	HK$[**REDACTED**] million
Unaudited pro forma adjusted consolidated net tangible assets value per Share(2)	HK$[**REDACTED**]	HK$[**REDACTED**]

(1) The calculation of market capitalization is based on [**REDACTED**] H Shares and [**REDACTED**] Domestic Shares expected to be in issue immediately upon completion of the [**REDACTED**].

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

DIVIDEND POLICY

Our Company did not declare or pay any dividends during the Track Record Period.

The payment and amounts of dividends (if any) depend on our results of operations, cash flows, financial position, statutory and regulatory restrictions on the dividends to be paid by us, future prospects and other relevant factors. Save for the above and subject to applicable laws and regulations as well as our Articles of Association, we expect to pay a dividend no less than 30.0% of the profit after tax after the [**REDACTED**] each year. The declaration, payment and amount of dividends will be subject to our discretion. The proposed payment of dividends is also subject to the resolution of the shareholder meeting, and, after the [**REDACTED**], any declaration of final dividend for the period will be subject to the approval of our Shareholders. See "Financial Information—Dividend Policy and Distributable Reserves."

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$[**REDACTED**] million from the [**REDACTED**], after deducting the [**REDACTED**] and other estimated expenses payable by us in connection with the [**REDACTED**], assuming that the [**REDACTED**] is not exercised and an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the indicative [**REDACTED**] set forth on the cover page of this Document). We intend to use such net proceeds from the [**REDACTED**] for the following purposes and in the following amounts: (i) approximately [**REDACTED**]%, or approximately HK$[**REDACTED**] million, will be used to pursue selective acquisitions of other property management companies that focus on city services and property management services to commercial properties, such as industrial parks, office buildings and commercial complexes; (ii) approximately [**REDACTED**]%, or approximately HK$[**REDACTED**] million, will be used to pursue strategic investments in waste collection centers and companies that provide operational and management services to waste collection centers; (iii) approximately [**REDACTED**]%, or approximately HK$[**REDACTED**] million, will be used to expand and diversify our property management services; (iv) approximately [**REDACTED**]%, or approximately HK$[**REDACTED**] million, will be used to further develop our smart property management systems, which primarily include procuring new and upgrading existing hardware as well as software systems to improve our operational efficiency and support smart property management solutions; (v) approximately [**REDACTED**]%, or approximately HK$[**REDACTED**] million, will be used to train and retain talent by deepening our cooperation with top-tier universities in the PRC and overseas; and (vi) approximately [**REDACTED**]%, or approximately HK$[**REDACTED**] million, will be used for general business operations and working capital as we continue to expand our scope and scale of business. We will not use the net proceeds from the [**REDACTED**] for real estate development.

We expect to acquire the majority equity interest of four to five targets by spending approximately RMB[**REDACTED**] million to RMB[**REDACTED**] million on each target, and we preliminarily estimate that non-residential properties would account for all of the aggregate GFA under management of all target property management companies to be acquired or invested in by us. We also plan to invest all proceeds that are allocated to strategic investments to acquire the majority equity interest in and participate in the construction of one waste collection center. However, since we face fierce competitions from other property management companies for high quality targets, there is no assurance that our acquisitions could be completed in favorable terms that we expected, or at all. See "Risk Factors—Risks Relating to Our Business and Industry—Our future acquisitions may not be successful."

Since we will take into consideration both the number, size and valuation of our acquisition targets, we do not expect to encounter a significant discrepancy between the net proceeds that we received from the [**REDACTED**] and the aggregate acquisition costs. In the unlikely case where such discrepancy exists, we will finance the shortfall with our internal resources and other external financings.

COMPETITION

The GFA under management for, and the number of properties managed by, the Top 100 Property Management Companies has increased from 2019 to 2021, according to CIA. However, China's property management service market was significantly fragmented. In 2021, the top five companies in the industry accounted for only approximately 21.1% in terms of total revenue in the property management service market in China. We primarily compete against the Top 100 Property Management Companies, particularly those affiliated with reputable property developers in China. According to CIA, the market share of the Top 100 Property Management Companies was 52.3% in 2022 in terms of GFA under management.

According to F&S, in 2021, we were ranked first in the property management service market and the city service market in Suzhou in terms of total revenue, and also ranked fourth in the property management service market in Suzhou in terms of GFA under management. In terms of total revenue in 2021, we had a market share of 0.1% in the property management service market in the PRC, 2.3% in the property management service market in Suzhou, 0.09% in the city service market in the PRC and 4.3% in the city service market in Suzhou. In terms of GFA under management as of December 31, 2021, we had a market share of 0.02% in the property management service market in the PRC and 1.1% in the property management service market in Suzhou. See "Industry Overview—Competitive Landscape of Property Management Services Market—Ranking and Market Share in Suzhou."

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Recent Negative News Coverage on Chinese Property Developers' Operations and Financial Conditions

Recently there has been a wide news coverage on the operational and financial challenges that Chinese property developers face, including debt defaults and suspension or abandonment of projects under construction (the "Recent News Coverage"). SND Group engages in residential property development primarily through its subsidiary, SND Gaoxin Tech. As confirmed by our Directors after consulting with SND Gaoxin Tech, despite the Recent News Coverage, (i) none of SND Gaoxin Tech's projects under construction were negatively affected; and (ii) the business operations and financial conditions of neither SND Group, including SND Gaoxin Tech, nor our Company have been negatively affected. As such, our Directors are of the view that the Recent News Coverage has no material adverse impact on us.

Establishment of A Subsidiary with Nanjing Yanlord Property Management Co., Ltd. ("Nanjing Yanlord")

On March 11, 2022, we established a subsidiary with Nanjing Yanlord, a subsidiary of Yanlord Land Group Limited and an Independent Third Party. Yanlord Land Group Limited specializes in providing professional and diverse property management services, and its shares are listed on the Singapore Exchange (stock code: Z25). The subsidiary was jointly established to facilitate management of a digital industry base in Suzhou. By synthesizing our deep roots and local resources in Suzhou with Nanjing Yanlord's brand name and operational experience, we expect to further improve our property management service quality, enrich our service offering and undertake more high-end commercial and residential projects through the subsidiary. We and Nanjing Yanlord each owns 51.0% and 49.0%, respectively, of the subsidiary's equity interest. As we are the majority shareholder of the subsidiary, its financial statements, including statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows, will be consolidated with our respective financial statements.

Recent Development of Our Business Operations

Subsequent to April 30, 2022 and as of the Latest Practicable Date, we have entered into a new agreement to provide residential property management services to a high-end community developed by third-party property developer with an aggregate contracted GFA of approximately 0.5 million sq.m. In addition, we have entered into three new agreements to provide public facility management services, among which two are scenic parks developed by third-party property developers with an aggregate contracted GFA of 0.1 million sq.m. and one is a project under development within a university campus developed by SND Group with an aggregate contracted GFA of approximately 1,600 sq.m.. With respect to the three property management service agreements expired during the period between April 30, 2022 and the Latest Practicable Date, we had successfully renewed two agreements with an aggregate contracted GFA of 0.3 million sq.m.. As of the Latest Practicable Date, our total contracted GFA was approximately 8.6 million sq.m. and our GFA under management was approximately 6.9 million sq.m.

The table below sets forth movements of our contracted GFA and GFA under management for the period between April 30, 2022 and the Latest Practicable Date:

	Contracted GFA	**Number of projects contracted**	**GFA under management**	**Number of projects under management**
	(sq.m.'000)		*(sq.m.'000)*	
As of the beginning of the period	8,028	78	6,814	77*
New engagements	622	4	147	3
– SND Group and its joint ventures and/or associates	2	1	2	1
– Independent Third Parties	620	3	145	2
Terminations	57	3	57	3
– Independent Third Parties	57	3	57	3
As of the end of the period	**8,593**	**79**	**6,905**	**77**

* As of the Latest Practicable Date, a commercial project had been contracted but not yet delivered to us for our management. In addition, a public facility project had only been partially delivered to us for our management but counted as a delivered project for the purpose of calculating the number of projects under management.

As of the Latest Practicable Date, a commercial project and a residential project developed by independent third-party developers each with a GFA of 0.5 million sq.m. had been contracted but not yet delivered to us for our management. With respect to the commercial project, pursuant to its preliminary property management agreement, the average monthly commercial property management service fee that we charge for managing such project will be RMB6.3, generally aligning with the average monthly commercial property management service fees that we charged in 2019, 2020 and 2021, which was RMB7.0, RMB6.2 and RMB6.3, respectively. For more information, see "Business—Portfolio of Properties Under Management—Our Pricing Policy." With respect to the residential project, pursuant to its preliminary property management agreement, the service fees that we charge for managing such project will be 10.0% of the total amount of annual property management fees payable by our customers, which is within the 8.0% to 10.0% range of service fees that we typically charged on a commission basis during the Track Record Period. For more details, see "Business—Portfolio of Properties Under Management—Property Management Fees—Property Management Fees Charged on a Commission Basis."

In addition, a public facility project developed solely by SND Group with a total GFA of 0.8 million sq.m. is being delivered to us for our management in phases. As of the Latest Practicable Date, 0.1 million sq.m. of such project (the "Delivered Phase") had been delivered, and our Directors expect the rest of the 0.7 million sq.m. (the "Remaining Phases") to be delivered to us for our management in January 2023. The average monthly public facility management service fee that we charged for managing the Delivered Phase was RMB6.2, slightly above but generally in line with the trend of the average monthly public facility management service fees that we charged in 2019, 2020 and 2021, which was RMB3.7, RMB4.4 and RMB4.9, respectively. For more information, see "Business—Portfolio of Properties Under Management—Our Pricing Policy."

Based on (i) the fees that we charge for our public facility management and commercial property management services; (ii) our continuously optimized cost structure; and (iii) our positive outlook on the contracted but undelivered commercial project and the Remaining Phases, our Directors are of the view that both projects would be profitable and contribute to our financial conditions.

Our business remained stable after the Track Record Period. We did not experience any significant drop in revenue or a sharp increase in cost of sales and other costs subsequent to the Track Record Period. To the best of our knowledge, since April 30, 2022 (being the date on which the latest consolidated financial information of our Group was prepared) and up to the date of this document, there has been no material adverse change in our business operations, the business environment in which we operate, as well as our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects.

Recent Regulatory Development

Regulations on Cybersecurity and Data Security

On July 30, 2021, the state council promulgated the Regulations on Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which became effective on September 1, 2021. Pursuant to the Regulations on Security Protection of Critical Information Infrastructure, a critical information infrastructure refers to an important network facility or information system in important industries or fields, such as public communication and information service, energy, communications, water conservation, finance, public services, e-government affairs and national defense, which may endanger national security, people's livelihood and public interest in case of damage, malfunctioning or data leakage. In addition, competent departments and administration departments of each important industry and field (the "Protection Departments") shall be responsible for formulating rules and determining the critical information infrastructure operator in the respective important industry or field, the result of which shall be communicated to the operator and the public security department of the State Council.

Our Directors confirmed the type and nature of the data that we had gathered were primarily related to our property management services, which have relatively low national security relevancy. In addition, during the Track Record Period, the softwares and systems that we used were only for internal and business operation management, and to improve the experience of residents, and were not open to the public for registration. Therefore, the number of users of these softwares and systems was relatively small. As of the Latest Practicable Date, we possessed personal information of merely 33,402 users. As such, our PRC Legal Advisors are of the view that the Cybersecurity Regulations would not have a material adverse impact on our business operations or proposed [**REDACTED**] in Hong Kong, assuming the Cybersecurity Regulations are implemented in their current form. Subject to the details of the laws and regulations which may be further implemented by the relevant authorities in the future, having made reasonable inquiries with our Directors and our PRC Legal Advisors, the Sole Sponsor concurs with the aforesaid views of our Directors and our PRC Legal Advisors.

The Regulatory and Administration Notices

In order to promote the steady and healthy development of the real estate market and improve the service standards of property management industry, the PRC government has issued several new regulations on property management services recently, including the Notice on Continued Rectification and Standardization of the Real Estate Market Order 《關於持續整治規範房地產市場秩序的通知》 (the "Regulatory Notice"), which was promulgated to rectify and standardize the real estate market order in the fields of real estate development, property sale and purchase, housing leasing and property management services, and 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》 (the "Administration Notice"), which proposed to strengthen the administration of residential property. See "Regulatory Overview—Legal Supervision Over Property Management Services and Other Related Services" for more details.

With respect to the Regulatory Notice, as advised by our PRC Legal Advisors, the Regulatory Notice primarily refines or reiterates certain general requirements, but does not impose new compliance requirements, on the property development and property management service industries. Therefore, the Regulatory Notice is not expected to have any material adverse impact on the property management companies that operate in compliance with existing laws and regulations with relevant internal control policies in place to ensure the compliance. In addition, our Directors are of the view that the Regulatory Notice will unlikely result in any material adverse impact on either SND Group or us, on the basis that (i) to the best of our Director's knowledge after consultation with SND Group, since the promulgation of these policies and regulations and up to the Latest Practicable Date, (a) SND Group has not experienced any delay in the commencement of property development and construction; and (b) SND Group has not experienced any material financial difficulties and does not expect a material delay of its property development plans in 2022; and (ii) even if there were a material delay in the delivery of properties from SND Group to us, our Directors expect that we would still be able to generate stable revenues and cash flows from our existing GFA under management.

With respect to the Administration Notice, considering that (i) among the cities where our residential projects locate, none has promulgated mandatory requirement for the establishment of property management committees as mentioned in the Administration Notice; and (ii) the property management committee would merely perform the duty of a property owners' association prior to its establishment primarily by overseeing the quality of property management service provision, renewing property management service agreements with existing service providers or selecting new ones, and representing property owners and residents to communicate with property management service providers, based on our experience in managing projects with established property owners' associations, our Directors are of the view that we have complied with the regulatory requirements in the Administration Notice, and it is unlikely that we would incur any material extra operational burden or costs to comply with the requirement for the establishment of property management committee system. Therefore, after consulting with our PRC Legal Advisors, we do not expect the Administration Notice would have a material adverse impact on us.

Our Directors confirm that, and to the best knowledge of our Directors after consultation with SND Group, neither us nor SND Group had received any inquiry, warning or sanctions from relevant PRC government authorities regarding material non-compliance with relevant laws and regulations during the Track Record Period and up to the Latest Practicable Date. As such, our PRC Legal Advisors are of the view that the Group has complied with the requirements under the Regulatory and Administration Notices in all material aspects. Our Directors, having made due and reasonable inquiries with PRC Legal Advisors, are of the view that our property management service contracting, business operation, financial performance and prospects will not be materially and adversely impacted by the Regulatory Notice or the Administration Notice. Nothing has come to the attention of the Sole Sponsor which casts doubt on the aforesaid views of our Directors and our PRC Legal Advisors. Nevertheless, we remain susceptible to regulatory changes relating to the property development and property management industries in the PRC. See "Risk Factors—Risks Relating to Our Business and Industry—We are susceptible to changes in regulatory landscapes of the PRC property management," "Risk Factors—Risks Relating to Our Business and Industry—We are affected by the PRC government regulations on the PRC real estate industry" and "Business—Recent Regulatory Development—The Regulatory and Administration Notices."

The Individual Housing Loan Notice

On December 28, 2020, the PBOC and the China Banking and Insurance Regulatory Commission (the "CBIRC") jointly issued the Notice of Establishing the Management System for Concentration of Real Estate Loans by 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》(the "Individual Housing Loan Notice") to guide residents' rational purchase or investment in real properties, strengthen financial institutions' stability against fluctuations in the real estate market and optimize credit structure. Based on certain factors, including the asset size and institution type of banking entities, the PBOC and the CBIRC formulated differentiated individual housing loan concentration management requirements 《房地產貸款集中度管理要求》 (the "Concentration Requirements"), which set a cap on the proportion of the individual housing loan that a bank could lend as a percentage of the bank's total lending.

The Individual Housing Loan Notice does not raise the interest rates of individual housing loans, but merely limits the concentration of individual housing loans for various commercial banks, which is a control measure adopted by the PRC government to curb the overheated real estate market and foster the sustainable and healthy development of the real estate market. Based on the consideration that for contracted but undelivered properties, even if delivery is halted due to the individual housing loans, the property developers are still bound by the preliminary property management service agreements to pay us property management service fees, it is likely that the Individual Housing Loan Notice would affect the transaction volume of properties developed by SND Group only in the short term, and would not affect the development plan or construction activities of SND Group in the long term, and in turn, the property management projects from SND Group. To the best knowledge of our Directors after consultation with SND Group, SND Group completed and delivered four, five and four residential projects in 2019, 2020 and 2021, respectively, signaling that it had not experienced any material delay of delivery and pre-sale activities of residential property projects under development since the promulgation of the regulation and up to the Latest Practicable Date, which would have a material adverse impact on our business operations or financial performance. Moreover, after consulting with our PRC Legal Advisors, considering that (i) the Individual Housing Loan Notice does not raise the interest rates of individual housing loans; and (ii) the residential projects under our management, whether they are in the preliminary stage or have established property owners' associations, are bound by the property management service agreements, our directors believe that the Individual Housing Loan Notice would not have a material effect on our existing residential portfolio. As such, our Directors are of the view that the Individual Housing Loan Notice has no direct or indirect material adverse impact on SND Group or us, and nothing has come to the attention of the Sole Sponsor which casts doubt on the views of our Directors as expressed above. See "Business—Recent Regulatory Development—The Individual Housing Loan Notice."

The "Three Red Lines" Policy

According to the State Council Policy Briefing held by the State Council Information Office on September 14, 2020, based on the policy that "housing is primarily for residential instead of speculative purpose" (the "Policy Positioning") stated in 19th National Congress of the Communist Party of China, the MOHURD, together with the PBOC, formulated the Fund Monitoring and Financing Management Rules for Key Real Estate Companies 《重點房地產企業的資金監測和融資管理規則》(the "Three Red Lines" policy) with the intention to control the scale of interest-bearing debts of major property developers in China and facilitate the sustainable development of China's real estate industry. On September 29, 2021, at the Real Estate Finance Symposium jointly held by them, the PBOC and the CBIRC reiterated the Policy Positioning and emphasized on the importance of protecting the legitimate rights and interests of residential property buyers.

As confirmed by SND Group, it engages in residential property development primarily through its subsidiary, SND Gaoxin Tech, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600736.SH). Neither SND Company nor SND Group as a whole positions itself as a property developer or focuses its business operations primarily on property development.

As of December 31, 2021, SND Gaoxin Tech recorded a gearing ratio (excluding advance from customers) of 69.96%; a net gearing ratio of 116.86%; and a cash over short-term interest-bearing loans ratio of 1.73, according to SND Gaoxin Tech's annual report in 2021 dated April 26, 2022. As a result, in the event that the "Three Red Lines" policy comes into effect, SND Gaoxin Tech may fail to comply with the limit on net gearing ratio, and the SND Gaoxin Tech's annual increase in interest-bearing liabilities, would be subject to a 10% cap and its ability to obtain additional financing may be affected in the following year per the "Three Red Lines" policy. See "Business—Recent Regulatory Development––The 'Three Red Lines' Policy" for details.

However, based on our Directors' consultation with SND Gaoxin Tech and to their best knowledge, considering that: (i) as of the Latest Practicable Date, (a) SND Gaoxin Tech had not been required by the competent authorities to submit its financial statements on a regular basis to ensure its compliance with the requirements set forth in the "Three Red Lines" policy; (b) none of the controlling shareholders, directors, senior management or their respective close associates of SND Gaoxin Tech had attended any briefing held by the MOHURD, the PBOC, the CBIRC or other competent regulatory authorities that aim to regulate the financing activities of major real estate companies, or had been subject to any investigation relating to the "Three Red Lines" policy; and (c) SND Gaoxin Tech's ability to obtain external financing had not been materially adversely affected since the "Three Red Lines" policy was proposed given that SND Gaoxin Tech's growth rate of interest-bearing bank and other borrowings was over 15% in 2021; (ii) SND Gaoxin Tech has been closely monitoring its financial ratios and striving to balance its growing land bank with the necessary financing to meet its business needs and maintain the financial ratios at a level that complies with the requirements set forth in the "Three Red Lines" policy; and (iii) to our Directors' best knowledge, SND Gaoxin Tech has taken actions to improve its financial conditions and optimize its financial ratio with a goal to lower its net gearing ratio. The Directors are of the view, and the Sole Sponsor concurs that, the 10% cap has not, and is not expected to have any material and long-term impact on the business operation and financial performance of SND Gaoxin Tech or of our Group. In addition, as confirmed by our Directors after consulting with SND Gaoxin Tech, SND Gaoxin Tech has no financial difficulties during the Track Record Period and up to the Latest Practicable Date. Also, we derive a considerable portion of revenue from our existing projects under our management, and continue to procure new property management projects from various sources, such as property owners' associations, government authorities and manufacturing plants instead of relying solely on new property projects from SND Gaoxin Tech. As such, our Directors are of the view that our cooperation with SND Group, including SND Gaoxin Tech, business operations and financial conditions will not be materially and adversely affected by the proposed "Three Red Lines" policy. Subject to the details of the laws and regulations which may be further implemented by the relevant authorities in the future, having made reasonable inquiries with our Directors and based on public search records, nothing came to the attention of the Sole Sponsor which reveals a material delay of delivery of property projects by Gaoxin Tech or which casts doubt on the liquidity of the Group, SND Company or SND Gaoxin Tech as of the Latest Practicable Date or the aforesaid Directors' view.

The PRC 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 《全國人民代表大會常務委員會關於授權國務院在部分地區開展房地產稅改革試點工作的決定》 (the "Decision"), authorizing the State Council to carry out a pilot program of real estate tax reform in certain areas. According to the Decision, the real estate tax pilot program shall last five years from the date when the measures for the pilot program are officially issued by the State Council. As advised by our PRC Legal Advisors, the real estate tax will be imposed on the holders of land use rights or owners of the real estate, but not property management service providers like us. As of the date of this Document, it is unclear 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. Our Directors are of the view that there is no material adverse impact on SND Group's or our business operations or financial performance. Taking into account the above, and after discussions with our Directors and our PRC Legal Advisors, nothing has come to the Sole Sponsor's attention which casts doubt to the aforesaid view of our Directors. See "Business—Recent Regulatory Development—The PRC Real Estate Tax Reform."

The Interim Measures Governing Rental Charges

On March 13, 2020, the Suzhou High-tech Zone (Huqiu District) Party and Government Office published the Interim Measures for the Administration of Asset Leasing of State-owned Enterprises under the Suzhou High-tech Zone (《蘇州高新區直屬國有企業資產出租管理暫行辦法》) (the "Interim Measures"). Pursuant to the Interim Measures, when determining rental charges, property management companies shall make reference to the minimum rental charges of different types of properties in the relevant building as evaluated by third-party appraisers.

According to the property rental details and our relevant rental contracts, and as confirmed by our Directors, since the Interim Measures came into effect and up to the Latest Practicable Date, there was no circumstance that the rental charges of our leased properties were below the evaluated rental charges of such types of properties stated in the valuation reports in accordance with the Interim Measures. Meanwhile, as confirmed by our Directors, during the Track Record Period, we were not investigated, enquired, fined or imposed other penalties by competent authorities related to pricing restrictions under the Interim Measures. See "Business—Recent Regulatory Development—The Interim Measures Governing Rental Charges" for more details. As such, our Directors are of the view that our rental changes in respect of our property leasing business is in full compliance with the pricing restrictions under the Interim Measures. Having compared the rental charges of our Group and the market valuation reports and consulted with the PRC Legal Advisors, the Sole Sponsor concurs with the aforesaid view of the Directors.

After consulting with SND Group, our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, neither SND Group (including SND Gaoxin Tech) nor us were in material violation of or subject to investigations relating to the regulations and requirements as set forth in (i) the Regulatory and Administrative Notices; (ii) the Individual Housing Loan Notice; and (iii) the "Three Red Line" policy although SND Gaoxin Tech would have crossed one red line had the "Three Red Lines" policy been implemented in its current form as detailed above.

PRC Laws and Regulations Relating to Overseas Listing

On December 24, 2021, the CSRC issued the Provisions of the State Council on Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (《國務院關於境內企業境外發行證券和上市的管理規定(草案徵求意見稿)》) (the "Administration Provisions"), and the Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (《境內企業境外發行證券和上市備案管理辦法(徵求意見稿)》) (the "Filing Measures", and collectively with the Administration Provisions, the "Draft Regulations on Listing"). Under the Draft Regulations on Listing, a Chinese company's securities offering and listing in an overseas market, direct or indirect, shall be filed with the CSRC. However, as of the Latest Practicable Date, neither the Administration Provisions nor the Filing Measures has been formally adopted.

We have submitted an application to the CSRC for the [**REDACTED**] of H-shares on May 31, 2021, and obtained the Form of Acceptance of Application for Administrative Licensing from the CSRC (211343) (the "Form of Acceptance") on June 4, 2021. Upon receipt of the Form of Acceptance, we submitted a [**REDACTED**] application to the Exchange on August 30, 2021. On August 26, 2021, the CSRC issued the Official Reply on the Approval of Suxin Joyful Life Services Co., Ltd. to Issue Overseas Listed Foreign Capital Shares (Permission [2021] No. 2796) (the "Official Reply on Overseas Listing"), granting us permission to issue overseas [**REDACTED**] foreign capital shares and to [**REDACTED**] such shares on the Exchange.

Accordingly, based on the principle of "non-retroactivity" and considering that the CSRC has been aware of and approved our application for the [**REDACTED**] and [**REDACTED**], as advised by our PRC Legal Advisors, we do not foresee any impediments in complying with the Draft Regulations on Listing in all material respects, assuming the Draft Regulations on Listing are implemented in its current form. For more information, see "Regulatory Overview—Regulations Relating to Foreign Exchange—PRC Laws and Regulations Relating to Overseas Listing."

COVID-19 PANDEMIC

An outbreak of respiratory illness caused by a novel coronavirus, namely COVID-19, was reported in December 2019 and continues to expand globally. As of the Latest Practicable Date, the COVID-19 pandemic is far from over, especially with the emergence of new variants such as the Delta and omicron variants. Multiple provinces in China continue to suffer the impact of renewed lockdowns and other restrictive measures imposed by local governments in light of further waves of infections, and business activities remain subject to interruption and uncertainties. The outbreak of the COVID-19 pandemic and the spread of its variants are likely to have an adverse impact on the livelihood of people around the world and on the global economy. Given the uncertainties as to the development of the COVID-19 pandemic at the moment, it is difficult to predict how long these conditions will persist and the extent to which we may be affected. However, according to F&S report, while the COVID-19 pandemic increased property management service providers' short-term operational costs and additional allowances that property management services providers had to compensate their employees and subcontractors, it may also promote property management service providers to pay more attention to high-quality, safe and healthy services, which will further improve the service standards in China's property management service market and gain great brand reputation for themselves. Moreover, in response to the outbreak of COVID-19, public facilities which have high visitor flows demand cleaning and security services with higher standards. As professional city service providers could assist local governments in controlling the spread of the pandemic, local governments have growing awareness of the importance of property management service providers. As such, property management service providers are expected to have more opportunities to participate in city service market. In addition, more small and medium-sized service providers are seeking to be merged and acquired under the crisis of COVID-19, which will further promote the integration and development of the property management service market in China, according to F&S. See "Industry Overview."

In response to the COVID-19 outbreak, we have implemented a contingency plan and have adopted enhanced hygiene and precautionary measures across our office premises and managed properties. From January 2020 and up to the Latest Practicable Date, we incurred an aggregate cost of approximately RMB2.2 million for the purchasing of protective masks and other medical and cleaning supplies. However, our Directors believe that the additional costs associated with the enhanced hygiene and precautionary measures, after taking into account the medical and cleaning supplies distributed by local governments, and relevant favorable regulatory policies such as reduction in payment of social insurance contributions, would have no significant adverse impact on our business operations and financial position.

Due to the COVID-19 pandemic and its variants, certain of our customers' business operations and financial conditions were negatively impacted, and rescheduled their payments for the services that we rendered. For instance, we entered into a supplemental agreement with the Suzhou High-tech Zone (Huqiu District) Urban Maintenance Management Office (Administrative Law Enforcement Bureau), our largest debtor as of April 30, 2022, to allow full settlement of the outstanding trade receivables due from it for our waste collection center services as of December 31, 2021 by June 30, 2023 and those amounts newly incurred between January 1, 2022 and April 30, 2022 by December 31, 2023, which collectively amounted to RMB55.8 million and accounted for 34.8% of our total trade receivables before taking into account allowance of impairment as of the same date. According to the supplemental agreement, the customer will also settle all of the trade receivables to be incurred between April 30, 2022 and December 31, 2022 by December 31, 2023, and will settle those to be incurred since January 1, 2023 pursuant to the original credit term of 30 days in our original agreement with it. We have also entered into an agreement with another local government authority to fully settle trade receivables due from it as of April 30, 2022, which amounted to RMB5.3 million, and those trade receivables to be incurred after April 30, 2022 pursuant to our existing agreement with the customer dated September 11, 2018, by December 31, 2023. Save for the aforesaid agreement, we had no contract in force with this local government authority as of the Latest Practicable Date. If we enter into further transaction with such local government authority, we expect to collect trade receivables due from it in accordance with the original credit terms of 90 days. See "Financial Information—Selected Items of the Consolidated Statements of Financial Position—Trade Receivables." However, since the outbreak of COVID-19 and up to the Latest Practicable Date, we had not encountered any material disruption to the services provided by our subcontractors and utilities service providers and the supply of materials from our suppliers. In view of the nature of our business, our Directors do not expect that our Group will encounter any material disruptions of our supply chain given that we do not rely on any particular service subcontractors or material suppliers and there are many other readily available subcontractors and suppliers in the market as back-up. Despite the outbreak of COVID-19 in the PRC, based on the above-mentioned operating and financial performance since the outbreak of COVID-19 and considering the supportive policies and financial subsidies from relevant local governments, our Directors confirm that the outbreak does not have material adverse effect on our Group's continuing business operation and sustainability. However, we are still subject to risks and uncertainties due to the COVID-19 pandemic. See "Risk Factors—Risks Relating to Our Business and Industry—Risks relating to natural disasters, pandemics, epidemics, acts of terrorism or war in the PRC and globally may materially and adversely affect our business. In particular, the recent outbreak of COVID-19 could materially and adversely affect our results of operations and financial condition" and "Business—Effects of the COVID-19 Pandemic" for more details.

No Material Adverse Change

Since December 31, 2021 and up to the Latest Practicable Date, our business model remained stable which was in line with the past trends and our expectations. After due and careful consideration, save for the aforesaid effects of the COVID-19 outbreaks, our Directors confirmed that, since December 31, 2021 and up to the date of this document, there has been no material adverse change in our business operations, the business environment in which we operate, as well as financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects.

[**REDACTED**] EXPENSES

The total [**REDACTED**] expenses for the [**REDACTED**] of H Shares are estimated to be approximately HK$[**REDACTED**] million (including [**REDACTED**] commissions of approximately HK$[**REDACTED**] million, and non-[**REDACTED**]-related expenses of approximately HK$[**REDACTED**] million which consist of fees and expenses for legal advisors and accountants of approximately HK$[**REDACTED**] million and other fees and expenses of approximately HK$[**REDACTED**] million), representing approximately [**REDACTED**]% of the gross proceeds from the [**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] and assuming no [**REDACTED**] will be exercised), of which (i) approximately HK$[**REDACTED**] million is directly attributable to the issuance of H Shares and will be deducted from our total equity upon the [**REDACTED**] of which approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) was charged to other receivables as of April 30, 2022, (ii) approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) was charged to our consolidated statements of profit or loss and other comprehensive income for the period ended December 31, 2021; (iii) approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) was charged to our consolidated statements of profit or loss and other comprehensive income for the four months ended April 30, 2022; and (iv) approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) will be charged to our consolidated statements of profit or loss and other comprehensive income for the eight months ending December 31, 2022. The [**REDACTED**] expenses above are the latest practicable estimates and are provided for reference only and actual amounts may differ. Our Directors do not expect such expenses to have a material adverse impact on our financial results for the eight months ending December 31, 2022. See "Financial Information—[**REDACTED**] Expenses."

PROPERTY INTERESTS AND PROPERTY VALUATION

Cushman & Wakefield has valued our property interests as of June 30, 2022 and is of the opinion that the aggregate value of the property in which we had an interest as of such date was RMB731.9 million. The full text of the letter and summary disclosure of property valuation with regard to our property interests are set out in "Appendix III—Property Valuation Report" to this document.

RISK FACTORS

Our operations involve certain risks, some of which are beyond our control. These risks can be broadly categorized into: (i) risks relating to our business and industry; (ii) risks relating to doing business in China; and (iii) risks relating to the [**REDACTED**]. Some of the risks generally associated with our business and industry include the following: (i) a significant portion of our operations are concentrated in the Yangtze River Delta Region, and we are susceptible to any adverse development in government policies or business environment in this region; (ii) our future acquisitions may not be successful as our peers listed on the Exchange are also looking for property management targets in the PRC; (iii) increase in labor costs and sub-contracting costs could adversely impact our business and reduce our profitability; (iv) we operate a highly competitive business and may not compete successfully against existing and new competitors; (v) our future growth may not materialize as planned; (vi) we may fail to secure new or renew our existing property management service agreements or municipal service agreements on favorable terms, or at all; (vii) during the Track Record Period, we derived a meaningful portion of our revenue from properties developed by SND Group, its joint ventures and/or associates, and any financial difficulties faced by them may have material adverse impact on our business, financial condition, results of operation and prospects; and (viii) we are susceptible to changes in the regulatory landscape of the PRC property management industry. We may be subject to losses if we fail to estimate or control our costs in performing our property management services.

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 this document deciding whether to invest in our Shares.

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

"Accountants' Report"	the accountants' report from the Reporting Accountants, the text of which is set out in Appendices I to this document
"Articles of Association" or "Articles"	the amended and restated articles of association of our Company conditionally adopted on May 25, 2021 which will come into effect upon [**REDACTED**], as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix VI to this document
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors
"Business Day" or "business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual joint individuals or a corporation
"CCASS Operational Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operation and functions of CCASS as from time to time in force

"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China" or "PRC"	the People's Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires, references in this document to"China" and the "PRC" do not include Hong Kong, the Macau Special Administrative Region and Taiwan
"CIA"	China Index Academy
"close associate(s)"	has the meaning ascribed to it under the Listing Rules

[**REDACTED**]

"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Suxin Joyful Life Services Co., Ltd. (蘇新美好生活服務股份有限公司) (formerly known as Suzhou Xingang Property Service Co., Ltd.* (蘇州新港物業服務有限公司)), a company established in the PRC as an enterprise owned by the whole people (全民所有制企業) on April 12, 1994, converted into a company with limited liability on March 25, 2004 and then converted into a joint stock company with limited liability on April 23, 2021
"Company Law" or "PRC Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented and otherwise modified from time to time
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules, and unless the context requires otherwise, refers to SND Company and SND Chengjian
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules

"COVID-19"	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus
"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 PRC national securities markets
"Deed of Indemnity"	the deed of indemnity dated [●], 2022 and executed by our Controlling Shareholders in favor of our Company (for ourselves and as trustee for our subsidiaries), details of which are set out in "Statutory and General Information—D. Other information—2. Tax and other indemnities" in Appendix VII to this document
"Deed of Non-competition"	the deed of non-competition dated [●], 2022 and executed by our Controlling Shareholders in favor of our Company, details of which are set out in "Relationship with Controlling Shareholders—Deed of Non-competition" in this document
"Director(s)" or "our Directors"	the director(s) of our Company
"Domestic Shares"	ordinary shares in our capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"EIT"	the PRC enterprise income tax
"EIT Law"	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the Government of Hong Kong
"FRC"	the Financial Reporting Council of Hong Kong
"F&S" or "Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., our industry consultant and an Independent Third Party
"F&S Report" or "Frost & Sullivan Report"	an independent market research report prepared by F&S, which was commissioned by our Company for the purpose of this document
"Gaoxin Leju"	Suzhou Gaoxin Leju Management Service Co., Ltd.* (蘇州高新樂居管理服務有限公司), a company established in the PRC with limited liability on April 1, 2021 and a direct wholly-owned subsidiary of our Company

"Gaoxin Water"	Suzhou Gaoxin Water Supply Co., Ltd.* (蘇州高新區自來水有限公司) (formerly known as Suzhou New District Water Supply Construction Development Management Company (蘇州新區自來水建設發展管理公司), a company established in the PRC and a non-wholly subsidiary of SND Company

[**REDACTED**]

"Group", "our Group", "our", "we" or "us"	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
"H Share(s)"	overseas [**REDACTED**] foreign shares in the share capital of our Company with a nominal value of RMB1.00 each, to be subscribed for and traded in Hong Kong dollars and [**REDACTED**] on the Stock Exchange

[**REDACTED**]

"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong

[**REDACTED**]

DEFINITIONS

[**REDACTED**]

"IAS"	International Accounting Standards
"IFRS"	International Financial Reporting Standards
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not connected with our Company or our connected persons as defined under the Listing Rules

[**REDACTED**]

[**REDACTED**]

"Keshang Property Service"	Suzhou Keshang Property Service Co., Ltd.* (蘇州科尚物業服務有限公司), a company established in the PRC with limited liability on December 31, 2014 and a non-wholly owned subsidiary of our Company which is owned as to 80% by our Company and 20% by Suzhou Science and Technology City Development Group Co., Ltd.* (蘇州科技城發展集團有限公司), which is ultimately wholly owned by the People's Government of Huqiu District, Suzhou City and an Independent Third Party (other than being a substantial shareholder of Keshang Property Service)
"Kejin Property Service"	Suzhou Kejin Property Service Co., Ltd* (蘇州科錦物業服務有限公司), a company established in the PRC with limited liability on March 19, 2010 and a direct wholly-owned subsidiary of our Company upon completion of the Reorganization
"Ketian Property Service"	Tongren Ketian Property Service Co., Ltd.* (銅仁科恬物業服務有限公司), a company established in the PRC with limited liability on March 29, 2021 and a direct wholly-owned subsidiary of our Company
"Latest Practicable Date"	July 26, 2022, being the latest practicable date for the purpose of ascertaining certain information in this document prior to its publication

[**REDACTED**]

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with GEM of the Stock Exchange
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"MOHURD" or "Ministry of Construction"	the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) or its predecessor, the Ministry of Construction of the PRC (中華人民共和國建設部)
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)

[**REDACTED**]

[**REDACTED**]

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and organizations of such government or, as the context requires, any of them
"PRC Legal Advisors"	Commerce & Finance Law Offices, the legal advisors to our Company as to PRC law in connection with the [**REDACTED**]

[**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
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of the Board
"Renminbi" or "RMB"	the lawful currency of the PRC

DEFINITIONS

"Reorganization"	the reorganization of our Group in preparation of the [**REDACTED**], details of which are set out in "History, Reorganization and Corporate Structure—Reorganization" in this document
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAIC"	the State Administration for Industry and Commerce of the PRC (中國國家工商行政管理總局), which was consolidated into the SAMR in March 2018, including, as the context may require, its local counterparts
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局) or its predecessor the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"SCNPC"	the Standing Committee of the National People's Congress (全國人民代表大會常務委員會)
"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)"	shares in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our Domestic Shares and our H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"SND Chengjian"	Sugaoxin Chengjian Development (Suzhou) Co., Ltd. * (蘇高新城建發展(蘇州)有限公司), a company established in the PRC with limited liability on September 29, 2017 and one of our Controlling Shareholders
"SND Company"	Suzhou Sugaoxin Group Co., Ltd. * (蘇州蘇高新集團有限公司), a wholly state-owned company established in the PRC with limited liability on February 8, 1988 and one of our Controlling Shareholders

"SND Gaoxin Tech"	SND Gaoxin Tech Industry Co., Ltd.* (蘇州新區高新技術產業股份有限公司), an A-share company listed on the Shanghai Stock Exchange (stock code: 600736) which is owned as to approximately 43.79% by SND Company, one of our Controlling shareholders
"SND Group"	SND Company and its subsidiaries, excluding our Group

[**REDACTED**]

"Sole Sponsor"	BOCOM International (Asia) Limited, a licensed corporation under the SFO permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities (as defined under the SFO)
"Suzhou Gaoxin District" or "Gaoxin District"	covers the same geographic area as Huqiu District, Suzhou City. Gaoxin District is a concept in politics, whereas Huqiu District is a concept in administrative jurisdiction
"Special Regulations"	Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定), promulgated by the State Council on August 4, 1994
"STA"	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	Supervisor(s) of our Company
"Suzhou Golden Lion"	Suzhou Golden Lion Building Development Management Co., Ltd.* (蘇州金獅大廈發展管理有限公司), a company established in the PRC with limited liability on October 28, 1992 and a direct wholly-owned subsidiary of our Company upon completion of the Reorganization

"Suzhou Jinhesheng"	Suzhou Jinhesheng Holding Co., Ltd* (蘇州金合盛控股有限公司), a company established in the PRC with limited liability on November 20, 2018 and owned as to 65% by SND Company, a connected person of our Company, and 35% by Suzhou Gaoxin State-owned Asset Management Group Co. Ltd.* (蘇州高新國有資產經營管理集團有限公司) which is in turn wholly owned by the People's Government of Huqiu District, Suzhou City (蘇州市虎丘區人民政府)
"Suzhou Kexin"	Suzhou Kexin Property Service Co., Ltd. (蘇州科新物業服務有限公司), a company established in the PRC with limited liability on April 29, 2022 and a direct wholly-owned subsidiary of our Company
"Suzhou Xinyi"	Suzhou Xinyi Environmental Protection Technology Co., Ltd.* (蘇州新易環保科技有限公司), a company established in the PRC with limited liability on December 20, 2021 and a direct non-wholly owned subsidiary of our Company
"Suzhou Yanlord"	Suzhou Suxin Yanlord Property Service Co., Ltd. (蘇州蘇新仁恒物業服務有限公司), a company established in the PRC with limited liability on March 11, 2022 and a direct non-wholly owned subsidiary of our Company
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the period comprising the year ended December 31, 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022
"U.S. Government"	the federal government of the United States, including its executive, legislative and judicial branches
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder

[**REDACTED**]

"United States", "USA" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$", "USD" or "$"	U.S. dollars, the lawful currency of the United States
"VAT"	the PRC value-added tax

[REDACTED]

"Xingang Municipal Greening"	Suzhou Xingang Municipal Greening Service Co., Ltd.* (蘇州新港市政綠化服務有限公司), a company established in the PRC with limited liability on April 13, 2011 and a direct wholly-owned subsidiary of our Company

Unless the content otherwise requires, references to "2019", "2020" and "2021" in this document refers to our financial year ended December 31 of such year.

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

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

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

"average property management fee(s)"	relating to our public facility management services and basic property management services provided to commercial properties and residential communities, and calculated as the tax-inclusive revenue from property management services during a specific period, divided by the total GFA under management during the same period and adjusted by (a) the average proportion of our GFA under management to revenue-bearing GFA during the Track Record Period, and/or (b) the actual number of months under management for each property
"bulky waste"	for purpose of this document and pursuant to the Suzhou Bulky Waste Management Measures (《蘇州市大件垃圾管理辦法》), waste generated in daily life with (i) weight that exceeds five kilograms; (ii) volume that exceeds 0.2 cubic meters; or (iii) length that exceeds one meter, and that needs to be dismantled before disposal, such as tables, chairs, wardrobes, and bookcases
"CAGR"	compound annual growth rate
"commercial property(ies)"	for purposes of this document, property(ies) designated for commercial and industrial use
"commission basis"	a revenue-generating modal whereby we collect a percentage of the total amount of property management fees that our customers pay on a monthly basis
"communal/common area(s)"	shared areas in residential properties such as lobbies, hallways, stairways, car parks, elevators and gardens, among other things

"contracted GFA"	relating to our public facility management services and basic property management services provided to commercial properties and residential communities, and representing GFA managed or to be managed by our Group under our operating property management service agreements, including both GFA under management and undelivered GFA
"CQC"	China Quality Certification Center
"GB/T"	Chinese national standards issued by the Standardization Administration of China
"GDP"	gross domestic product
"GFA"	gross floor area
"GFA under management"	GFA of properties that have been delivered, by property developers, to us, for which we are already collecting property management fees in relation to contractual obligations to provide our public facility management services or basic property management services for commercial properties or residential communities
"IoT"	a network of physical devices, vehicles, buildings and other items embedded with electronics, software, sensors and network connectivity that enable these items to collect and exchange data
"ISO"	The International Organization of Standardization, worldwide federation of rational standard system
"lump-sum basis"	a revenue-generating model for our property management business line whereby we charge a pre-determined property management fee per sq.m. for all units (whether sold or unsold) on a monthly basis which represents the "all-inclusive" fees for all of the property management services provided by our employees and subcontractors. Property developers, property owners and residents will be responsible for paying our property management fees for the sold and unsold units respectively on a monthly basis

"OHSAS" — Occupational Health and Safety Assessment Series, an international standard for occupational health and safety management systems

"overall strength" — China Index Academy ranks the overall strength of the property management companies by evaluating the following aspects:

- property management scale, taking into account total assets, number of properties under management, GFA under management and number of cities where the company operates;
- operational performance, taking into account the total revenue, net profit, revenue per employee and operating costs as a percentage to total revenue;
- service quality, taking into account customer satisfaction rate, property management fee collection rate, property management contract renewal rate and number of star-level communities;
- growth potential, taking into account revenue growth, growth of GFA under management, contracted GFA of reserved projects and number and composition of employees; and
- social responsibility, taking into account the amount of tax paid, number of job opportunities created, total GFA under management of affordable housing and amount of enterprise donation

"renewal rate" — the total number of (i) newly engaged contracts, (ii) successfully renewed contracts, and (iii) expired contracts to which we continue to provide property management services contracts during the period, divided by the total number of (i) newly engaged contracts, (ii) successfully renewed contracts, (iii) expired contracts to which we continue to provide property management services and (iv) properties we ceased to manage during the same period

"residential communities" or "residential property(ies)"	properties which are purely residential or mixed-use properties containing residential units and ancillary facilities that are non-residential in nature such as commercial or office units but excluding pure commercial properties
"retention rate"	the number of projects under management as of the end of the period minus the number of projects we ceased to manage during the same period divided by the number of projects under our management as of the end of the period
"sq.m."	square meter(s)
"Top 100 Property Management Companies"	an annual ranking of China-based property management companies by overall strength published by China Index Academy solely or jointly with other institution(s) based on a number of key indicators, including management scale, operational performance, service quality, growth potential and social responsibility of such companies in the preceding year, which comprised 100, 100, 210, 200, 200, 220, 244 and 264 companies, respectively, for rankings published in 2014, 2015, 2016, 2017, 2018, 2019, 2020 and 2021. The number of companies for each of 2016, 2017, 2018, 2019 and 2020 exceeded 100 as multiple companies with the same or very close scores were assigned the same ranking
"undelivered GFA"	the total GFA of properties which have not be delivered to us for management and we have not begun collecting property management fees in relation to contractual obligations to provide property management services
"Yangtze River Delta Region"	a geographical region in China including Shanghai Municipality, Zhejiang Province and Jiangsu Province for purposes of this Document
"%"	per cent

FORWARD-LOOKING STATEMENTS

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

This document contains certain forward-looking statements and information relating to our Company and our 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 our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

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

- the actions and developments of our competitors; and
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices in the industry and markets in which we operate;
- certain statements in "Financial Information" with respect to trends in prices, volumes, operations, margins, overall market trends, risk management and exchange rates; and
- other statements in this 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. You should not place undue reliance on these forward-looking statements.

We do not guarantee that the transactions and events described in the forward-looking statements in this 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 H 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 H Shares. If any of the circumstances or events described below actually arises or occurs, our business, financial position, results of operations, and prospects would likely suffer. In any such case, the market price of our H Shares could decline, and you may lose all or part of your investment. You should also pay particular attention to the fact that we are a PRC company and are governed by a legal and regulatory system which may differ from those prevailing in other countries. For more information concerning the PRC legal and regulatory system and certain related matters discussed below, please refer to "Regulatory Overview" and "Appendix V—Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions" 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 doing business in China; 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 significant portion of our operations are concentrated in the Yangtze River Delta Region, and we are susceptible to any adverse development in government policies or business environment in this region.

A significant portion of our operations are concentrated in the Yangtze River Delta Region. As of December 31, 2019, 2020 and 2021 and April 30, 2022, our GFA under management of approximately 6.4 million sq.m., 7.0 million sq.m., 6.7 million sq.m. and 6.8 million sq.m., respectively, was from the Yangtze River Delta Region, which accounted for approximately 99.6 %, 99.6%, 99.6% and 99.6%, respectively, of our total GFA under management as of such dates. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, we derived RMB435.9 million, RMB436.1 million, RMB461.2 million, RMB151.5 million and RMB160.5 million, respectively, or 100.0%, 99.8%, 99.8%, 99.3% and 99.4% respectively, of our total revenue from services provided to properties in the Yangtze River Delta Region. Due to such concentration, any adverse development in government policies or business environment in the area will materially and adversely affect our business, financial position and results of operations.

Our operations rely heavily on the following development factors in the Yangtze River Delta Region, most of which are beyond our control:

- changes in the economic condition, the level of economic activities and the pace of urban development;
- the future regional development prospects;
- changes in government regulations and policies regarding the property management industry and real estate development industry; and
- our ability to compete with other property management companies operating in the region.

In addition, we have entered into various city service agreements with local governments in Suzhou to offer our various city services. Any adverse changes in our cooperation relationship with the local government may negatively affect our ability to renew these service agreements or expand our municipal service business operations. Factors that could affect such relationship include (i) governments' plan and budget in engaging city service providers; (ii) the satisfaction with our services; and (iii) potential changes in laws, regulations and policies that could hinder the local governments' ability or willingness to enter into municipal service agreements with us.

Certain portion of our revenue during the Track Record Period was generated from services we provided to properties developed by SND Group, its joint ventures and/or associates.

During the Track Record Period, we derived a meaningful portion of our revenue from properties developed by SND Group, its joint ventures and/or associates. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, our revenue derived from properties developed by SND Group and its associates amounted to RMB203.2 million, RMB197.3 million, RMB198.6 million, RMB65.5 million and RMB60.5 million, respectively, accounting for 46.6%, 45.2%, 42.9%, 43.0% and 37.5% of our total revenue, respectively. As of April 30, 2022, 41 properties under our management was developed by SND Group, its joint ventures and/or associates with a total GFA of 4.2 million sq.m., representing 61.6% of our total GFA under management.

As we do not have control over the business strategies of SND Group, its joint ventures or its associates, or the macroeconomic or other factors that may affect their business operations, any adverse development in the operations of SND Group, its joint ventures or its associates, or their ability to develop new projects may affect our ability to procure new service agreements, and any financial difficulties faced by SND Group, its joint ventures or its associates may have material adverse impact on our business, financial condition, results of operation and prospects. For example, recent negative news relating to certain Chinese property companies have had a significant effect on the property sector in China. Such developments may have an adverse impact on property sales in China and the ability of Chinese property companies to obtain financing, including SND Group, its joint ventures and/or associates.

We are susceptible to changes in the regulatory landscape of the PRC property management industry.

We seek to comply with the regulatory regime of the property management service industry in conducting our business operations. In particular, the PRC Government promulgates new laws and regulations relating to property management fees from time to time. In December 2014, the NDRC issued the Circular of NDRC on the Opinions on Relaxing Price Controls in Certain Services (國家發展改革委關於放開部分服務價格意見的通知) (發改價格[2014]2755號), which requires the relevant provincial authorities to abolish all price control policies in relation to residential properties with certain exceptions. Property management fees for indemnificatory housing, housing-reform properties and properties in old 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. See "Regulatory Overview—Legal Supervision Over Property Management Services and Other Related Services—Fees Charged by Property Management Enterprises." We expect that price controls on residential properties will be relaxed over time. For now, our property management fees will continue to be subject to price controls until the relevant authorities pass local regulations to implement the Circular. However, we cannot assure you that the PRC Government may not reverse its policy and re-impose limits on property management fees. In the event that it imposes limits on property management fees, we may see diminished profit margins as our labor, subcontracting and other costs increase. We cannot assure you that we would be able to respond to such changes timely and effectively by implementing our cost-saving measures, nor that we would be able to pass any additional costs to our customers. The PRC Government may also promulgate new laws and regulations related to other aspects of our industry. This could increase our compliance and operational costs, thereby materially and adversely affecting our business, financial condition and results of operations. For instance, on July 13, 2021, eight PRC government departments, including the MOHURD, jointly issued the Regulatory Notice, according to which the PRC government aimed to improve the real estate industry in the PRC in around three years by curbing the violations of laws and regulations, enhancing the regulation mechanism and establishing an oversight information system. According to the guidelines laid out in the Regulatory Notice, the governmental rectification efforts will focus on not only real estate development, purchase and sales of housing and rental properties but also property management services. To the extent that the new laws and regulations related to our industry might increase our compliance and operational costs, our business, financial position and results of operation could be materially and adversely affected.

Given the stringent governmental regulations on property management fees, together with the difficulties we may face in obtaining the requisite votes at property owners' meetings, it may be impracticable to collect additional property management fees. We may therefore be forced to reduce costs, so as to strike a balance between collected property management fees and expenditures in relation to service provisions, or write off the uncollected payments on behalf of the residents.

Our business, financial position and results of operations are and will continue to be dependent on various factors affecting the property management industries and general economic conditions, most of which are beyond our control. For example, limited flexibility in charging property management fees can adversely affect profit margins in the event of rising labor cost. Furthermore, any economic slowdown, recession or other developments in the PRC social, political, economic or legal environment could result in fewer new property development projects, or a decline in the purchasing power of residents living in the communities we manage or provide consultancy services to, resulting in a lower demand for our services and lower revenue and income contribution for us. As such, our business, financial position and results of operations would be materially and adversely affected.

Our future acquisitions may not be successful.

To grow our business scale, increase GFA under management, and enter into new markets, we plan to continue to evaluate opportunities to acquire other property management companies and other businesses that are complementary to our existing business and integrate their operations into our business. However, we cannot assure you that we will be able to identify suitable opportunities. Even if we manage to identify suitable opportunities, we face fierce competitions from other market players in the property management industry for quality target companies and we may not be able to complete the acquisitions on terms favorable or acceptable to us in a timely manner, or at all. The inability to identify suitable acquisition targets or complete acquisitions could materially and adversely affect our competitiveness and growth prospects.

Acquisitions that we complete also involve uncertainties and risks, including, without limitation:

- inability to apply our business model or standardized business processes on the acquisition targets;
- failure to achieve the intended business expansion or optimization objectives, benefits or revenue-enhancing opportunities;
- assumption of debt and liabilities of the acquired companies, some of which may not have been revealed during the due diligence process; and
- diversion of resources and management attention.

Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, of the net proceeds raised from the [**REDACTED**] will be used to pursue selective acquisitions of other property management companies that focus on municipal services and property management services to commercial properties, such as industrial parks, office buildings and commercial complexes. See "Future Plans and Use of Proceeds—Use of Proceeds." According to F&S, there were approximately 1,000 property management companies in the PRC and approximately 200 property management companies in the Yangtze River Delta Region that met our criteria for acquisition and investment plans as of December 31, 2021; also, there were approximately 500 companies that owned or operated waste collection centers in the Yangtze River Delta Region as of December 31, 2021. Despite the number of potential suitable acquisition or investment targets in the market, as an increasing number of our peers listed on the Stock Exchange are looking for high-quality property management companies and companies that own or operate waste collection centers in the PRC as their acquisition targets, we may face increasingly intense competition, and there is no guarantee that we will be able to acquire or invest in the targets that we desire. If we fail to identify suitable acquisition opportunities or our future acquisition transactions fail to consummate for other reasons which may be beyond our control, our proceeds from the [**REDACTED**] may not be effectively used.

In addition, we may need to recognize impairment losses for goodwill recorded in connection with our historical acquisitions if our acquisitions fail to achieve its intended results.

Increase in labor costs and sub-contracting costs could adversely impact our business and reduce our profitability.

In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, our labor costs accounted for 36.9%, 36.1%, 34.9%, 35.7% and 33.5% respectively, of our total cost of sales. During the same years, our subcontracting costs represented 15.7%, 20.1%, 23.9%, 24.8% and 25.7% respectively, of our total cost of sales. We face pressure from rising labor and sub-contracting costs due to various contributing factors, including but not limited to:

- **Increases in minimum wages.** The minimum wage in the regions where we operate has increased substantially in recent years, directly affecting our direct labor costs as well as the fees we pay to our third-party sub-contractors.

- **Increases in headcount.** As we expand our operations, the headcount of our property management staff, sales and marketing staff and administrative staff will continue to grow. We will also need to retain and continuously recruit qualified employees to meet our growing demand for talent. Moreover, as we continue to expand our business scale, we will need a growing number of sub-contractors. This increase in headcount also increased other associated costs such as those related to training, social insurance and housing provident funds contributions and quality control measures.

- **Delay in implementing management digitalization, service professionalization, procedure standardization and operation automation.** There is a lapse in time between our commencement of property management services for a particular property and any implementation of our management digitalization, service professionalization, procedure standardization and operation automation measures to that property to reduce labor costs. Before we carry out such measures, 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. If we cannot achieve this goal, our business, financial position and results of operations may be materially and adversely affected.

We operate a highly competitive business and may not compete successfully against existing and new competitors.

The PRC property management industry is highly competitive and fragmented. See "Industry Overview—Competitive Landscape of Property Management Services Market—Overview." Our major competitors include large national, regional and local property management companies. Competition may intensify as our competitors expand their product or service offerings or as new competitors enter our existing or new markets. 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. Our competitors may have better track records, longer operating histories, greater financial, technical, sales, marketing, distribution and other resources, greater brand recognition and larger customer bases. As a result, these competitors may be able to devote more resources to the development, promotion, sale, and support of their services. In addition to competition from established companies, emerging companies may enter our existing or new markets. The emerging companies may have stronger capital resources, greater expertise in management and human resources and greater financial, technical, and public relations resources than we do.

In addition, we also compete with various players in offering city services. In 2020, we ranked first in the property management service market and the city service market in Suzhou in term of both our total revenue and our revenue from city services in Suzhou. We ranked third and fifth in Jiangsu Province, respectively in terms of our revenue from city services and property management services.

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

Furthermore, we may lose property developer clients who decide to enter into the property management business themselves, which will also intensify competition in the market. We seek to have large and reputable property developers as our clients, and such clients may develop their own property management businesses and provide property management services in-house. In addition, government agencies that engaged us to provide municipal services may decide to cease cooperation with us and offer these services themselves or through an alternative service provider. In such event, we may lose future business from such property developers, and our business, results of operations and financial position could be materially and adversely affected.

Our future growth may not materialize as planned.

We plan to continue to increase our total GFA under management and the number of properties we manage in existing and new markets, including properties developed by SND Group and independent third-party property developers. See "Business—Business Strategies—Further Expand Our Business Operations in Suzhou and the Yangtze River Delta Region and Solidify Our Competitive Advantages." However, our expansion plans are based upon our assessment and prediction of market prospects and development, which we cannot guarantee will turn out accurate. Neither can we guarantee that we will be able to grow our business as planned. Our expansion plans may be affected by a number of factors, many of which are beyond our control. Such factors include:

- changes in China's economic condition in general and the pace of urban development in particular;
- changes in disposable personal income in China;
- changes in government regulations;
- changes in the supply of and demand for property management and value-added services;
- our ability to generate sufficient liquidity internally and obtain external financing;
- our ability to recruit and train competent employees;
- our ability to select and work with suitable sub-contractors and suppliers;
- our ability to understand the needs of property developers, property owners, and residents in the projects;
- our ability to adapt to new markets where we have no prior experience and in particular, whether we can adapt to the administrative, regulatory and tax environments in such markets;
- our ability to leverage our brand names and to compete successfully in new markets, particularly against the incumbent players in such markets who might have more connections, resources and experience than us; and
- our ability to improve our administrative, technical, operational and financial infrastructure.

We cannot assure you that our future growth will materialize or that we will be able to manage our future growth effectively. If we fail to manage our future growth, our business operations, financial position and results of operations could be materially and adversely affected.

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. In addition, the difficulty in ensuring compliance with the various local property management regulations and the potential for losses resulting from non-compliance increased as the size and scope of our operations increased significantly during the Track Record Period. If we fail to comply with applicable local regulations such as on fire and safety systems at our managed properties, we may be subject to penalties or other liabilities. The laws and regulations applicable to our business, whether national, provincial or local, may also change in ways that materially increase the costs of compliance, and any failure to comply could result in significant financial penalties which could have a material adverse effect on our business, financial position and results of operations.

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

We believe that our ability to expand our portfolio of property management service agreements is the key to the sustainable growth of our business. During the Track Record Period, for properties where the tender process was required under relevant laws and regulations, which mainly include residential properties, we procured new property management service agreements for properties primarily through tender processes. For our service agreements over certain non-residential properties which do not require tender and bidding process, we procured new property management service agreements primarily through negotiations. The selection of a property management company depends on a number of factors, including but not limited to the quality of services, the level of pricing and the operating history of the property management company. Our efforts may be hindered by factors beyond our control, which may include 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 procure new property management service agreements in the future on acceptable terms or at all.

We usually enter into preliminary property management service agreements with property developers during the later stages of property development. We cannot assure you that we will be able to maintain high success rate in obtaining preliminary property management service agreements. In addition, such contracts are transitional in nature and facilitating 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 formed and decide to enter into new property management service agreements. See "Business—Commercial and Residential Property Management Services—Property Management Service Agreements." We cannot guarantee that property owners' associations will continue to engage us for property management services.

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 or the property management service agreements will not be terminated prior to expirations for cause. There is no guarantee that we would be able to find other business opportunities and enter into alternative property management service agreements on favorable terms, or at all. Moreover, as both termination and non-renewal may be detrimental to our reputation, we may experience material adverse effects to our brand value. We believe that our brand value is essential to our ability to procure new property management service agreements. Failure to cultivate our brand value may diminish our competitiveness within the industry.

During the Track Record Period, a large portion of our property management service agreements covered properties developed by Independent Third Parties. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, revenue generated from such properties accounted for approximately 45.8%, 44.6%, 44.5%, 45.6% and 50.7% of our total commercial property management service revenue, respectively, and approximately 13.7%, 19.7%, 20.1%, 18.4% and 23.0% of our total residential property management service revenue, respectively. In 2019, 2020 and 2021 and the four months ended April 30, 2022, our bidding success rate with respect to properties developed by Independent Third Parties was 94.1%, 88.9%, 92.3% and 100.0%. In the four months ended April 30, 2021, we did not submit any bids for properties developed by Independent Third Parties. Our business may be affected if Independent Third Parties suffer adverse developments that materially affect their property or urban development plans. We cannot assure you that we will be able to procure property management service agreements from alternative sources to make up for the shortfall in a timely manner or on favorable terms. Nor can we guarantee that we will be able to renew all of our property management service agreements with Independent Third Parties, or enter into such contracts with regards to new properties developed by Independent Third Parties. If any of the abovementioned events occurs, our results of operations, financial position and growth prospects could be materially and adversely affected.

We primarily generated revenue from property management services on a lump-sum basis. We may be subject to losses if we fail to estimate or control our costs in performing our property management services.

During the Track Record Period, we primarily generated most of our revenue from property management services on a lump-sum basis where we charge property management fees at a pre-determined price per sq.m. per month, representing "all-inclusive" fees for the property management services provided. These property management fees do not change with the actual amount of property management costs we incur. We recognize the full amount of property management fees we charge to the property owners, residents or property developers as revenue throughout the relevant contract terms, and recognize the actual costs we incur in connection with rendering our services as our cost of sales during the contract terms. Our profitability depends on our ability to estimate or control our costs in performing our property management services. See "Business—Property Management Services—Property Management Fees—Property management fees charged on a lump-sum basis" and "Financial Information—Critical Significant Accounting Policies and Accounting Estimates and Judgments."

In the event that the amount of property management fees that we charge is insufficient to cover all the costs for property management service we incur, we are not entitled to additional payments from property owners, residents or property developers to cover the shortfall. As a result, we may suffer losses. We incurred loss in an aggregate amount of RMB5.2 million, RMB5.3 million, RMB4.8 million, RMB1.4 million and RMB1.5 million, respectively, with respect to 13, 11, 11, 11 and 11 properties, respectively, which were managed under lump-sum basis in 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022. The aggregate revenue generated from such loss-making properties was RMB20.7 million, RMB23.3 million, RMB23.9 million, RMB8.9 million and RMB9.4 million, respectively, in 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, accounting for approximately 4.8%, 5.3%, 5.2%, 5.8% and 5.8%, respectively, of our total revenue for the same years.

To avoid such losses, we can either attempt to raise property management fees, or to cut property management costs. However, our cost-saving initiatives, such as centrally managing human resource and investment in multiple properties in proximity to improve operating efficiency, may not be successful, and our cost-saving efforts may negatively affect the quality of our property management services, which in turn would further reduce the willingness of property owners, residents and property developers to pay property management fees, or even to retain us as their property management service provider, which will further negatively affect our results of operations and financial position.

Our property management service agreements may have been obtained without going through the required tender and bidding process.

According to the Regulations on Property Management (2018 Revision) (《物業管理條例》(2018修正)), property developers are typically required to enter into a preliminary property management service agreement for residential properties with a property management company through a tender and bidding process, and may be subject to fines and penalties if tender and bidding processes were not adopted in entering into preliminary property management service agreements in accordance with relevant laws and regulations. See "Regulatory Overview—Legal Supervision over Property Management Services and Other Related Services—Appointment of Property Management Enterprises."

As of April 30, 2022, we had entered two property management service agreements without going through the required tender and bidding process under PRC laws and regulations and the compulsory requirement of relevant local authorities. We generated RMB1.2 million, RMB1.4 million, RMB1.2 million, RMB0.4 million and RMB0.4 million of revenue, respectively, from such agreements during the Track Record Period. As confirmed by our Directors, the lack of a tender and bidding process for these agreements was not due to us but the relevant property developers. As advised by our PRC Legal Advisors, there are no specific laws and regulations in the PRC which set out administrative penalties on property management companies for failing to undergo tender and bidding processes when obtaining preliminary property management service agreements. However, we cannot guarantee that such agreements will not be declared invalid by competent judicial or other authorities due to the absence of tender or bidding process. Our results of operations and financial condition may therefore be adversely affected.

We rely on third-party sub-contractors to perform certain property management services.

During the Track Record Period, we delegated certain property management services, primarily including security services, cleaning, greening and gardening services, and common area facility repair and maintenance services, to third-party sub-contractors. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, subcontracting costs amounted to approximately RMB54.5 million, RMB69.3 million, RMB85.0 million, RMB29.3 million and RMB32.2 million, respectively, accounting for approximately 15.7%, 20.1%, 23.9%, 24.8% and 25.7% of our total cost of sales, respectively. We may not be able to monitor their services as directly and efficiently as with our own services. They may take actions contrary to our or our customers' instructions or requests, or be unable or unwilling to fulfill their obligations. As a result, we may have disputes with our sub-contractors, or may be held responsible for their actions, either of which could lead to damages to our reputation, additional expenses and business disruptions and potentially expose us to litigations and damage claims.

We cannot assure you that upon the expiration of our agreements with our current third-party sub-contractors we will be able to renew such agreements or find suitable replacements in a timely manner, on terms acceptable to us, or at all.

In addition, if our third-party sub-contractors fail to maintain a stable and qualified staff, or if their staff to fails to perform their obligations properly or in a timely manner, the work process may be interrupted, potentially resulting in breach of contracts between our customers and us, which could materially and adversely affect our service quality, our reputation, as well as our business, financial position and results of operations.

We may be subject to an order from the relevant people's court for compulsory enforcement for our failure to sufficiently contribute to social insurance and housing provident funds on behalf of 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 make full contributions to social insurance and housing provident funds for certain employees primarily because some of our employees requested us to make contributions to social insurance and housing provident funds for them based on a lower standard instead of their actual salaries, as they did not want to bear the full amount of their portion of the relevant contribution based on actual salaries. As of the Latest Practicable Date, we had not received any notice from the local government authorities regarding any claim for inadequate contribution of our current and former employees. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, we made provisions in the amounts of RMB0.9 million, RMB0.8 million, RMB0.8 million, RMB0.4 million and RMB0.3 million, respectively. See "Business—Employees—Social Insurance and Housing Provident Fund Contributions."

Our PRC Legal Advisor has also advised us that under the relevant PRC laws and regulations, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period, and may be subject to compulsory enforcements by the relevant people's court if we fail to make such payments. If relevant government authorities make an application to a people's court for compulsory enforcement due to our historical or future failure to make full contribution to housing provident funds on behalf of our employees, our results of operations and financial condition may be materially and adversely affected. According to the Regulations on Administration of Housing Provident Fund (2019 Revision) (《住房公積金管理條例(2019修訂)》), if we fail to rectify by that deadline, we may be subject to an order from the relevant People's court for compulsory enforcement. We cannot assure you that the relevant local government authorities will not require us to pay the outstanding amount within a specific time limit. See "Business—Legal Proceedings and Compliance—Compliance."

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

We may encounter difficulties in collecting property management fees from property owners or residents especially in communities where the vacancy rate is relatively high. We may also face issues in collecting our service fees from the relevant government agencies that engage us to provide various municipal services. Even though we seek to collect overdue property management fees and municipal service 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 rate.

Our allowance for impairment of trade receivables amounted to RMB15.5 million, RMB20.2 million, RMB18.8 million and RMB16.3 million as of December 31, 2019, 2020 and 2021 and April 30, 2022, respectively. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, our collection rate of property management fees, calculated by dividing payments of service fees received during a period (including any such fees received for previous period(s) and future period(s)) by the corresponding total service fees receivable for the same period, was 91.0%, 101.6%, 106.8%, 94.5% and 90.1%, respectively. As of December 31, 2019, 2020 and 2021 and April 30, 2022, our trade receivable turnover days were 70.0 days, 82.6 days, 78.1 days and 92.5 days, respectively. See "Financial Information—Selected Items of the Consolidated Statements of Financial Position—Trade Receivables." Although our management's estimates and the related assumptions have been made in accordance with information available to us, such estimates, assumptions or forward-looking factors may need to be adjusted if new information becomes known. See "Financial Information—Critical Significant Accounting Policies, Estimates and Judgments" to 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 in turn materially and adversely affect our business, financial position and results of operations.

Delays in receiving payments from, or non-payment by property developers, third-party property owners or residents and relevant government agencies that engaged us for municipal services would adversely affect our cash flow position and our ability to meet our working capital requirements.

We may not be able to fulfill our obligation in respect of the contract liabilities which may have impact on our cash position.

Our contract liabilities mainly represent property management fees received upfront as of the beginning of a billing cycle but not recognized as revenue. We recorded contract liabilities in the amount of RMB35.6 million, RMB41.9 million, RMB75.0 million and RMB57.6 million as of December 31, 2019, 2020 and 2021 and April 30, 2022. See "Financial Information—Selected Items of the Consolidated Statements of Financial Position—Contract Liabilities."

We may fail to fulfill our obligations under our contracts with customers for various reasons within or beyond our control. For example, property owners may not be satisfied with our services during the contract period, and decide not to make the upfront property management fee payments going forward. If so, we may be terminated by our customers including the property developer or property owners' associations for quality or other reasons, which may require us to refund the cash we have received upfront, which could materially adversely affect our cash position.

We recorded net cash outflows from operating activities in the four months ended April 30, 2021 and 2022, and we may be subject to liquidity risks accordingly.

We recorded net cash outflows from operating activities of RMB15.0 million and RMB36.9 million in the four months ended April 30, 2021 and 2022, respectively. For details, see "Financial Information—Liquidity and Capital Resources—Cash Flows." Going forward, there can be no assurance that we will not continue to have net cash outflows from operating activities that would expose us to liquidity risk. Our future liquidity and ability to make additional capital investments necessary for our operations and business expansion will depend primarily on our ability to maintain sufficient cash generated from operating activities and to obtain external financing. If we continue to record net cash outflows from operating activities, our working capital for business operations may be constrained. If we do not generate sufficient positive operating cash flows or obtain additional financing to meet our working capital needs, our business, financial condition and results of operations may be materially and adversely affected.

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

Although we have no leased property as of the Latest Practicable Date, we might lease properties from third-party lessors in the future. We cannot guarantee you that we will be able to receive sufficient or valid ownership certificates or other ownership documents of our leased properties from their respective lessors. Any dispute or claim in relation to the titles of the properties that we occupy, including any litigation involving allegations of illegal or unauthorized use of these properties, could require us to relocate our offices occupying these properties. If any of our leases are terminated or voided as a result of challenges from third parties or the government, we would need to seek alternative premises and incur relocation costs. Any relocation could disrupt our operations and adversely affect our business, financial condition, results of operations and growth prospects. In addition, there can be no assurance that the Chinese Government will not amend or revise existing property laws, rules or regulations to require additional approvals, licenses or permits, or impose stricter requirements on us to obtain or maintain relevant title certificates for the properties that we use.

Our historical results may not be indicative of our future prospects and results of operations.

Although we experienced revenue and profit growth during the Track Record Period, we cannot assure you that we can sustain such growth in the future. Estimates and plans for future business growth is based on our predictions of market prospects, which we cannot guarantee will always be correct. Our expansion plans may also be affected by a number of factors beyond our control, including changes in the economic condition of the PRC in general, per capita disposable income of residents in the PRC, changes in the pace of urban development and the property management service market, changes in government regulations, changes in supply and demand for our services, changes in government's plan to engage us to provide municipal services, as well as availability of suitable property management and municipal service providers which we can acquire. Historical changes of these factors may not be indicative of their future developments, and therefore their historical impacts on our business operations may not serve as reliable indicators of our future business expansion and operations.

In terms of our future financial performance, our profitability depends partially on our ability to control costs and operating expenses, which may increase as our business expands. There is no guarantee that we will continue to be able to increase the number of our property management service agreements, total GFA under management, or the amount of municipal services provided as we did during the Track Record Period, nor that we will be able to succeed in our business development efforts going forward. Moreover, we will continue to face challenges related to rising labor and sub-contracting costs and intensive competition for employees and business opportunities. We might not be able to enjoy economies of scale from our future geographical expansion if we expand beyond regions where we currently operate in, which could adversely affect our results of operations, and in particular, our gross profit margin. Thus, investors should not rely on our historical results of operations to predict our future financial performance.

We may require additional cash resources to finance our continued growth, which may require additional funding.

We may require additional cash resources to finance our continued growth or other future developments, including any investments or acquisitions we may decide to pursue. To the extent that our funding requirements exceed our financial resources, we will be required to seek additional financing or to defer planned expenditures. Furthermore, if we raise additional funds through equity or equity-linked financings, your equity interest in our Company may be diluted. Alternatively, if we raise additional funds by incurring debt obligations, we may be subject to various covenants under the relevant debt instruments that may restrict our ability to pay dividends or obtain additional financing. Servicing such debt obligations could also be burdensome to our operations. If we fail to service such debt obligations or are unable to comply with any of these covenants, we could be in default under such debt obligations and our liquidity and financial condition could be materially and adversely affected.

We are susceptible to fair value change of equity investments designated at fair value through other comprehensive income.

During the Track Record Period, we recorded equity investments designated at fair value through other comprehensive income of approximately RMB94.0 million, RMB94.8 million, RMB92.4 million and RMB88.8 million, respectively, which primarily reflect the value of (i) our equity investment in Suzhou Huirong Business Travel Development Company (蘇州匯融商旅發展有限公司), in which we held 3.2% equity interests as of December 31, 2020; and (ii) our investment in Suzhou Xinjingtian Business Land Development Company (蘇州新景天商務地產發展有限公司), in which we held 8.0% equity interest as of December 31, 2020. However, we remain susceptible to the risk of fair value change of our equity investments designated at fair value through other comprehensive income, and may record a fair value loss on our equity investments in the future, which would lead to a decrease in our total assets as well as net assets.

Risks relating to natural disasters, pandemics, epidemics, acts of terrorism or war in the PRC and globally may materially and adversely affect our business. In particular, the recent outbreak of COVID-19 could materially and adversely affect our results of operations and financial condition.

Natural disasters, epidemics, acts of terrorism or war or other factors that are beyond our control may materially and adversely affect the economy, infrastructure and livelihood of people in the areas where we have or plan to have business operations. In particular, due to their geographic regions, some of these areas are susceptible to the threat of floods, earthquakes, sandstorms, snowstorms, fires or droughts, power shortages or failures, as well as potential wars, terrorist attacks or epidemics such as Ebola, SARS, H1N1, H5N1, H7N9.

Toward the end of 2019, a highly infectious novel coronavirus spread across China. The World Health Organization, or the WHO, later named it COVID-19. WHO is closely monitoring and evaluating the situation. On January 30, 2020, the WHO declared the outbreak of COVID-19 a Public Health Emergency of International Concern, or the PHEIC. In March 2020, the WHO characterized the outbreak of COVID-19 a pandemic. As of the date of this document, COVID-19 pandemic has spread to over 220 countries and territories globally with death toll and number of infected cases continuing to rise. Many countries have imposed unprecedented measures to halt the spread of the COVID-19 pandemic, including strict city lockdowns and travel bans. In China, although the COVID-19 pandemic had been largely contained, lockdown measures are still being introduced in certain cities as new confirmed cases emerged. Such measures may disrupt business in major industries and adversely affect the overall business sentiment and environment in China, which in turn may lead to slower overall economic recovery in China.

The COVID-19 pandemic has also resulted in a negative impact on the growth of China's GDP in 2021. According to the data released on January 17, 2022 by the National Bureau of Statistics of China, or the National Statistics Bureau, China's GDP of 2021 increased by approximately 8.1%, beating forecasts but slowing down in the final months of the year. As a result, unemployment rate in the PRC could rise, and the financial condition of our customers worsen. We cannot assure you that property owners or residents of properties under our management will be able to make timely payments of property management fees due to economic downturn; nor can we assure you that their demands for various value-added services will be as high as we expected. Decline in our customers' abilities to pay and demands for our services could materially and adversely affect our business operations.

We cannot assure you that our business operations will resume to the level as we had planned in the absence of the pandemic. In addition, we may incur extra costs related to our precautionary measures and disinfection works which may result in losses under our lump-sum charge. From January 2020 and up to the Latest Practicable Date, we incurred an aggregate cost of RMB2.2 million for the purchasing of protective masks and other medical and cleaning supplies. Certain on-site value-added services to property owners or residents of properties under our management may be affected by the outbreak of COVID-19. The delivery of properties for which we have been contracted to provide property management services may be delayed. We may also be required to quarantine some or all of our employees, or disinfect the property to prevent the spread of the disease if any of our employees were suspected of contracting or contracted an epidemic disease.

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

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material strikes, accident relating to work safety or labor disputes with our employees, or got involved in any material accidents in relation to work safety, nor did we receive any complaints, notices or orders from relevant government authorities or third parties. Nevertheless, accidents may occur in the ordinary course of our business. Hence, we are exposed to risks in relation to work safety, including but not limited to claims for injuries, fatalities or otherwise, sustained by our employees or sub-contractors, which 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 because of governmental or other investigations. To the extent that we incur additional costs, we may suffer material adverse effects to our business, financial position, results of operations and brand value. In addition, we are exposed to claims that may arise due to employees' or third-party sub-contractors' negligence or recklessness when performing repair and maintenance services. We may be held liable for the injuries or deaths of employees, sub-contractors, residents or others. We may also experience interruptions to our business and may be required to change the manner in which we operate because 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 may fail to fully recover outstanding trade receivables, in particular, with related parties.

As of December 31, 2019, 2020 and 2021 and April 30, 2022, our trade receivables with independent third parties before taking into account allowance for impairment amounted to approximately RMB116.7 million, RMB116.6 million, RMB120.0 million and RMB160.2 million, respectively; our trade-related receivables with related parties amounted to approximately RMB21.9 million, RMB22.0 million, RMB35.1 million and RMB31.7 million, respectively. As we have no control over the business strategies of our counterparties, including our related parties, or the macroeconomic or other factors that may affect their business operations and financial conditions, there is no assurance that we will be able to fully recover outstanding trade receivables in a timely fashion or at all. If our counterparties experience financial difficulties in paying us, our corresponding trade receivables may be adversely affected in terms of recoverability, which may in turn affect our financial position and liquidity. In particular, SND Group was among our top five customers in 2019, 2020, 2021 and the four months ended April 30, 2022, contributing 9.0%, 8.5%, 10.7% and 9.9% of our total revenue, respectively, and trade receivables due from SND Group constituted a substantial component of our total trade receivables during the Track Record Period.

Despite the foregoing, we have implemented various measures to ensure and expedite our recovery of trade receivables and monitor our outstanding trade receivables. We did not experience any significant difficulty in collecting outstanding trade receivables during the Track Record Period. See "Financial Information—Selected Items of the Consolidated Statements of Financial Position—Trade Receivables" and "Financial Information—Related Party Transactions and Balances—Other Transactions with Related Parties."

Our allowance for impairment of trade receivables amounted to RMB15.5 million, RMB20.2 million, RMB18.8 million and RMB16.3 million as of December 31, 2019, 2020 and 2021 and April 30, 2022, respectively. We made such provisions for impairment based on expected credit losses. There can be no assurance that we will not have bad debts in the future. In the event that actual recoverability is lower than expected, we may need to provide for an allowance for impairment of trade receivables, which could, in turn, adversely affect our business, financial condition and results of operations.

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

We recorded deferred tax assets of RMB6.5 million, RMB8.3 million, RMB5.4 million and RMB6.8 million, respectively, as of December 31, 2019, 2020 and 2021 and April 30, 2022. We periodically assess the probability of the realization of deferred tax assets, using significant judgments and estimates with respect to historical operating results, expectations of future earnings and tax planning strategies. In particular, deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilized. However, there is no assurance that our expectation of future earnings could be accurate due to factors beyond our control, such as general economic conditions and negative development of the regulatory environment, in which case, we may not be able to recover our deferred tax assets which thereby could have an adverse effect on our results of operations.

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

In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, our revenue derived from basic property management services provided to commercial properties and residential communities on the commission basis accounted for 4.9%, 5.8%, 7.1%, 3.5% and 3.6%, respectively, of our total revenue from property management services. Management estimation is required to determine whether the management offices have the ability to settle the payments on behalf of residents. We take into consideration a number of indicators to determine whether there is any objective evidence of impairment loss on receivables from property owners and residents, including subsequent settlement status, historical write-off experience and management fee collection rate of the residents in estimating the future cash flows from the receivables.

Although our management's estimation or the related assumptions have been made in accordance with currently available information, such estimation or assumptions may need to be adjusted if new information becomes known. In the event that the actual recoverability is lower than expected, or that our past allowance on bad debt becomes 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.

We are exposed to fair value change of our investment properties.

In 2019, 2020 and 2021 and the four months ended April 30, 2021, we recorded fair value gains on investment properties of approximately RMB2.0 million, RMB0.4 million, RMB4.6 million and RMB0.8 million, respectively. Such gains primarily reflected the net increase in the fair value of our commercial properties and rental apartments due to appreciation of their fair value. In the four months ended April 30, 2022, we recorded fair value losses on investment properties of approximately RMB0.4 million. Such losses primarily reflected the net decrease in the fair value of our commercial properties and rental apartments due to depreciation of their fair value. As the fair value of our investment properties fluctuate with market condition, which is generally influenced by factors such as the macro-economy, monetary policies and national or local regulations over real estate, we are exposed to continuous fair value change of our investment properties which is beyond our control.

Interruptions and security risks to our IT systems, failure to upgrade our management systems, and risks related to third-party online payment platforms may result in disruption of our operations.

We rely on our information technology systems to manage key operational functions such as processing financial data and facilitating communications. To facilitate our business development, we need to continuously maintain and upgrade our systems to meet evolving requirements of our operations and customer needs and preferences. However, we may fail to upgrade our information technology systems according to customer needs and market demands. Moreover, we cannot assure you that damages or interruptions caused by power outages, computer viruses, hardware and software failures, telecommunication failures, fires, natural disasters, security breaches and other similar occurrences relating to our information systems will not occur going forward. We may incur significant costs in restoring any damaged information technology systems. 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 adverse effects on our business and results of operations.

We accept payments via various methods, including but not limited to online payments through third-party platforms such as WeChat and AliPay. Transactions conducted through such third-party platforms involve the transmission of confidential information such as credit card numbers, personal information and billing addresses over public networks. However, we do not have 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 property management fees.

We may also be perceived as partially responsible for failures to secure personal information and be subject to claims alleging possible liability brought by our customers. Such legal proceedings may damage our reputation and harm our brand value. Furthermore, the PRC Government may yet promulgate new laws and policies to regulate the use of third-party online payment platforms; such measures may increase our compliance and operational costs, for example by requiring that we pay higher transaction fees.

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 through our computer filing system, such as addresses and phone numbers. Our security measures may be breached due to employee error, malfeasance, system errors or vulnerabilities, or otherwise. Outside parties may also attempt to fraudulently induce employees to disclose sensitive information in order to gain access to our data or our customers' data. While we have taken steps to protect the confidential information that we have access to, our security measures could be breached. 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. See "Business—Data Security and Privacy."

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 relatively new and 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.

Damage to the communal areas of our managed properties as well as municipal facilities and roads may adversely affect our business, financial position and results of operations.

The communal areas of the properties we manage as well as the municipal facilities and roads may suffer damage due to causes beyond our control, including but not limited to natural disasters, accidents or intentional damage. Although residential communities typically establish special funds to pay for the repair and maintenance costs of communal areas as required by relevant PRC laws and regulations, we cannot guarantee that balances in such funds will be sufficient to cover the necessary costs. For non-residential properties, we may be found liable for the damages caused. 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 a comprehensive city service and property management service provider, we may be viewed as responsible for restoring the communal areas in properties and municipal facilities 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. We would need to collect the amount of the shortfall from the property owners or residents later. To the extent that our attempts are unsuccessful, we may experience material adverse effects on our business, financial position and results of operations. We may also be found liable for the damages, and may be required to bear repair costs out of our pocket, which could also result in material adverse impact on our results of operations and financial condition. 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 and the scale of municipal facilities we manage.

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

Negative publicity about us, our Shareholders and affiliates, the properties we manage, our brand, management and other aspects of our business operations may arise from time to time. They may appear in the form of comments on internet postings and other media sources, and we cannot assure you that other types of negative publicity will not arise in the future. For example, in the event that we fail to meet our customers' expectations as to the quality of our services, our customers may disseminate negative comments on social media platforms such as WeChat and Weibo. Our sub-contractors may also become the subject of negative publicity for various reasons, such as customer complaints about the quality of their services. In the long term, if such negative publicity about us, our Shareholders and affiliates, our brand, management and other aspects of our business operations damage our reputation and result in a loss of customer confidence, it would affect our future ability to attract and retain new customers and employees, and our business, financial position, results of operation and prospects would be materially and adversely affected.

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

We are exposed to fraud, corruption, including bribery, embezzlement or the destruction of market economy order, or other misconduct committed by our employees, sub- contractors, agents, customers or other third parties that could subject us to financial losses and sanctions imposed by governmental authorities as well as seriously harm our reputation. For example, if a customer enters into a contract with us for our provision of property management services, and the misconduct by our employee, sub-contractor, agent or other third parties performing on our behalf constitutes a non-compliance to the contract, the contract may be deemed void, which may cause us to make compensation and incur losses, such misconduct may also cause us to suffer damage to our reputation in the market.

Our management information system and internal control procedures are designed to monitor our operations and overall compliance. However, they may be unable to identify non-compliance and/or suspicious transactions in a timely manner, or at all. Further, it is not always possible to detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective. There will therefore continue to be the risk that fraud and other misconduct may occur, including negative publicity as a result, which may have an adverse effect on our business, reputation, financial position and results of operations.

Our success largely depends on the retention of our senior management team and our ability to attract and retain qualified and experienced employees.

Our continued success depends on the efforts of our senior management team and other key employees. As they possess key connections and industry expertise, losing their services may have a material adverse effect on our business. Should any or all members of our senior management team join or form a competing business with their expertise, connections and full knowledge of our business operations, we may not be able to estimate the extent of and compensate for such damage. If any of our key employees leave and we are unable to promptly hire and integrate a qualified 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.

We may be involved in intellectual property disputes and claims.

We currently hold 34 trademarks, five domain names and three software copyrights and have filed various applications in the PRC for protection of certain aspects of our intellectual property. We rely on and expect to continue to rely on a combination of confidentiality and license agreements, as well as trademark, copyright and domain name protection laws, to protect our proprietary rights. See "Business—Intellectual Property." Nevertheless, these measures afford limited protection. Policing unauthorized use of proprietary information can be difficult and expensive. In addition, enforceability, scope and validity of laws governing intellectual property rights in the PRC are uncertain and still evolving, and could involve substantial risks to us. To our knowledge, the relevant authorities in the PRC historically have not protected intellectual property rights to the same extent as most developed countries. If we were unable to detect unauthorized use of, or take appropriate steps to enforce, our intellectual property rights, it could have a material adverse effect on our business, results of operations and financial position.

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

Fluctuations in amounts of tax benefits or government grants may lead to volatility in our profit.

We enjoy favorable treatment from government authorities in respect of tax benefits, government grants for outstanding honors and awards and reduction in social insurance contributions in response to COVID-19.

Our government grants amounted to RMB3.3 million, RMB9.3 million, RMB2.9 million, RMB1.2 million and RMB1.0 million in 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, respectively. Tax benefits and government grants fluctuated during the Track Record Period because such benefits and grants were subject to the sole discretion of the relevant government authorities. There can be no assurance that we will continue to receive significant amounts of tax benefits or government grants, or at all. Accordingly, we may experience additional fluctuations in our tax benefits and government grants, which may lead to volatility in our profit.

Our insurance coverage may not sufficiently cover the risks related to our business.

We cannot assure that our insurance coverage will be sufficient or available to cover damage, liabilities or losses we may incur in the course of our business. Moreover, 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, there could be a material adverse effect on our business, financial position and results of operations. See "Business—Insurance."

We may be involved in legal and other disputes and claims or subject to administrative actions from time to time arising out of our operations.

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

We may be subject to administrative penalties if we fail to comply with applicable regulations and requirements such as on fire and safety systems at our managed properties. For instance, under relevant PRC laws and regulations, property management service providers are obligated to file for the inspection of elevators with relevant government authorities timely. However, if we fail to comply with applicable regulations in the future, we may be subject to administrative fines or other penalties, and our business and results of operations may be adversely affected.

We are affected by the PRC government regulations on the PRC real estate industry.

We generated a meaningful portion of our revenue from our residential property management services during the Track Record Period. Our growth in the residential property management services business is, and will likely continue to be, affected by the PRC government regulations of the real estate industry. For further information on laws and regulations that are applicable to our business, please see the section entitled "Regulatory Overview" in this document.

The PRC government has implemented a series of measures with a view to control the real estate industry in recent years. In particular, the PRC government has continued to introduce various restrictive measures to discourage speculation in the real estate market. The government exerts considerable direct and indirect influence on the development of the PRC real estate industry by imposing industry policies and other economic measures, such as control over the supply of land for property development, control of foreign exchange, property financing, taxation and foreign investment. Through these policies and measures, the PRC government may restrict or reduce property development activities, place limitations on the ability of commercial banks to make loans to property purchasers, impose additional taxes and levies on property sales and affect the delivery schedule and occupancy rates of the properties we service. Any such governmental regulations and measures may affect the PRC real estate industry, thus limiting our business growth and resulting in a material adverse effect on our business, financial position and results of operations.

For example, in 2020, the MOHURD, together with the PBOC, proposed to issue the "Three Red Lines" policy for real estate companies, with intention to accelerate the deleveraging process of real estate companies and facilitate the healthy development of China's real estate industry. The "Three Red Lines" policy refers to: (i) the gearing ratio (excluding prepayments) of a real estate company which shall not exceed 70%; (ii) the net gearing ratio of a real estate company which shall not exceed 100%; and (iii) cash over short-term interest-bearing loans which shall not be lower than 1.0. In particular, if a real estate company complies with all of the above-mentioned three limits (also known as green real estate companies), its annual growth rate of interest-bearing liabilities will be capped at 15%; if a real estate company fails to comply with one of the above-mentioned three limits (also known as the yellow real estate companies), its annual growth rate of interest-bearing liabilities will be capped at 10%; if a real estate company fails to comply with with two of the above-mentioned three limits (also known as the orange real estate companies), its annual growth rate of interest-bearing liabilities will be capped at 5%; and if a real estate company fails to comply with all of the abovementioned three limits (also known as the red real estate companies), it will not be allowed to increase its interest-bearing liabilities. As confirmed by SND Group, it engages in residential property development primarily through its subsidiary, SND Gaoxin Tech, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600736.SH). Neither SND Company nor SND Group as a whole positions itself as a property developer or focuses its business operations primarily on property development. As such, SND Group is not the intended subject to be regulated by the proposed "Three Red Lines" policy. However, we cannot guarantee that SND Group would not be subject to the "Three Red Lines" policy as required by competent authorities if the "Three Red Lines" Policy is adjusted or its scope of application is expanded, and in the unlikely event such policy applies to SND Group, SND Group's ability to obtain additional financing may be adversely affected.

Since September 2021, there has been negative news relating to certain Chinese property companies including defaults on their indebtedness. This has had a negative impact on, and resulted in increased volatility in, the property sector in China. Such developments may have an adverse impact on the ability of Chinese property developers, management companies and potential property purchasers to obtain financing, a decrease in consumer confidence and demand in China real estate and increased market volatility. Failure to comply with the abovementioned limits and to secure sufficient external financing may hinder SND Group's ability to implement its business strategies, acquire land parcels and complete the development of property projects. In addition, if SND 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, SND Group's business, financial condition and results of operations may be materially adversely affected. Given that a meaningful portion of our revenue from city services, commercial and residential property management services during the Track Record Period was derived from services we provided to properties developed by SND Group, its joint ventures and/or associates, our business, financial condition and results of operations may be materially adversely affected as well.

We charged interest on the amounts that we advanced to SND Company during the Track Record Period.

In 2019 and 2020, we recognized interest income on amounts due from SND Company, our Controlling Shareholder, of RMB21.2 million and RMB20.8 million, respectively. The amount of RMB21.2 million in 2019 consisted of (i) financial income of RMB19.7 million in relation to the advances from us to SND Group by using funds from external borrowings and (ii) the interest income of RMB1.5 million arising from the loan to SND Group by using the Company's self-owned funds. The amount of RMB20.8 million in 2020 consisted of (i) financial income of RMB20.0 million in relation to the advances from us to SND Group by using funds from external borrowings and (ii) the interest income of RMB0.8 million arising from the loan to SND Group by using the Company's self-owned funds. The financial income in relation to the advances from us to SND Group by using funds from external borrowings in 2019 and 2020 was fully settled by the end of 2020. See "Financial Information—Related Party Transactions and Balances—Other transactions with related parties."

Pursuant to Article 61 of the General Lending Provisions (貸款通則) issued by the PBOC, financing arrangements or lending transactions between non-financial institutions are prohibited. Further, pursuant to Article 73 of the General Lending Provisions, the PBOC may impose on the non-compliant lender a fine of one to five times the income received by the lender from such loans. Notwithstanding the General Lending Provisions, the Supreme People's Court has made new interpretations concerning financing arrangements and lending transactions between non-financial institutions in the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (最高人民法院關於審理民間借貸案件適用法律若干問題的規定) (the "Judicial Interpretations on Private Lending Cases") which came into effect on September 1, 2015, was amended on August 19, 2020 and December 29, 2020, respectively. According to Article ten of the Judicial Interpretations on Private Lending Cases, the Supreme People's Court recognizes the validity and legality of financing arrangements and lending transactions between non-financial institutions so long as certain requirements are satisfied. During the Track Record Period and up to the Latest Practicable Date, we did not receive any penalties, investigation or notice from relevant competent authorities in relation to such borrowings between related parties. Our Directors confirm that (i) our Group will not enter into similar financing arrangement with related parties and/or non-financing institutional third parties since January 1, 2021; and (ii) the Controlling Shareholders will indemnify our Group against all claims, penalties or other liabilities arising from our advance to SND Group. On such basis, our PRC Legal Advisor is of the view that (i) such loans were legally binding on the related parties or third parties; and (ii) the risk of us being penalized for the above-mentioned advances is low. However, in the event that we are ordered by the competent authority to pay the penalties, our financial condition and results of operations may be adversely affected.

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

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

Any inability to comply with our environmental responsibilities may subject us to liability.

We are subject to various laws and regulations related to environmental protection in the PRC, which may become increasingly stringent going forward. For example, an increasing number of cities in the PRC have implemented garbage sorting regulations which impose fines on property management companies for failure to comply with the relevant sorting standards. In addition, awareness of environmental issues in the PRC has been growing. As a result, we may be expected to comply with higher and stricter standards than provided in prevailing environmental laws and regulations in order to maintain positive reputation and brand image. If we are unable to comply with existing or future environmental laws and regulations or are unable to meet public expectations in relations to environmental issues, we may be required to pay fines and penalties, and our reputation may be damaged. We may also be required to invest financial and managerial resources to implement remedial measures. Any of the above could materially and adversely affect our business operations, results of operations and financial condition.

RISKS RELATING TO DOING BUSINESS IN CHINA

We are vulnerable to adverse changes in economic, political and social conditions and government policies in China.

We manage all of our business operations from our headquarters in Suzhou. Accordingly, our financial position, results of operations and prospects are, to a significant degree, subject to the economic, political, social and legal conditions in China. The PRC economy differs from that of most developed countries in many respects, including the extent of government involvement, level of economic development, investment control, resource allocation, growth rate and control over foreign exchange. Before its adoption of reform and open-door policies beginning in 1978, China was primarily a planned economy. Since then, the PRC economy has been transitioning to become a market economy with socialist characteristics.

For approximately four decades, the PRC Government has implemented economic reform measures to utilize market forces in the PRC economy. Many of the reform measures are unprecedented or experimental and are expected to be modified from time to time. Other political, economic and social factors may lead to further readjustment or introduction of other reform measures. This reform process and any changes in laws and regulations or the interpretation or implementation thereof in China may have a material impact on our operations or may adversely affect our financial position and results of operations.

While the PRC economy has grown significantly in recent years, this growth has been geographically uneven among various sectors of the economy and during different years. We cannot assure you that the PRC economy will continue to grow, or that if there is growth, such growth will be steady and uniform. Any economic slowdown may materially and adversely affect our business. In the past, the PRC Government has periodically implemented a number of measures intended to slow down certain segments of the economy which the PRC Government believed was overheating. We cannot assure you that the various macroeconomic measures and monetary policies adopted by the PRC Government to guide economic growth and allocate resources will be effective in improving the growth rate of the PRC economy. In addition, such measures, even if they benefit the overall PRC economy in the long term, may reduce demand for our properties and therefore materially and adversely affect our business, financial position and results of operations.

China's economic growth may also slow down due to weakened exports as well as recent developments surrounding the trade war with the United States. In 2018, the United States government, under the administration of President Donald J. Trump, imposed several rounds of tariffs on various categories of imports from China, and China responded with similarly sized tariffs on U.S. products in retaliation. The trade war escalated in May 2019, when the United States increased tariffs on US$200 billion worth of Chinese products from 10% to 25%, and China increased tariffs on US$60 billion worth of U.S. goods in response. Moreover, since May 2019, the United States has banned six Chinese technology firms from exporting certain sensitive U.S. goods. In August 2019, the U.S. Treasury declared China a currency manipulator. On September 1, 2019, the U.S. implemented further tariffs on more than US$125 billion worth of Chinese goods. On September 2, 2019, China lodged a complaint in the World Trade Organization against the U.S. over the import tariffs. The rhetoric surrounding the trade war has continued to escalate, and trade negotiations between the two governments, even though ongoing, have not yielded breakthroughs. The amicable resolution of the trade war remains elusive, and the lasting impact it may have on China's economy and the industries in which our Company operate remains uncertain.

Fluctuations in exchange rates and governmental control of currency conversion may have a material adverse impact on your investment.

The exchange rate of the Renminbi fluctuates against the Hong Kong dollar, U.S. dollar and other foreign currencies and is affected by the policies of the PRC Government and changes in international and domestic political and economic conditions. In light of the trend towards Renminbi internationalization, the PRC Government may announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar, U.S. dollar or other foreign currencies.

All of our revenue, liabilities and assets are denominated in Renminbi, while our proceeds from the [**REDACTED**] will be denominated in Hong Kong dollars. Material fluctuations in the exchange rate of the Renminbi against the Hong Kong dollar may negatively impact the value and amount of any dividends payable on our Shares. For example, significant appreciation of the Renminbi against the Hong Kong dollar could reduce the amount of Renminbi received from converting [**REDACTED**] proceeds or proceeds from future financing efforts to fund our operations. Conversely, significant depreciation of the Renminbi may increase the cost of converting our Renminbi-denominated cash flow into Hong Kong dollars, thereby reducing the amount of cash available for paying dividends on our Shares or carrying out other business operations.

The PRC Government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Please see "Appendix IV—Taxation and Foreign Exchange—Laws and Regulations relating to Foreign Exchange Control in the PRC". We receive all our revenue in Renminbi. 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.

Inflation in China could negatively affect our profitability and growth.

Economic growth in China has, in the past, been accompanied by years 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.

Uncertainties with respect to the PRC legal system could limit the legal protection available to you.

The legal system in China has inherent uncertainties that could limit the legal protection available to our Shareholders. As we conduct all of our business operations in China, we are principally governed by PRC laws, rules and regulations. The PRC legal system is based on the civil law system. Unlike the common law system, the civil law system is established on the written statutes and their interpretation by the competent authorities, while prior legal decisions and judgments have limited significance as precedent. The PRC Government has been developing a commercial law system, and has made significant progress in promulgating laws and regulations related to economic affairs and matters, such as corporate organization and governance, foreign investments, commerce, taxation and trade.

However, many of these laws and regulations are relatively new. There may be a limited volume of published decisions regarding their interpretation and implementation, or the relevant local administrative rules and guidance on implementation and interpretation have not been put into place. Thus, there are uncertainties involved in their enactment timetable, which may not be as consistent and predictable as in other jurisdictions. In addition, the PRC legal system is based in part on government policies and administrative rules that may have retroactive effect. Consequently, we may not be aware of any violation of these policies and rules until sometime after such violation has occurred. Furthermore, the legal protection available to you under these laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in China may be protracted and result in substantial costs and diversion of resources and management attention.

You may experience difficulties in effecting service of process or enforcing foreign judgments against us, our Directors or senior management residing in China.

Our Company is incorporated in China. All of our assets are located in China and all of our executive and non-executive Directors and senior management ordinarily reside in China. Therefore, it may not be possible to effect service of process within elsewhere outside of China upon us or our Directors or senior management. Moreover, China has not entered into treaties for the reciprocal recognition and enforcement of court judgments with Japan, the United Kingdom, the United States and many other countries. As a result, recognition and enforcement in China of a court judgment obtained in other jurisdictions may be difficult or impossible.

In addition, on July 14, 2006, China and Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "Arrangement"). 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 China. 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 China if the parties in dispute do not agree to enter into a choice of court agreement in writing. It may be difficult or impossible for investors to enforce a Hong Kong court judgment against our assets or our Directors or senior management in China.

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

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

Under the Individual Income Tax Law of the PRC (2018 Revision) (《中華人民共和國個人所得税法(2018修訂)》) and its implementation regulations, non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for dividends received from us and the gains realized upon the sale or other disposition of the H Shares held by them. We are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdictions in which the foreign individuals reside, reduce or provide an exemption for the relevant tax obligations. Generally, a tax rate of 10% shall apply to the dividends paid by domestic non-foreign-invested enterprises issuing shares in Hong Kong to overseas 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 (《國家税務總局關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》). 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.

For non-PRC resident enterprises that are set up in accordance with the law of the foreign country (region) whose actual administration institution is outside China, but have set up institutions or establishments in China or, without institutions or establishments set up in China but have income originating from China, under the EIT Law, dividends paid by us and the gains realized by such non-PRC resident enterprises from the sales or other disposition of H Shares are subject to PRC enterprise income tax at a rate of 20%. In accordance with the EIT Law Implementation Rules and the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprise to Shareholders Which are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) issued by the STA, such tax rate has been reduced to

10%, which is subject to a further reduction under an applicable treaty or a special arrangement between China and the jurisdiction of the residence of the relevant non-PRC resident enterprise. On August 21, 2006, China and Hong Kong entered into the Arrangements between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), pursuant to which any non-resident enterprise registered in Hong Kong that holds directly at least 25% of the shares of our Company shall pay enterprise income tax for the dividends declared and paid by us at a tax rate of 5% subject to the satisfaction of certain conditions such as approval by the relevant PRC tax authority.

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

RISKS RELATING TO THE [REDACTED]

Purchasers of our H Shares in the [REDACTED] will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

The [**REDACTED**] of our H Shares is higher than the consolidated net tangible assets per Share immediately prior to the [**REDACTED**]. Therefore, purchasers of our H Shares in the [**REDACTED**] will experience an immediate dilution in unaudited pro forma adjusted consolidated net tangible assets of HK$[**REDACTED**] per H Share, based on the maximum [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**].

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

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

Prior to the [**REDACTED**], there was no public market for our H Shares. The initial issue price range for our H Shares was the result of negotiations among us and the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]), and the [**REDACTED**] may differ significantly from the market price for our H Shares following the [**REDACTED**]. We have applied for [**REDACTED**] of, and permission to deal in, our H Shares on the Stock Exchange. A [**REDACTED**] on the Stock Exchange, however, does not guarantee that an active trading. The market for our H Shares will develop, or if it does develop, will be sustained following the [**REDACTED**] or that the market price of our H Shares will not decline following the [**REDACTED**].

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

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

- variations in our financial position and/or results of operations;
- unexpected business interruptions resulting from, including but not limited to, natural disasters or power shortage;
- our inability to compete effectively in the market;
- major changes in our key personnel or senior management;
- loss of visibility in the markets due to lack of regular coverage of our business;
- strategic alliances or acquisitions;
- changes in laws and regulations in China;
- changings in securities analysts' estimates of our financial condition and/or results of operations, regardless of the accuracy of information on which their estimates are based;
- changings in investors' perception of us and the investment environment generally;
- our inability to maintain regulatory approval for the operations of our business;
- fluctuations in stock market price and volume;

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

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are not related or disproportionate to the operating performance of particular companies. These developments include a general global economic downturn, substantial volatility in equity securities markets, and volatility and tightening of liquidity in credit markets. While it is difficult to predict how long these conditions will last, they could continue to present risks for an extended period of time, in interest expense on our bank borrowings, or reduction of the amount of banking facilities currently available to us. If we experience such fluctuations, results of operations and financial position could be materially and adversely affected. Moreover, market fluctuations may also materially and adversely affect the market price of our H Shares.

Future issues, [REDACTED] or sales of our Shares may adversely affect the prevailing market price of our H Shares.

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

Upon the completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised, there will be [**REDACTED**] Domestic Shares, representing [**REDACTED**]% of the total share capital of our Company, and pursuant to the [**REDACTED**], there will be [**REDACTED**] H Shares, representing [**REDACTED**]% of the total share capital of our Company. In addition, our Domestic Shares may be converted into H Shares, and such converted H Shares may be [**REDACTED**] or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted Shares, any requisite internal approval processes shall have been duly completed and the approval from the relevant regulatory authorities, including the CSRC, shall have been obtained in accordance with the regulations of the State Council's securities regulatory authorities as well as regulations, requirements and procedures of relevant overseas stock exchanges. No class shareholder vote is required for the conversion of such Shares and the [**REDACTED**] of the converted Shares on an overseas stock exchange. Future sales, or perceived sales, of the converted Shares may adversely affect the trading price of H Shares.

The conversion of a significant number of Domestic Shares into H Shares may seriously harm the prevailing market price of our H Shares

The Domestic Shares can be converted into H Shares, if the conversion and trading of H Shares so converted shall have been duly completed pursuant to requisite internal approval process and the approval from the relevant PRC regulatory authorities, including the CSRC. In addition, such conversion and trading must, in all aspects, comply with the regulations promulgated by the securities regulatory authority under the State Council and the regulations, requirements and procedures of the Hong Kong Stock Exchange. If a significant number of Domestic Shares are converted into H Shares, the supply of H Shares may be substantially increased, which could materially and adversely affect the prevailing market price of our H Shares.

The market price of our H Shares when trading begins could be lower than the [REDACTED] as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

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

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

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

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

The payment and amount of dividends (if any) will depend upon our results of operations, cash flows, financial position, statutory and regulatory restrictions on the dividends paid by us, future prospects and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. We cannot guarantee that dividends of any amount will be declared or distributed in any year. Please see "Financial Information—Dividend Policy and Distributable Reserves" in this document.

Our Controlling Shareholders have substantial control over our Company and their interests may not be aligned with the interests of the other Shareholders.

Prior to and immediately following the completion of the [**REDACTED**], our Controlling Shareholders will remain having substantial control over their interests in the share capital of our Company. Subject to the Articles of Association and the Companies Ordinance and the Listing Rules, the Controlling Shareholders by virtue of their controlling beneficial ownership of the share capital of our Company, will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders by voting at the general meeting of the Shareholders and at Board meetings. The interests of the Controlling Shareholders may differ from the interests of other Shareholders and the Shareholders are free to exercise their votes according to their interests. To the extent that the interests of the Controlling Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders can be disadvantaged and harmed.

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

Our management may use the net proceeds 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 net proceeds from this [**REDACTED**]. Please see "Future Plans and Use of Proceeds" for more information.

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

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

Forward-looking information is subject to risks and uncertainties.

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

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

MANAGEMENT PRESENCE

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong and in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong. Currently, we do not have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 and Rule 19A.15 of the Listing Rules.

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

(a) pursuant to Rule 3.05 of the Listing Rules, we have appointed two authorized representatives, Mr. Zhang Jun (張俊) ("**Mr. Zhang**"), our non-executive Director, and Mr. Cheng Ching Kit (鄭程傑) ("**Mr. Cheng**"), our joint company secretary, who will act as our Company's principal channel of communication with the Stock Exchange and ensure that they will comply with the Listing Rules at all times. Mr. Cheng is ordinarily resident in Hong Kong. Although Mr. Zhang resides in the PRC, he possesses valid travel documents and is able to renew such travel documents when they expire in order to visit Hong Kong. Each of our authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email (if applicable). Each of our authorized representatives is authorized to communicate on our behalf with the Stock Exchange. Our Company has been registered as a non-Hong Kong Company under part 16 of the Companies Ordinance and Mr. Cheng has also been authorized to accept service of legal process and notices in Hong Kong on behalf of our Company;

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

(c) pursuant to Rule 3A.19 and 19A.05 of the Listing Rules, we have appointed Dongxing Securities (Hong Kong) Company Limited as our compliance advisor (the "Compliance Advisor"), which shall have access at all times to our authorized representatives, Directors, senior management and other officers of our Company, and will act as an additional channel of communication between the Stock Exchange and us. Our Company will keep the Stock Exchange up to date in respect of any change to such details. The authorized representatives, Directors and other officers of our Company will provide promptly such information and assistance as the Compliance Advisor may reasonably require in connection with the performance of the Compliance Advisor's duties as set forth in Chapter 3A and Rule 19A.06 of the Listing Rules. There will be adequate and efficient means of communication between our Company, the authorized representatives, the Directors and other officers and the Compliance Advisor, and to the extent reasonably practicable and legally permissible, our Company will keep the Compliance Advisor informed of all communications and dealings between our Company and the Stock Exchange; and

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

JOINT COMPANY SECRETARIES

According to Rules 3.28 and 8.17 of the Listing Rules and the Guidance on experience and qualification requirement of a company secretary (HKEX-GL108-20), the secretary of our Company must be a person who has the requisite knowledge and experience to discharge the functions of the company secretary and is either (i) a member of the Hong Kong Institute of Chartered Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong) or a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong); or (ii) an individual who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. According to the Guidance Letter HKEX-GL108-20, the waiver under Rules 3.28 of the Listing Rules will be granted for a fixed period of time, but in any case, will not exceed three years from the [**REDACTED**] (the "Waiver Period") and on the conditions that (i) the company secretary in question must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by our Company.

We have appointed Ms. Yang Lingbo (楊凌波) ("**Ms. Yang**") and Mr. Cheng as our joint company secretaries. Our Directors are of the view that, having regard to Ms. Yang's thorough understanding of the city services and the property management business and familiarity with the operations and overall management of our Group, she is therefore considered as a suitable person to act as a company secretary of our Company. In addition, as our headquarter and principal business operations are located in Suzhou, Jiangsu Province, the PRC, our Directors believe that it is necessary to appoint Ms. Yang as a company secretary whose presence in Suzhou enables her to attend to the day-to-day corporate secretarial matters concerning our Group. However, given that Ms. Yang does not possess a qualification stipulated in Rule 3.28 of the Listing Rules, she is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. Therefore, our Company has appointed Mr. Cheng, an associate member of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute 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 Ms. Yang 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 Ms. Yang will be assisted by Mr. Cheng as our joint company secretary throughout the three-year period from the [**REDACTED**]. Being an associate member of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute in the United Kingdom, and by virtue of his experience in corporate secretarial practice, Mr. Cheng is, in our Directors' opinion, a person who is qualified and suitable to provide assistance to Ms. Yang the three-year period from the [**REDACTED**] so as to enable her to acquire the relevant experience (as required under Note 2 to Rule 3.28 of the Listing Rules) to duly discharge her duties. In addition, Ms. Yang will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the [**REDACTED**]. Our Company will further ensure that Ms. Yang has access to the relevant training and support that would enhance her understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange.

Such waiver will be revoked immediately if and when Mr. Cheng ceases to provide such assistance or our Company commits any material breaches of the Listing Rules during 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 Ms. Yang, having had the benefit of Mr. Cheng'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 to the Stock Exchange for, and the Stock Exchange [has granted] us, waivers from strict compliance with (i) the announcement requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "Connected Transactions—(A) Continuing Connected Transaction subject to the reporting, annual review and announcement requirements but exempt from the independent Shareholders' approval requirement"; and (ii) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "Connected Transactions—(B) Continuing Connected Transaction subject to the reporting, annual review, announcement and independent Shareholders' approval requirements." Please see the section headed "Connected Transactions" in this document for details.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Cui Xiaodong (崔曉冬)	Room 301, Block 24 Helanting, Changjiang Road Shishan Street, Suzhou Jiangsu Province PRC	Chinese
Mr. Zhou Jun (周軍)	Room 403, Block 4 Jinduming Yuan No. 6 Yintai Road Gusu District, Suzhou Jiangsu Province PRC	Chinese
Ms. Zhou Lijuan (周麗娟)	Room 301, Block 1 Mingdu Garden No. 99 Heshan Road Huqiu District, Suzhou Jiangsu Province PRC	Chinese
Non-executive Directors		
Mr. Cai Jinchun (蔡金春)	Room 901, Block 23 Yujingwan Garden Gusu District, Suzhou Jiangsu Province PRC	Chinese
Mr. Tang Chunshan (唐春杉)	Room 503, Block 58 Helanting Phase 3 Huqiu District, Suzhou Jiangsu Province PRC	Chinese
Mr. Zhang Jun (張俊)	Room 101, Block 34 Shishanxin Yuan Huqiu District, Suzhou Jiangsu Province PRC	Chinese

Independent non-executive Directors

Ms. Zhou Yun (周雲)	Room 1105, Block 1 Jinmao City Garden No. 777 Jinmen Road Gusu District, Suzhou Jiangsu Province PRC	Chinese
Ms. Xin Zhu (辛珠)	Flat A, 15/F, Tower 2 The Harbourside 1 Austin Road West Tsim Sha Tsui Kowloon Hong Kong	Chinese
Mr. Liu Xin (劉昕)	Room 702, Unit 6 Building 12, Block 2 Changqingyuan Street Haidian District, Beijing PRC	Chinese

SUPERVISORS

Name	Address	Nationality
Mr. Feng Jingen (馮金根)	Room 2303, Block 5 Mingxin Garden Gaoxin District, Suzhou Jiangsu Province PRC	Chinese
Mr. Huang Wei (黃偉)	Room 301, Block 23 Helanting, Changjiang Road Shishan Street Huqiu District, Suzhou Jiangsu Province PRC	Chinese
Ms. Yuan Hongjuan (袁紅娟)	Room 304, Block 7 Meiting Yuan Gusu District, Suzhou Jiangsu Province PRC	Chinese

Please refer to the section headed "Directors, Supervisors and Senior Management" in this document for further details of our Directors and Supervisors.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor	**BOCOM International (Asia) Limited** *(a licensed corporation registered for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO)* 9/F, Man Yee Building 68 Des Voeux Road Central Central, Hong Kong

[REDACTED]

[REDACTED]

Legal advisors to our Company	*As to Hong Kong law:* **Sidley Austin** Level 39 Two International Finance Centre 8 Finance Street Central Hong Kong
	As to PRC law: **Commerce & Finance Law Offices** 12-14th Floor China World Office 2 – No. 1 Jian Guo Men Wai Avenue Beijing 100004 the People's Republic of China
Legal advisors to the Sole Sponsor and the [REDACTED]	*As to Hong Kong law:* **King & Wood Mallesons** 13/F, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong
	As to PRC law: **Tian Yuan Law Firm** Suite 509 Tower A, Corporation Square 35 Financial Street Xicheng District Beijing PRC

Auditor and reporting accountant	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc.** Room 2401-02, Tower 2 China World Office 1 Jianguo Men Wai Avenue Chaoyang District Beijing, PRC
Property valuer	**Cushman & Wakefield Limited** 27/F One Island East Taikoo Place 18 Westlands Road Quarry Bay Hong Kong

[**REDACTED**]

Registered office in the PRC	Room 3001, 30/F SND International Commerce Tower 28 Shishan Road Gaoxin District, Suzhou Jiangsu Province PRC
Headquarter in the PRC	Room 3001, 30/F SND International Commerce Tower 28 Shishan Road Gaoxin District, Suzhou Jiangsu Province PRC
Principal Place of Business in Hong Kong	40/F, Dah Sing Financial Centre 248 Queen's Road East Wan Chai Hong Kong
Company's Website	www.suxinfuwu.com *(The information on the website does not form part of this document)*
Joint company secretaries	**Ms. Yang Lingbo (楊凌波)** No. 39 Yunhe Road Huqiu District, Suzhou Jiangsu Province PRC **Mr. Cheng Ching Kit (鄭程傑)** *(an associate member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute in the United Kingdom)* 40/F, Dah Sing Financial Centre 248 Queen's Road East Wan Chai Hong Kong
Authorized Representatives	**Mr. Zhang Jun (張俊)** Room 101, Block 34 Shishan Xinyuan Huqiu District, Suzhou Jiangsu Province PRC

CORPORATE INFORMATION

	Mr. Cheng Ching Kit (鄭程傑) *(an associate member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute in the United Kingdom)* 40/F, Dah Sing Financial Centre 248 Queen's Road East Wanchai Hong Kong
Audit Committee	Ms. Xin Zhu (辛珠) *(Chairman)* Mr. Liu Xin (劉昕) Mr. Cai Jinchun (蔡金春)
Remuneration Committee	Mr. Liu Xin (劉昕) *(Chairman)* Ms. Zhou Yun (周雲) Mr. Tang Chunshan (唐春杉)
Nomination Committee	Ms. Zhou Yun (周雲) *(Chairman)* Mr. Liu Xin (劉昕) Mr. Zhang Jun (張俊)
H Share Registrar	

[**REDACTED**]

Compliance Advisor	**Dongxing Securities (Hong Kong) Company Limited** 6805–6806A, 68/F International Commerce Centre 1 Austin Road West Kowloon Hong Kong

Principal Banks	**Industrial and Commercial Bank of China Suzhou New District Branch** 15 Shishan Road New District, Suzhou Jiangsu Province PRC
	Agricultural Bank of China Suzhou Commercial Street Branch 11-13 Commercial Street Huqiu District, Suzhou Jiangsu Province PRC
	Hua Xia Bank Suzhou New District Branch 1128 Binhe Road Gaoxin District, Suzhou Jiangsu Province PRC

The information and statistics set out in this section and other sections of this document were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the [**REDACTED**]. *The information from official government sources has not been independently verified by us, the Sole Sponsor,* [**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. See "Risk Factors—Risks Relating to Our Business and Industry" in this document for a discussion of risks relating to our industry.*

SOURCES OF INFORMATION

We have commissioned Frost & Sullivan, an independent market researcher and consultant, to analyze and report on property management services market in China. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York. Frost & Sullivan offers industry research and market strategies and provides growth consulting and corporate training. Its industry coverage in China includes chemicals, materials and food, commercial aviation, consumer products, environment and building technologies, healthcare, industrial automation and electronics, industrial and machinery, and technology, media and telecom. We have agreed to pay Frost & Sullivan a total fee of RMB800,000 for the preparation of the Frost & Sullivan Report.

F&S Report

Our Company has included certain information from the F&S report in this document because our Directors believe that such information facilitates an understanding of the relevant market for potential investors. The market research process for the F&S report has been undertaken through detailed primary research which involves discussing the status of property management and operational services market with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database.

Analysis and forecasts contained in the Frost & Sullivan Report are based on the following major assumptions at the time of compiling such reports: (i) China's economy is likely to maintain steady growth in the next decade; (ii) China's social, economic, and political environment is likely to remain stable in the forecast period; (iii) COVID-19 will affect the market stability in the short term; and (iv) market drivers such as continuous development of real estate industry, continuous urbanization, extensive implication of technologies, involvement in capital market and others will drive the property management and operational service market.

PROPERTY MANAGEMENT SERVICE MARKET IN THE YANGTZE RIVER DELTA REGION AND SUZHOU

Introduction and Overview

Property management is the operation, control, and oversight of real estate as used in its broadest terms. Management indicates a need to care for, monitor and take responsibility of properties given its term of use and condition. Property management is also the management of personal property, equipment, tooling, and physical capital assets that are acquired and used to build, repair, and maintain deliverable properties. Most Chinese property management companies provided services for a wide range of properties, including residential communities and non-residential communities including office buildings, shopping malls, public, industrial and other properties, such as hospitals and schools.

Property management companies generally offer these services: (i) traditional property management services; and (ii) other services including value-added services to property developers and community value-added services. Value-added services to property developers mainly comprise of pre-delivery services and consulting services. An increasing number of property management companies have participated in smart city services.

The Yangtze River Delta Region mainly includes Shanghai Municipality, Jiangsu Province and Zhejiang Province. The "Regional Planning of the Yangtze River Delta Region (《長江三角洲地區區域規劃》)" which was issued by the National Development and Reform Commission in 2010, clarified that the Yangtze River Delta Region is the region with the leading comprehensive strength in China, possessing an important and strategic position and playing a prominent and driving role in the development of China's economy and society.

Fee Basis Analysis

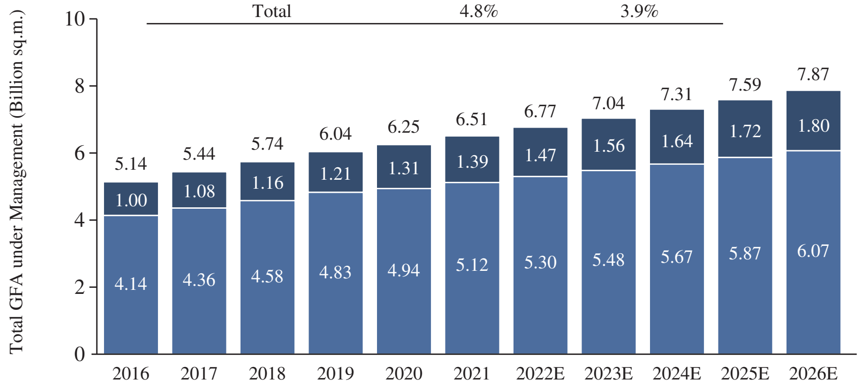
For traditional property management services, property management companies can charge management fees either on a lump sum basis or on a commission basis. The lump sum basis for property management fees is the dominant model in the property management service market for both residential and non-residential properties in China. By taking lump sum basis, property management companies can manage their costs by a series of cost-saving measures, including standardization of procedures, automation and smart management to reduce their reliance on manual labor.

In terms of pre-delivery services, the common revenue generating model is lump sum basis on which property management companies receive a fixed amount of fees based on the total management area or the number and position of employees who provide such services. In terms of consulting services, the service fees are mainly charged on lump sum basis according to the total management area or commission basis with a certain percentage of revenue or profit derived from provision of property management services. Lump sum basis is more common in providing consulting services in China's property management service market.

Market Size of Property Management Service Market in the Yangtze River Delta Region

Total GFA under Management by Property Management Companies (the Yangtze River Delta Region), 2016 – 2026E

Total GFA under Management	*CAGR (2016-2021)*	*CAGR (2021-2026E)*
Non-residential	6.8%	5.3%
Residential	4.3%	3.5%
Total	4.8%	3.9%

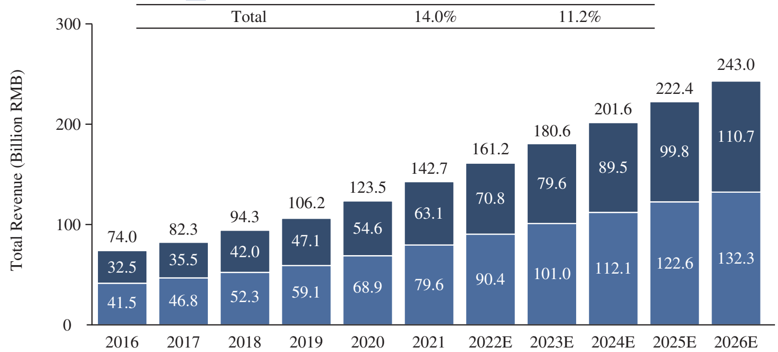


Source: National Bureau of Statistics of China; Frost & Sullivan Analysis

In the Yangtze River Delta Region, the total GFA under management by property management companies increased from 5.14 billion sq.m. in 2016 to 6.51 billion sq.m. in 2021, with a CAGR of 4.8%. In 2026, the total GFA under management is expected to reach 7.87 billion sq.m., with a CAGR of 3.9% from 2021 to 2026. The total GFA under management of non-residential properties reached 1.39 billion sq.m. in 2021, with a CAGR of 6.8% from 2016 to 2021. In 2026, the total GFA under management of non-residential properties is expected to reach 1.80 billion sq.m., with a CAGR of 5.3% from 2021 to 2026.

Total Revenue of Property Management Services Companies (Yangtze River Delta), 2016 – 2026E

Total Revenue	*CAGR (2016-2021)*	*CAGR (2021-2026E)*
Non-residential	14.2%	11.9%
Residential	13.9%	10.7%
Total	14.0%	11.2%

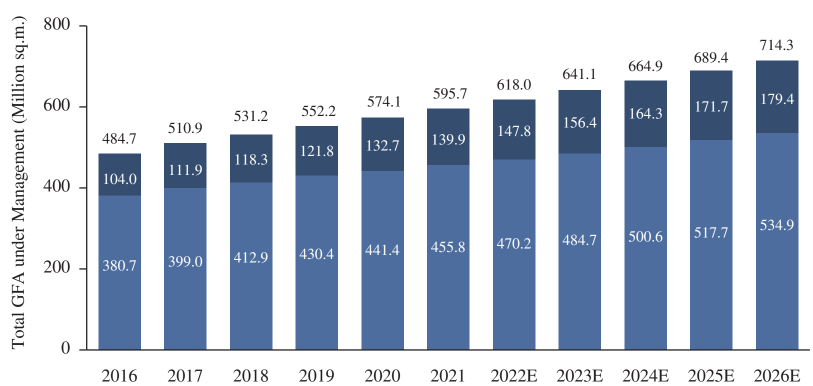


Source: National Bureau of Statistics of China; Frost & Sullivan Analysis

From 2016 to 2021, the total revenue of property management companies in the Yangtze River Delta Region increased from RMB74.0 billion to RMB142.7 billion, with a CAGR of 14.0%. In 2026, the total revenue from provision of property management services is expected to reach RMB243.0 billion, with a CAGR of 11.2% from 2021 to 2026. From 2016 to 2021, the total revenue generated from provision of non-residential property management services in the Yangtze River Delta Region increased from RMB32.5 billion to RMB63.1 billion, with a CAGR of 14.2%. In 2026, the total revenue generated from provision of non-residential property management services is expected to reach RMB110.7 billion, with a CAGR of 11.9% from 2021 to 2026.

Total GFA under Management by Property Management Services Companies (Suzhou), 2016 – 2026E

Total GFA under Management	*CAGR (2016-2021)*	*CAGR (2021-2026E)*
Non-residential	6.1%	5.1%
Residential	3.7%	3.3%
Total	4.2%	3.7%

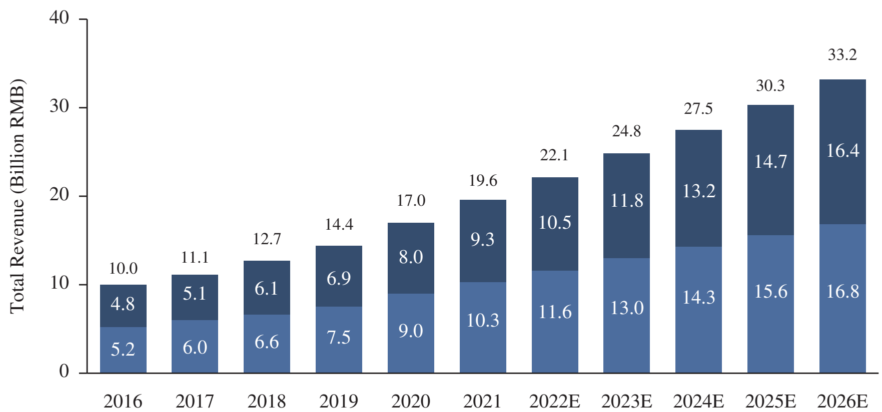


Source: National Bureau of Statistics of China; Frost & Sullivan Analysis

In Suzhou, the total GFA under management by property management companies in Suzhou increased from 484.7 million sq.m. in 2016 to 595.7 million sq.m. in 2021, with a CAGR of 4.2%. In 2026, the total GFA under management in Suzhou is expected to reach 714.3 million sq.m., with a CAGR of 3.7% from 2021 to 2026. The total GFA under management of non-residential properties reached 139.9 million sq.m. in 2021, with a CAGR of 6.1% from 2016 to 2021. In 2026, the total GFA under management of non-residential properties in Suzhou is expected to reach 179.4 million sq.m., with a CAGR of 5.1% from 2021 to 2026.

Total Revenue of Property Management Services Companies (Suzhou), 2016 – 2026E

Total Revenue	*CAGR (2016-2021)*	*CAGR (2021-2026E)*
Non-residential	14.1%	12.0%
Residential	14.6%	10.3%
Total	14.4%	11.1%



Source: National Bureau of Statistics of China; Frost & Sullivan Analysis

From 2016 to 2021, the total revenue of property management companies in Suzhou increased from RMB10.0 billion to RMB19.6 billion, with a CAGR of 14.4%. In 2026, the total revenue from provision of property management services in Suzhou is expected to reach RMB33.2 billion, with a CAGR of 11.1% from 2021 to 2026. From 2016 to 2021, the total revenue generated from provision of non-residential property management services in Suzhou increased from RMB4.8 billion to RMB9.3 billion, with a CAGR of 14.1%. In 2026, the total revenue generated from provision of non-residential property management services in Suzhou is expected to reach RMB16.4 billion, with a CAGR of 12.0% from 2021 to 2026.

Market Drivers

Continuous Urbanization and Development of Urban Agglomeration: Accelerating the development of urban agglomeration has been elaborated in the "13th Five-Year-Plan", which aims to promote the economic development of the Yangtze River Delta Megalopolis, resulting in a stable growth in real estate industry and development in property management services market. Meanwhile, due to the rapid economic development and the influx of migrants from rural areas to developed areas, the urban population in the Yangtze River Delta Region has been steadily increasing. From 2016 to 2021, the urban population of the Yangtze River Delta Region increased from 120.0 million to 132.7 million, with a CAGR of 2.0%. During the same period, the urbanization rate of the Yangtze River Delta Region increased from 70.9% in 2016 to 75.7% in 2021. This trend of urbanization in the Yangtze River Delta Region generates a huge demand for housing and properties, therefore driving the needs for property management services.

Supporting Policies: As the Yangtze River Delta Region is regarded as an international gateway, the PRC government has continued to provide necessary policy supports to the development of the Yangtze River Delta Region. For example, in 2019, the State Council issued "Integrated Development Plan of Yangtze River Delta" 《長江三角洲區域一體化展規劃綱要》 encouraging to jointly build cross-regional cooperative industrial parks in Yangtze River Delta Region. The plan also mentioned that building cross-regional cooperative industrial parks in Suzhou is expected to stimulate the demands for professional residential and non-residential property management services in Suzhou. The supporting policies for the Yangtze River Delta Region have encouraged economic development and bring development opportunities for property management companies in this region.

Future Opportunities and Challenges

Expanding Service Scope and Provision of Value-added Services: The property management service market in Yangtze River Delta Region has seen a trend of extended types of services and customer pool in recent years, from traditional property management services to other value-added services for offices buildings, industrial parks and public properties, and more property types are expected to be covered in the future. Property management companies have been extending property services and integrating essential life services, such as education, medical and healthcare, in their scope of services. Value-added services, such as consulting services and community leasing, generally have a higher profit margin than traditional property management services. Furthermore, provision of value-added services enables property management companies to enhance customer loyalty and brand image. Meanwhile, the growing demands for professional property management services provided to different property types will promote the innovation of service standard and service model in the property management service market in Yangtze River Delta Region.

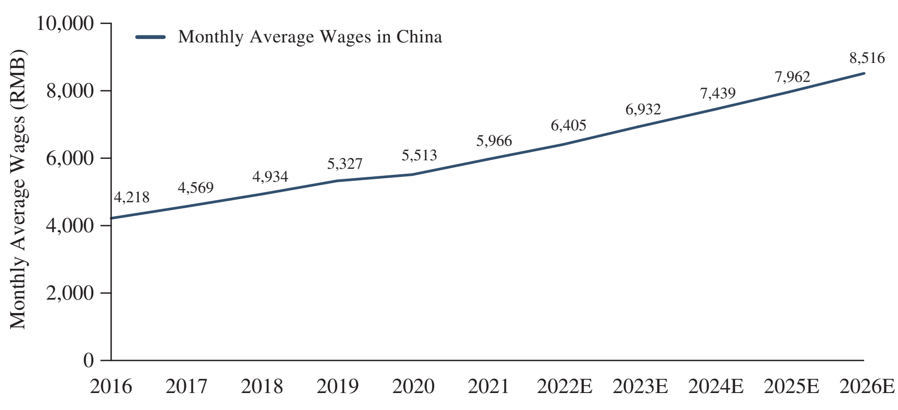
Potential from Second and Third-tier Cities: Although the Yangtze River Delta includes a number of advanced cities with sound economy such as Shanghai, Nanjing and Hangzhou, there are still considerable potentials in second and third-tier cities such as Wuxi and Changzhou in Jiangsu Province, and Ningbo and Wenzhou in Zhejiang Province, which are conducive to expand geographical coverage for property management services companies. Moreover, the relatively immature property management services market in these cities could provide potential opportunities for the property management services companies who have plans to seize market shares at early stage.

Intense Competition: There is highly intense competition in the property management service market in the Yangtze River Delta Region due to high urbanization rate, accelerated economic development and sufficient distribution of residential and non-residential properties. To maintain the competitiveness, the property management companies have to increase capital investments to expand service scope, improve service quality and maintain brand reputation. In addition, many of the property management companies listed on the Exchange are looking for acquisition targets, and there is a chance that a property management company may not be able to materialize its acquisition plan. Meanwhile, the monthly average wages of employees in property management service market in the Yangtze River Delta Region are higher than that in other parts of China, which brings more cost pressure to property management services and further leads to intense competition.

Rising Labor Costs: The property management service market requires a large workforce to provide security, cleaning, gardening, repairing and other services, and the staff cost is one of the largest components of a company's operating costs. Rising labor costs may increase companies' costs and reduce their profitability. The increase in labor costs has posed an increasing pressure on the companies' operating costs. The amount of staff cost was mainly affected by the increase in the staff headcount due to business expansion and the general upward trend of wages in China. From 2016 to 2021, the monthly average wages of employees in property management service market have increased from RMB4,218 in 2016 to RMB5,966 in 2021, with a CAGR of 7.2%.

Monthly Average Wages of Workers in Property Management Services Market (China), 2016 – 2026E

Monthly Average Wages	*CAGR (2016-2021)*	*CAGR (2021-2026E)*
China	7.2%	7.4%



Source: National Bureau of Statistics of China; Frost & Sullivan Analysis

Entry Barriers

Service Experience: Due to increasing concentration of property management service market in the Yangtze River Delta Region, mature operation and management experience and successful project experience are particularly important for property management service providers to shape their brand image. Furthermore, in terms of relatively high requirements from residential property owners, enterprises in diversified industries and shopping mall consumers, the rich and mature management experience has a guiding role for the property management service providers in the actual operation and management process, which is one of the entry barriers to new entrants.

Technology Level: Along with the popularization of technologies such as cloud computing, big data and IoT, new office scenarios have put forward high requirements for the facilities of different types of properties, such as residential properties, office buildings and shopping malls, and the technology level of property management service providers in the Yangtze River Delta Region. Exploring the application of new technologies in property management services can significantly improve the service scope, quality and efficiency, which is one of the major entry barriers for new entrants.

Standardization of Operation and Management: The property management service providers tend to establish standardized operation and management system to reduce costs and ensure profitability. Sizable property management service providers have more resources to invest in the standardization of their operations compared with new entrants. Moreover, a well-established standardization system will improve the capability of property management service providers to manage more properties in the Yangtze River Delta Region.

CITY SERVICE MARKET IN SUZHOU

Definition and Overview

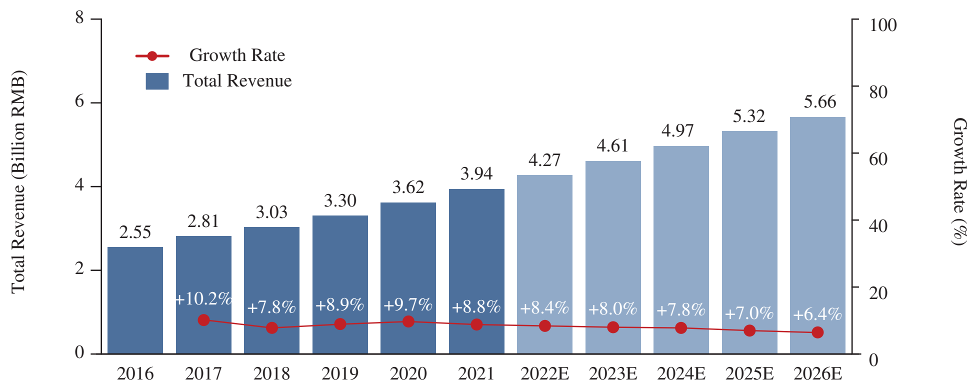
City services refer to a variety of services that are primarily provided to government and public authorities to satisfy local residents' daily living needs. Management intensity and effective integration of city services are expected to be two key drivers for the growth of the property management industry in China.

City services mainly include (i) property management services including cleaning, security, landscaping and maintenance services to public facilities such as municipal office buildings and public culture and recreational facilities; (ii) municipal infrastructure maintenance services such as the cleaning and maintenance of public roads and railways to ensure the cleanliness and normal operations of public infrastructure; and (iii) city waste management services.

Market Size of City Service Market in Suzhou

Total Revenue of City Services Provided by Property Management Services Companies (Suzhou), 2016 – 2026E

China	*CAGR (2016-2021)*	*CAGR (2021-2026E)*
Total Revenue	9.1%	7.5%



Source: National Bureau of Statistics of China; Frost & Sullivan Analysis

In recent years, with the rapid development of infrastructure construction, the demand for city services has increased continuously. From 2016 to 2021, the total revenue from provision of city services in Suzhou increased from RMB2.55 billion to RMB3.94 billion, with a CAGR of 9.1%. In 2020, Chinese government issued the "Safety Standards for Clean, Tidy and Orderly Urban Appearance (Trial Version) 《城市市容市貌乾淨整潔有序安全標準(試行)》, which is aiming at strengthening the guidance, supervision and evaluation of urban appearance management and improve the level of urban delicacy management. Under the government support, the city service market is expected to be stimulated in the future. In 2026, the total revenue of city service market in Suzhou is expected to reach RMB5.66 billion, with a CAGR of 7.5% from 2021 to 2026.

Future Outlook

Expanded Service Scope and Development Potentials of City Operation Services: Along with the development of property management service market, property management service providers have been dedicated to expand their service scope to a more diverse property portfolio. Meanwhile, the government function transition has led to growing demands for city operation services for public and government facilities, which has created broad development potentials for property management service providers to expand their income sources and stimulated the demand for professional city services.

Integration of City Services: The government and public authorities normally regard public areas as a comprehensive property management project, which puts forward high requirements for the capability of integrating the management and operation of public areas and providing various services covering community governance services, operation and maintenance of specific public facilities, and enterprise and asset services. Therefore, with the further development of city operation and city services, the service providers who can effectively integrate diversified city services are likely to enjoy competitive advantages in China's property management service market.

Impact of COVID-19

The outbreak of COVID-19 increased short-term operational costs to companies in managing properties since they have to purchase epidemic prevention materials. Besides, as staff are required to work during the outbreak of COVID-19, the property management service providers have to compensate their staff and subcontractors with additional on-duty allowances. The impact on revenue derived from provision of property management services to non-residential properties, especially shopping malls and office buildings, is relatively more adverse as compared to that to residential properties since the tenants of shopping malls and office buildings who experienced continued financial loss might terminate their lease agreement to cease any further financial loss.

The COVID-19 will promote property management service providers to pay more attention to high-quality, safe and healthy services, which will further improve the service standards in China's property management service market and gain great brand reputation for themselves. Moreover, in response to the outbreak of COVID-19, public facilities which have high visitor flows demand cleaning and security services with higher standards. As professional city service providers could assist local governments in controlling the spread of the pandemic, local governments have growing awareness of the importance of property management service providers. As such, property management service providers are expected to have more opportunities to participate in city service market. In addition, more small and medium-sized service providers are seeking to be merged and acquired under the crisis of COVID-19, which will further promote the integration and development of the property management service market in China.

COMPETITIVE LANDSCAPE OF PROPERTY MANAGEMENT SERVICES MARKET

Overview

According to China Index Academy, the market share of the Top 100 Property Management Companies was 52.3% in 2021 in terms of GFA under management.

With the official promulgation of the Regulations on Property Management (《物業管理條例》), the regulatory framework for the property management service market gradually took shape and matured, and an open and fair market system for the industry was established, which encouraged significant growth of China's property management service market. However, China's property management service market was significantly fragmented. In 2021, the top five companies in the industry accounting for only approximately 21.1% in terms of total revenue in the property management service market in China.

Ranking and Market Share in Suzhou

Top 5 Property Management Services Providers by Total Revenue (the PRC), 2021

Ranking	Company Name	Listing Status	Background Information	Market Share (%)
1	Country Garden Services Holdings Company Limited	Listed	A listed and leading company which focuses on providing residential property management services in China with strong brand recognition and large and extensive property management portfolio.	5.8%
2	Onewo Space-Tech Service Co., Ltd.	Not listed	A leading company with wide coverage nationwide in China focuses on providing a comprehensive and professional smart service system for diverse customers by combing property management services with digitalization technology.	5.5%
3	Evergrande Property Services Group Limited	Listed	A listed and leading comprehensive property management service provider in China who manages a diverse portfolio of properties, including mid-to high-end residential properties to office buildings and commercial properties.	3.7%
4	A-living Smart City Services Co., Ltd.	Listed	A listed property management service provider in China focusing on providing services for mid- to high-end properties and offering a comprehensive portfolio of services.	3.2%
5	Greentown Service Group Co., Ltd.	Listed	A listed and leading company which focuses on providing high-end residential property management services in China with a reputable brand for firstclass service quality.	2.9%
Top 5				21.1%
Others				78.9%
Total				100%

Note: The revenue of Country Garden Services Holdings Company Limited dose not include the revenue related to the "Three Supplies and Property Management" businesses.

Source: Annual Report; Frost & Sullivan Analysis

The PRC's property management services market is rather fragmented, with the top five property management services companies accounting for approximately 21.1% of total revenue of property management services companies in the PRC in 2021. In terms of total revenue in 2021, our Group accounted for approximately 0.1% in the PRC.

Top 5 Property Management Services Providers by GFA under Management (the PRC), 2021

Ranking	Company Name	Listing Status	Background Information	Market Share (%)
1	Onewo Space-Tech Service Co., Ltd.	Not listed	A leading company with wide coverage nationwide in China focuses on providing a comprehensive and professional smart service system for diverse customers by combing property management services with digitalization technology.	2.1%
2	Country Garden Services Holdings Company Limited	Listed	A listed and leading company which focuses on providing residential property management services in China with strong brand recognition and large and extensive property management portfolio.	2.1%
3	A-living Smart City Services Co., Ltd.	Listed	A listed property management service provider in China focusing on providing services for mid- to high-end properties and offering a comprehensive portfolio of services.	1.3%
4	Evergrande Property Services Group Limited	Listed	A listed and leading comprehensive property management service provider in China who manages a diverse portfolio of properties, including mid-to high-end residential properties to office buildings and commercial properties.	1.3%
5	Poly Property Services Co., Ltd.	Listed	A leading comprehensive property management service provider in China with extensive property management scale and state-owned background.	1.3%
Top 5				8.1%
Others				91.9%
Total				100%

Note: The GFA under management of Country Garden Services Holdings Company Limited dose not include the GFA under management related to the "Three Supplies and Property Management" businesses.

Source: Annual Report; Frost & Sullivan Analysis

The top five property management services companies accounted for approximately 8.1% of total GFA under management in property management services market in the PRC in 2021. In terms of total GFA under management in 2021, our Group accounted for approximately 0.02% in the PRC.

Top 5 Property Management Service Providers by Total Revenue (Suzhou), 2021

Ranking	Company Name	Listing Status	Background Information	Market Share (%)
1	Our Group	-	One of the leading comprehensive city service and property management service providers deeply rooted in the Yangtze River Delta Region, especially in Suzhou.	2.3%
2	A-living Smart City Services Co., Ltd.	Listed	A listed property management service provider in China focusing on providing services for mid- to high-end properties and offering a comprehensive portfolio of services.	1.7%
3	Onewo Space-Tech Service Co., Ltd.	Not listed	A leading company with wide coverage nationwide in China focuses on providing a comprehensive and professional smart service system for diverse customers by combing property management services with digitalization technology.	1.6%
4	S-Enjoy Service Group Co., Ltd.	Listed	A listed company which focuses on providing quality professional management services in China and expanding business through both horizontal and vertical integration.	1.5%
5	Soochow Service Industry Group (Jiangsu) Co., Ltd.	Not listed	A leading property management service company for non-residential properties including schools, commercial properties, hospitals, public facilities and industrial parks in Jiangsu Province.	1.4%
Top 5				8.5%
Others				91.5%
Total				100%

Source: Annual Report; Frost & Sullivan Analysis

In the property management service market in Suzhou, the top five companies accounted for approximately 8.5% in terms of total revenue in Suzhou in 2021. As for total revenue in Suzhou in 2021, our Group ranked first and accounted for approximately 2.3%.

Top 5 Property Management Services Providers by GFA under Management (Suzhou), 2021

Ranking	Company Name	Listing Status	Background Information	Market Share (%)
1	A-living Smart City Services Co., Ltd.	Listed	A listed property management service provider in China focusing on providing services for mid- to high-end properties and offering a comprehensive portfolio of services.	1.4%
2	Onewo Space-Tech Service Co., Ltd.	Not listed	A leading company with wide coverage nationwide in China focuses on providing a comprehensive and professional smart service system for diverse customers by combing property management services with digitalization technology.	1.3%
3	S-Enjoy Service Group Co., Ltd.	Listed	A listed company which focuses on providing quality professional management services in China and expanding business through both horizontal and vertical integration.	1.2%
4	Our Group	-	One of the leading comprehensive city service and property management service providers deeply rooted in the Yangtze River Delta Region, especially in Suzhou.	1.1%
5	Soochow Service Industry Group (Jiangsu) Co., Ltd.	Not listed	A leading property management service company for non-residential properties including schools, commercial properties, hospitals, public facilities and industrial parks in Jiangsu Province.	1.1%
Top 5				6.1%
Others				93.9%
Total				100%

Source: Annual Report; Frost & Sullivan Analysis

In the property management services market in Suzhou, the top five companies accounted for approximately 6.1% of total GFA under management in Suzhou in 2021. In terms of total GFA under management in Suzhou in 2021, our Group ranked fourth and accounted for approximately 1.1%.

Top 5 Property Management Service Providers by Revenue of City Services (Suzhou), 2021

Ranking	Company Name	Listing Status	Background Information	Market Share (%)
1	Our Group	-	One of the leading comprehensive city service and property management service providers deeply rooted in the Yangtze River Delta Region, especially in Suzhou.	4.3%
2	Soochow Service Industry Group (Jiangsu) Co., Ltd.	Not listed	A leading property management service company for non-residential properties including schools, commercial properties, hospitals, public facilities and industrial parks in Jiangsu Province.	4.2%
3	A-living Smart City Services Co., Ltd.	Listed	A listed property management service provider in China focusing on providing services for mid- to high-end properties and offering a comprehensive portfolio of services.	2.1%
4	S-Enjoy Service Group Co., Ltd.	Listed	A listed company which focuses on providing quality professional management services in China and expanding business through both horizontal and vertical integration.	1.8%
5	Onewo Space-Tech Service Co., Ltd.	Not listed	A leading company with wide coverage nationwide in China focuses on providing a comprehensive and professional smart service system for diverse customers by combing property management services with digitalization technology.	1.7%
Top 5				14.1%
Others				85.9%
Total				100%

Source: Annual Report; Frost & Sullivan Analysis

In the city services market in Suzhou, the top five companies accounted for approximately 14.1% in terms of revenue from provision of city services in Suzhou in 2021. As for revenue from provision of city services in Suzhou in 2021, our Group ranked first and accounted for approximately 4.3%.

The city services market in the PRC is rather fragmented, with the top five property management service providers that provide city services accounting for approximately 5.9% of total relevant revenue in the PRC in 2021. In terms of total revenue generated from city services in the PRC in 2021, our Group accounted for approximately 0.09% market share.

Ranking and Market Share in Jiangsu Province

Top 5 Property Management Service Providers by Revenue of City Services (Jiangsu Province), 2021

Ranking	Company Name	Listing Status	Background Information	Market Share (%)
1	Soochow Service Industry Group (Jiangsu) Co., Ltd.	Not listed	A leading property management service company for non-residential properties including schools, commercial properties, hospitals, public facilities and industrial parks in Jiangsu Province.	1.9%
2	Jiangsu Yinhe Property Management Co., Ltd.	Not listed	A leading property management service company and mainly focusing on non-residential properties including commercial complex, logistics centres and office buildings in the Yangtze River Delta especially in Jiangsu Province.	1.5%
3	Our Group	-	One of the leading comprehensive city service and property management service providers deeply rooted in the Yangtze River Delta Region, especially in Suzhou.	1.4%
4	Yincheng Life Service Co., Ltd.	Listed	A leading property management service provider in Nanjing and Jiangsu Province in the PRC that provides diversified property management services and value-added services.	1.3%
5	S-Enjoy Service Group Co., Ltd.	Listed	A listed company which focuses on providing quality professional management services in China and expanding business through both horizontal and vertical integration.	1.1%
Top 5				7.2%
Others				92.8%
Total				100%

Source: Annual Report; Frost & Sullivan Analysis

The total revenue from provision of city services by property management service companies in Jiangsu Province reached approximately RMB11.9 billion in 2021. In the property management services market in Jiangsu Province, the top five companies accounted for approximately 7.2% in terms of revenue from provision of city services in Jiangsu Province in 2021. As for revenue from provision of city services in Jiangsu Province in 2021, our Group ranked third and accounted for approximately 1.4%.

Top 5 Property Management Service Providers by Revenue of Non-residential Property Management Services (Jiangsu Province), 2021

Ranking	Company Name	Listing Status	Background Information	Market Share (%)
1	A-living Smart City Services Co., Ltd.	Listed	A listed property management service provider in China focusing on providing services for mid- to high-end properties and offering a comprehensive portfolio of services.	2.2%
2	Jiangsu Yinhe Property Management Co., Ltd.	Not listed	A leading property management service company and mainly focusing on non-residential properties including commercial complex, logistics centres and office buildings in the Yangtze River Delta especially in Jiangsu Province.	1.7%
3	Yincheng Life Service Co., Ltd.	Listed	A leading property management service provider in Nanjing and Jiangsu Province in the PRC that provides diversified property management services and value-added services.	1.6%
4	Greentown Service Group Co., Ltd.	Listed	A listed and leading company which focuses on providing high-end residential property management services in China with a reputable brand for firstclass service quality.	1.5%
5	Our Group	-	One of the leading comprehensive city service and property management service providers deeply rooted in the Yangtze River Delta Region, especially in Suzhou.	1.4%
Top 5				8.4%
Others				91.6%
Total				100%

Source: Annual Report; Frost & Sullivan Analysis

In the property management service market in Jiangsu Province, the top five companies accounted for approximately 8.4% in terms of total revenue from provision of non-residential property management services in Jiangsu Province in 2021. As for total revenue from provision of non-residential property management services in Jiangsu in 2021, our Group ranked fifth and accounted for approximately 1.4%.

Among major industry peers that our Group competed in property management service market in Jiangsu Province and Suzhou, the range of the gross profit margin for public facility management services was from 10% to 28%, from 10% to 28% and from 10% to 25% in 2019, 2020 and 2021, the range of the gross profit margin for commercial property management services was from 8% to 30%, from 8% to 30% and from 8% to 33% in 2019, 2020 and 2021, and the range of the gross margin for residential property management services was from 6% to 27%, from 6% to 30% and from 6% to 30% in 2019, 2020 and 2021. The range of average monthly property management fees for public facility management services in 2019, 2020 and 2021 was from RMB3.3 per sq.m. to RMB5.0 per sq.m., from RMB3.5 per sq.m. to RMB5.0 per sq.m. and from RMB3.2 per sq.m. to RMB5.2 per sq.m., the range of average monthly property management fees for commercial property management services in 2019, 2020 and 2021 was from RMB5.5 per sq.m. to RMB8.2 per sq.m., from RMB5.7 per sq.m. to RMB8.5 per sq.m. and from RMB5.7 per sq.m. to RMB8.5 per sq.m., and the range of average monthly property management fees for residential property management services in 2019, 2020 and 2021 was from RMB1.4 per sq.m. to RMB3.2 per sq.m., from RMB1.2 per sq.m. to RMB3.2 per sq.m. and from RMB1.4 per sq.m. to RMB3.5 per sq.m..

According to China Index Academy, the average monthly property management fees for public properties in 2019, 2020 and 2021 was RMB3.4 per sq.m., RMB3.4 per sq.m. and RMB3.4 per sq.m., the average monthly property management fees for commercial properties (office buildings) in 2019, 2020 and 2021 was RMB7.0 per sq.m., RMB6.9 per sq.m. and RMB7.0 per sq.m., and the average monthly property management fees for residential properties in 2019, 2020 and 2021 was RMB2.1 per sq.m., RMB2.1 per sq.m. and RMB2.0 per sq.m..

REGULATORY OVERVIEW

Our business operations are subject to extensive supervision and regulation by the PRC Government. This section sets out a summary of the material laws, regulations and policies to which we are subject.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

According to the Regulations on Foreign Investment Guidelines (《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. Foreign investment projects of the encouraged, restricted and prohibited categories are listed in the Catalog of Industries for Guiding Foreign Investment (《外商投資產業指導目錄》). Foreign investment projects that are not of the encouraged, restricted and prohibited categories belong to the permitted foreign investment projects which are not listed in the Catalog of Industries for Guiding Foreign Investment.

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

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 in which foreign investors or foreign-funded enterprises shall submit the investment information to competent departments of commerce through the enterprise registration system and the enterprise credit information publicity system.

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

The Catalog of Industries for Encouraged Foreign Investment (2020 Edition) (《鼓勵外商投資產業目錄(2020年版)》) (the "Catalog") was promulgated by the National Development and Reform Commission (the "NDRC") and the Ministry of Commerce (the "MOFCOM") on December 27, 2020, and came into effect on January 27, 2021.

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)》) and Special Administrative Measures (Negative List) for Foreign Investment Access in Pilot Free Trade Zones (Edition 2021) (《自由貿易試驗區外商投資准入特別管理措施(負面清單)(2021年版)》), both promulgated by the NDRC and the MOFCOM on December 27, 2021 and taking effect on January 1, 2022, the property management service does not fall into such categories which foreign investment is restricted or prohibited.

LEGAL SUPERVISION OVER PROPERTY MANAGEMENT SERVICES AND OTHER RELATED 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, will form the legal foundation for the property management services in the PRC in the future. Prior to the effectiveness of the Civil Code, the Provisions on Property Management (《物業管理條例》) and the Property Law of the PRC (《中華人民共和國物權法》) have laid down the basic legal framework for the property management industry in China.

On July 13, 2021, eight government departments including the MOHURD issued the Notice on the Continuous Improvement and Regulation of the Real Estate Market (《關於持續整治規範房地產市場秩序的通知》) (the "Regulatory Notice"), determining to improve the real estate industry in PRC in around three years by curbing the violations of laws and regulations, enhancing the regulation mechanism and establishing an oversight information system. According to the guidelines laid out in the Notice, property service companies should (i) provide services in accordance with the agreed contents and standards of property service contracts; (ii) publicize the standards of property service charges, the operation and revenue of the owner's common parts, the use of maintenance funds and other related information; (iii) not collect fees exceeding the standards stipulated in contracts and publicized charging services; (iv) not use owners' common parts of properties for business activities without obtaining consent from owners, or defalcate or otherwise misappropriate the business income generated from common parts; (v) not refuse to withdraw from property service projects without justifiable reasons after the termination of property service contracts.

On December 25, 2020, MOHURD, along with other nine 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》) (JF [2020] No. 10), informing that where the conditions for establishing an owners' assembly are not met for the time being, the establishment of a property management committee with participation of the community residents' committee and owners' representatives, etc. shall be explored in order to temporarily replace the owners' committee in carrying out the work.

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, February 6, 2016 and March 19, 2018, a qualification system for companies engaging in property management activities has been adopted.

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

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

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 examination and approval of Level 2 and Level 3 qualifications of property management enterprises were canceled. According to the Decision of the State Council on Canceling a Batch of Administrative Licensing Items (《國務院關於取消一批行政許可事項的決定》), which was promulgated by the State Council on September 22, 2017 and came into effect on the same day, the examination and approval of Level 1 qualification of property management enterprises was canceled.

In accordance with the Notice of the General Office of the MOHURD on Effectively Implementing the Work of Canceling the Qualification Accreditation for Property Management Enterprises (《住房城鄉建設部辦公廳關於做好取消物業服務企業資質核定相關工作的通知》), 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 management enterprises shall no longer be accepted, and the qualifications obtained already shall not be a requirement in any way for property management enterprises to undertake new property management projects. On March 8, 2021, the MOHURD promulgated the Decision of the MOHURD to Repeal Measures for the Administration on Qualifications of Property Management Enterprises (《住房城鄉建設部關於廢止<物業服務企業資質管理辦法>的決定》) (Order of the MOHURD No, 39).

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修訂)) has removed the qualification accreditation of the property management enterprises.

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

According to the Regulations on Property Management (《物業管理條例》 (2018修訂)), the property owners within a single property management area shall, under the direction of street office or township people's government or the real estate administration department of the county or district people's government where the relevant real estate is situated, convene a general meeting of property owners and elect a property owners' association. However, where there is only one property owner or where there are relatively few property owners and they are all in agreement, the property owner(s) may choose not to convene a general meeting of property owners, in which case the functions assigned to both a general meeting of property owners and property owners' association shall be performed by the owner(s). 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) (JF [2009] No. 274) (promulgated by MOHURD on December 1, 2009, which came into effect on January 1, 2010) provides a practical guideline for the establishment and governance of the general meeting of property owners and 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. Property owners of non-residential properties are not required to establish a property owners' association under the relevant PRC laws and regulations.

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 management 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 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 management 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 participate in the voting and hold more than 75% of the total GFA of the exclusive area owned by the voting owners and who represent more than 75% of the total number of property owners participating in the voting. In addition, the Civil Code explicitly requires that the income generated by the construction entity, property service enterprise or other managers of a building from the common areas of the owners, after deducting reasonable costs, shall belong to the 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修訂)), a general meeting of the property owners of a community can engage or dismiss a property management enterprise with affirmative votes of owners who own exclusive parts accounting for 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 management contract with the property management enterprise engaged at the general meeting. Before the engagement of a property management 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 management enterprise. The preliminary property management contract may stipulate the contract duration. If the property management contract signed by the property owners' association and the property management enterprise comes into force within the term of preliminary property management, the preliminary property management contract automatically terminates.

According to the Regulations on Property Management (2018 Revision) (《物業管理條例》(2018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 management enterprises by inviting bid. In case where there are less than three bidders or for small-scale properties, the developer can hire property management enterprises by signing an agreement with the approval of the real estate administrative department of the local government of the place where the property is located. Where the developer fails to hire the property management enterprise through a tender and bidding process or hire the property management 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 with the penalty of no more than RMB100,000.

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

In accordance with the Government Procurement Law of the People's Republic of China (《中華人民共和國政府採購法》) (the "Government Procurement Law"), which was promulgated on June 29, 2002 and amended on August 31, 2014, government procurement refers to behaviors of state organs at various levels, undertakings and social organizations that procure with fiscal funds commodities, engineering works and related services within the catalog made for centralized procurement according to law or procure them in excess of their quotas. Where procurement parties should purchase goods or services in the form of public bidding, the specific quotas shall be stipulated by the State Council if they fall into those to be procured under central budget, or by the people's governments of province, autonomous region and centrally administered municipality if they are included in the catalog for local government procurement under local budget. In special cases where forms other than public bidding have to be adopted, approval should, before start of the procurement activity, be obtained from the procurement supervisory and administrative department of the people's government of city or autonomous prefecture with administrative districts. In cases where procurement parties procure in the form other than public bidding without approval, they shall be dealt with separately in light of the following circumstances: (1) termination of the procurement activity if the bid winning and conclusive supplier are not yet determined; (2) cancelation of the contract and re-determination of the bid winner and conclusive supplier from qualified bid winners and candidate conclusive suppliers after the bid winner and conclusive supplier are determined but the procurement contract has not yet been performed; (3) loss caused to the procurement party and the supplier after performance of the procurement contract, the compensation liability shall be assumed by the responsible people.

Fees Charged by Property Management Enterprises

According to the Measures on the Charges of Property Management Enterprise (《物業服務收費管理辦法》) (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 management 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 management enterprises in their respective administrative regions. The fees charged by property management can be either the government guidance price or market-based price depending on the basis of the nature and features of relevant properties. If the fees charged subject to the government guidance price, 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 on 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 management 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 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 management 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 management pricing cost supervision and examination work. Property management service pricing cost shall include staff costs, expenses for daily operation and maintenance on public facilities and equipment, green conservation costs, sanitation fee, order maintenance cost, public facilities and equipment as well as public liability insurance costs, office expenses, shared administration fee, fixed assets depreciation and other fees approved by property owners.

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 Notice of the National Development and Reform Commission on Opinions for Removing the Control over Prices of Certain Services (《國家發展和改革委員會關於放開部分服務價格意見的通知》), which was promulgated by NDRC on December 17, 2014 and became effective on the same day, the price control on property services of non-government-supported houses was canceled. The provincial price authorities shall, jointly with the housing and urban-rural development administrative authorities, decide to implement government guidance prices for property management 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. 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 are in accordance with the agreed parking service contract. For now, most provincial governments still impose government guidance prices for the fees charged under preliminary property management service agreements while the price control on property management service fee charged under the formal property management service contracts entered into between the property management service company and the property owners' association is generally relaxed.

In Jiangsu Province, according to the Jiangsu Province Administrative Measures on Property management Service Charging (《江蘇省物業服務收費管理辦法》), the government referential prices shall be implemented for the public service fees and car parking fees for ordinary residential properties before the establishment of the owners' congress. After the establishment of the owners' congress, the public service fees and car parking fees for ordinary residential properties shall be negotiated between the owners' congress or the owners' committee authorized by the owners' congress and the property management service enterprises and implemented through the property management service contract.

For example, in Suzhou, according to the Notice on the Issuance of the Implementation Rules for the Property Management Service Charging in Suzhou City (《關於印發蘇州市物業服務收費管理實施細則的通知》) (Su Jia Gui Zi [2014] No. 4), the government referential prices shall be implemented for the charges of property public service of a residential property before the establishment of the owners' congress, car parking fees in the property management area and parking space rentals. Where a developer selects any property service enterprise before the owners and the owners' congress do so, it shall conclude a written prophase property service contract on the service content, standards and charges with the property service enterprise through a tender and bidding process. A sales contract concluded by the developer and the property buyer shall include the contents stipulated in the prophase property service contract, and such a service contract shall be filed by the property service enterprise to the County-level Price Bureau and Housing and Urban-Rural Development Bureau within 10 working days from the date of singing. According to the Classification, Grade and government referential Price Standards of Public Service for Ordinary Residential Property (《普通住宅物業公共服務分類分項分級標準及政府指導價標準》) (Su Jia Fu Zi [2014] No. 86), residential property management services are divided into five aspects, namely (a) comprehensive management services; (b) the maintenance of public area and public facilities of the property; (c) the maintenance of public order; (d) the maintenance of environmental sanitation; (e) green conservation. Each aspect is divided into 5 grades, each of which, again, is divided into 8 levels with different benchmark prices, and the public service fees for ordinary residential property shall be the sum of the 5 aspects mentioned above. Therefore, accordingly, the highest price of the public service of residential property can be RMB 3.58/sq.m.

Collection of Outstanding Property Management Fees

According to Article 188 of the Civil Code of the People's Republic of China, the limitation of action for a person to apply to a people's court for the protection of civil rights shall be three years. Where there are other provisions in the law, such provisions shall apply.

A limitation of action shall run from the date on which an obligee knows or should have known that his or her rights have been infringed and who the obligor is. Where there are other provisions in the law, such provisions shall apply. However, the people's court shall not protect his or her rights if 20 years have passed since the infringement. Under special circumstances, the people's court may decide to extend the limitation of action upon an application filed by the obligee.

Property Management Service Outsourcing

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

Fees charged for Parking Service

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 NDRC and the Ministry of Public Security of the PRC and came into effect on 19 May 2010), a licensed management system with market entry and exit criteria shall be adopted and selection of professional urban parking service enterprises shall be in adherence to the principles of fairness, impartiality and openness.

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 15 December 2015 and came into effect on the same day), the fee charged for parking service shall be determined mainly by the market, and the scope of government referential price for parking services shall be gradually reduced to encourage private capital to participate in the construction of parking facilities.

According to the Notice of the National Development and Reform Commission on Opinions for Removing the Control over Prices of Certain Services (《關於放開部分服務價格意見的通知》) (Fa Gai Jia Ge [2014] No. 2755) (promulgated by NDRC on 17 December 2014 and came into effect on the same day), price control on parking services in residence communities was also canceled.

Fire Protection

Pursuant to the Fire Control 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, estate services enterprises of residential districts shall carry out maintenance and administration of common firefighting facilities within their administrative regions, and provide fire safety prevention services.

LEGAL SUPERVISION OVER THE INTERNET INFORMATION SERVICES

According to the Administrative Measures on Internet-based Information Services (《互聯網信息服務管理辦法》) (No. 292 Order of the State Council) which was issued by the State Council on September 25, 2000, and amended on January 8, 2011, the term "internet-based information services" refer to service activities which provide information to online users through the Internet. Internet-based information services are divided into services of a commercial nature and services of a non-commercial nature. Commercial internet-based information services refer to compensatory services which provide information to or create web pages for online users through the Internet. Non-commercial internet-based information services refer to non-compensatory services which supply, through the Internet, to online users information which is open to and shared by the general public. Whoever intends to engage in commercial internet-based information services, shall apply to the administrative organ in charge of telecommunications in the relevant province, autonomous region or directly administered municipality, or to the State Council department in charge of the information industry, for a license to operate value-added telecommunications business in internet-based information services (hereinafter referred to as "operation license"). Whoever intends to engage in non-commercial internet-based information services shall apply for filing-for-record to the administrative organ in charge of telecommunications in the relevant province, autonomous region or directly administered municipality, or to the State Council department in charge of the information industry. A non-commercial internet-based information services provider shall not engage in compensatory services. An internet-based information services provider who intends to alter its service items, address of web site or other matters, shall complete formalities for alteration thirty (30) days in advance of the alteration, with all relevant organs.

Whoever, in violation of provisions of these Measures, engages in internet-based information services of a commercial nature without having obtained an operation license or provides services outside the licensed scope, shall be ordered by the administrative organ in charge of telecommunications in the relevant province, autonomous region or directly administered municipality to rectify the situation within a set time limit; where illegal gains are made, such gains shall be confiscated, and a fine of more than 300 per cent and less than 500 per cent of the amount of the illegal gains shall be imposed; where there are no illegal gains or the amount of illegal gains is less than 50,000 yuan, a fine of more than 100,000 yuan and less than 1,000,000 yuan shall be imposed; where the circumstances are serious, the web site(s) shall be ordered to close.

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

LEGAL SUPERVISIONS OVER REAL ESTATE BROKERAGE BUSINESS

According to the Law of the PRC on Administration of Urban Real Estate (《中華人民共和國城市房地產管理法》), which was promulgated by the SCNPC on July 5, 1994, came into effect on January 1, 1995 and was amended on August 30,2007, August 27, 2009 and August 26, 2019, real estate intermediaries shall include real estate consultancy firms, real estate valuation firms, real estate brokerage firms etc. A real estate intermediary shall satisfy the following conditions: (1) it has a name and an organization structure; (2) it has fixed service premises; (3) it has the requisite assets and budget; (4) it employs a sufficient number of professionals; and (5) it satisfies any other conditions stipulated by the laws and administrative regulations.

According to the Real Estate Brokerage Management Methods (《房地產經紀管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development, NDRC, Ministry of Human Resources and Social Security on January 20, 2011, came into effect on April 1, 2011, amended on March 1,2016 and came into effect on April 1, 2016, real estate brokerage mentioned in these Methods refer to the behaviors that real estate brokerage institutions and personnel engaging in the real estate transactions in order to provide intermediary and agency services to the principals and in return for commissions. The real estate brokerage institutions and their branch offices shall have sufficient number of real estate personnel. The real estate brokerage institutions and their branch offices shall file with the construction (real estate) authorities in the People's Government in their respective cities, counties or centrally-administered municipalities within 30 days after obtaining the business license.

LEGAL SUPERVISIONS OVER 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, an employer shall establish and improve its rules and regulations in accordance with the law in order to ensure that its workers enjoy labor rights and perform labor obligations. An employer must establish a sound labor safety and hygiene system and shall strictly implement State rules and standards of labor safety and hygiene, conduct labor safety and hygiene education among its workers, prevent accidents during work and reduce occupational hazards. Labor safety and hygiene facilities must meet the standards stipulated by the State. An employer must provide its workers with labor safety and hygiene conditions in conformity with the regulations of the State and necessary articles for labor protection and shall conduct regular health checks for workers engaged in operations of occupational hazards. Laborers engaged in special operations must receive special training and shall acquire relevant qualifications for special operation.

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, a written labor contract shall be concluded for the establishment of a labor relationship. The labor contracts shall set forth the terms, duties, remunerations, disciplinary rules of the employment and conditions to terminate the labor contracts. Where a written labor contract is not concluded simultaneously with the establishment of a labor relationship, a written labor contract shall be concluded within one month from the date of commencement of work. Meanwhile, it is stipulated that labor contracts must be concluded in written forms, 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 the completion of certain work assignments. Upon negotiation and consensus between an employer and a worker, a labor contract may be legally rescinded.

According to 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 Provisional Regulations for the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), Regulations on Work-related Injury Insurance (《工傷保險條例》), Unemployment Insurance Regulations (《失業保險條例》) and Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》), enterprises must carry out social insurance registration with the local social insurance agency and must participate in social insurance, which include basic pension 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, and 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 the amount of the amount in arrears.

According to 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. Late or insufficient payments shall be prohibited. The employer shall process housing provident fund payment and deposit registrations with the housing provident fund management centers. Where, in violation of the provisions of these Regulations, an employer fails to undertake contribution registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its employees, the housing provident fund management center shall order it to go through the formalities within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than 10,000 yuan nor more than 50,000 yuan shall be imposed. Where, in violation of the provisions of these Regulations, an employer fails to undertake contribution registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its employees, the housing provident fund management center shall order it to go through the formalities within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than 10,000 yuan nor more than 50,000 yuan shall be imposed.

According to the Reform Program of the National Taxation and Local Taxation System (《國稅地稅徵管體制改革方案》) promulgated by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council on July 20, 2018, all social insurance premiums, including basic pension insurance premiums, unemployment insurance premiums, maternity insurance premiums, work injury insurance premiums and basic medical insurance premiums, will be handed over to the taxation authorities for unified collection starting from January 1, 2019. In addition, according to the Notice of the General Office of the State Administration of Taxation on the Work Relating to the Collection and Administration of Social Insurance Premiums in a Steady and Orderly Manner (《國家稅務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知》) promulgated on September 13, 2018 and according to the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Guidelines of the Executive Meeting of the State Council to Effectively Doing a Good Job in Stabilizing the Collection of Social Insurance Premiums (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) promulgated on September 21, 2018, regions that still assume responsibility for social security fee collection and arrears clearance functions are not allowed to settle the historical arrears of enterprises in a centralized manner without authorization. The Notice of the State Administration of Taxation on Implementing Certain Measures to Further Support and Serve the Development of the 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》) promulgated on November 16, 2018, reiterates that taxation authorities at all levels shall not settle the historical arrears of contributors, including private enterprises, in a centralized manner without authorization.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

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 Implementation Regulation of the PRC trademark Law (《中華人民共和國商標法實施條例》), 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 registered trademarks shall be valid for 10 years. Upon expiry of the validity period of a registered trademark, where the trademark registrant intends to continue using the trademark, it shall complete renewal formalities and the validity period of each renewal shall be 10 years. A trademark registrant may execute a trademark licensing contract to license the use of its registered trademark to others. For trademarks, trademark law adopts the principle of "prior application" with respect to trademark registration. Trademark to be registered identical or similar to a trademark registered by others for the same type of commodities or similar commodities or a trademark preliminarily validated shall be thrown out by the trademark bureau and shall not be gazetted. Trademark registration applications shall not harm existing prior rights of others, use of improper means to forestall registration of a trademark which is in use and has certain impact shall not be allowed.

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》), which was promulgated by the SCNPC on March 12, 1984, came into effect on April 1, 1985, and was amended on September 4, 1992, August 25, 2000, December 27, 2008 and October 17, 2020, the patent management departments of the people's governments of each province, autonomous region and municipality directly under the central government are responsible for the patent management in their respective administrative regions. Chinese patent system adopts the principle of "prior application", i.e., where two or more applicants file applications for patent for the identical invention or creation respectively, the patent right shall be granted to the applicant whose application was filed first. If one wishes to file application for patent for invention or utility models, the following three standards must be met: novelty, creativity, and practicability. The validity period of a patent for invention is 20 years, while the validity period of utility models and design are 10 years and 15 years, respectively. Others may use the patent after obtaining the permit or proper authorization of the patent holder, otherwise such behavior will constitute an infringing act of the patent right.

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, specifies that works created in written, oral or other forms, of Chinese citizens, legal persons or other organizations, in the fields of literature, art, natural sciences, social sciences, engineering technologies and computer software, 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 mainly 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. Applicants for domain name registration shall be required to provide true, accurate and complete domain name registration information of the domain name holder such as the identity information etc., and sign the registration agreements. Upon the completion of the registration process, the applicant will become the holder of the relevant domain name.

LEGAL REGULATIONS OVER TAX IN THE PRC

Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the "EIT Law"), 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 (《中華人民共和國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, 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 lawfully incorporated pursuant to the laws of a foreign country (region), whose actual management organizations (referring to the organizations implementing substantive and comprehensive management and control over the production and business operations, staff, accounts and property etc. of an enterprise.) are in PRC, are deemed as resident enterprise. Thus, the tax rate of 25% applies to their income originating from both inside and outside PRC.

According to the EIT Law and the Implementing Regulations of the EIT Law, for dividends payable to investors of a non-resident enterprise (who do not have institutions or places of business in the PRC, or the income derived or accrued has no de facto relationship with the office or premises established in the PRC, 10% of the PRC withholding tax shall be paid, unless there are any applicable tax treaties reached between the jurisdictions of non-resident enterprises and the PRC subject to which the relevant tax may be reduced or exempted. Similarly, any gain derived from the transfer of shares by such investor, if such gain is regarded as income derived within the PRC, shall be subject to 10% PRC income tax rate or a lower tax treaty rate (if applicable).

The PRC and the government of Hong Kong entered into the Arrangement between the Mainland 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 on Non-Resident Taxpayers Enjoying Treaty Benefits (《非居民納稅人享受協定待遇管理辦法》) which was promulgated by the State Administration of Taxation on October 14, 2019, and came into effect on January 1, 2020, non-resident taxpayers claiming treaty benefits shall be handled in accordance with the principles of "self-assessment, claiming benefits, retention of the relevant materials for future inspection". Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, simultaneously gather and retain the relevant materials pursuant to the provisions of these Measures for future inspection, and accept follow-up administration by the tax authorities.

Value-added Tax

According to the Provisional Regulations of 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 Implementation Rules for the Provisional Regulations the People's Republic of China 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"), organizations and individuals engaging in sale of goods or processing, repair and assembly services (hereinafter referred to as "labor services"), sale of services, intangible assets, immovables and importation of goods in the People's Republic of China shall be taxpayers of VAT. Unless otherwise stipulated in the VAT law, tax rate for selling services or intangible assets is 6%.

Furthermore, in accordance with the Notice on Fully Launch of the Pilot Scheme for the Conversion of Business Tax to Value-Added Tax (《關於全面推開營業稅改徵增值稅試點的通知》), promulgated by the MOF and the STA on March 23, 2016, taking effect on May 1, 2016, and amended on July 1, 2017, July 11, 2017, January 1, 2018, March 20, 2019 and April 1, 2019, the pilot scheme on levying value-added tax in place of business tax shall be launched nation-wide, all business tax taxpayers in the construction industry, real estate industry, financial industry, living services, etc. shall be included in the scope of the pilot scheme, and subject to value-added tax instead of business tax.

Urban Maintenance and Construction Tax and Educational Surcharges

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

According to the Law of the People's Republic of China on Urban Maintenance and Construction Tax (《中華人民共和國城市維護建設稅法》), which was promulgated by the SCNPC on August 11, 2020 and came into effect on September 1, 2021, all entities and individuals paying value-added tax (VAT) or consumption tax within the People's Republic of China are taxpayers for urban maintenance and construction tax. Urban maintenance and construction tax shall be calculated based on the actual amount of VAT or consumption tax actually paid by taxpayers in accordance with the law. The tax rate shall be 7% for taxpayers located in urban areas, 5% for taxpayers located in counties or towns, and 1% for taxpayers located in all the other regions.

According to the Temporary Provisions on the Collection of Educational Surcharges (《徵收教育費附加的暫行規定》), which was promulgated by the State Council on April 28, 1986, came into effect on July 1, 1986 and was amended on June 7, 1990, August 20, 2005 and January 8, 2011, computation and collection of education surcharges are based on the amount of value-added tax, business tax and consumption tax actually paid by entities and individuals. The rate of education surcharges is 3%, which shall be paid together with value-added tax, business tax or consumption tax respectively.

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 the prior approval of the SAFE is obtained.

According to the Notice of the State Administration of Foreign Exchange on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) issued by the State Administration of Foreign Exchange on June 9, 2016 and came into effect on the same date, the income from settlement of foreign exchange under the capital account (including but not limited to foreign currency capital and foreign debt) may be converted from foreign currency to RMB at its own discretion. RMB funds obtained by a domestic institution 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. RMB converted from foreign currency funds shall not, directly or indirectly, be used for expenditures beyond the business scope of domestic institutions or the expenditures prohibited by laws and regulations of the State; and unless otherwise expressly provided, such funds shall not, directly or indirectly, be used for investment in securities or other investments than banks' principal-secured products; such funds shall not be used for the granting of loans to non-affiliated enterprises, with the exception that such granting is expressly permitted in the business license; and such funds hall not be used for construction or purchase of real estate for purpose other than self-use (exception applies for real estate enterprises). Domestic institutions may, at their discretion, settle up to 100% of their foreign exchange receipts under the capital account for the time being. The SAFE may adjust the aforesaid proportion in due time in light of the balance of payment.

In accordance with the Notice of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) which was promulgated by the SAFE on October 23, 2019, and became effective on the same day, non-investment foreign-funded enterprises are allowed to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds in accordance with the law on the premise that the existing special administrative measures (negative list) for foreign investment access are not violated and the projects invested thereby in China are true and compliant.

Regulations Related to the "Full Circulation" of H-share

"Full circulation" means listing and circulating on the Hong Kong Stock Exchange of the domestic unlisted shares of a domestic joint stock company ("H-share listed company"), including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, China Securities Regulatory Commission ("CSRC") announced the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (Announcement of the CSRC [2019] No.22) (《H股公司境內未上市股份申請"全流通"業務指引》(中國證券監督管理委員會公告[2019]22號) ("Guidelines for the 'Full Circulation'").

According to the Guidelines for the "Full Circulation", shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for "full circulation". To file an application for "full circulation", an H-share listed company shall file the application with the CSRC according to the administrative licensing procedures necessary for the "examination and approval of public issuance and listing (including additional issuance) of shares overseas by a joint stock company". An H-share listed company may apply for "Full Circulation" separately or when applying for refinancing abroad. An unlisted domestic joint stock company may apply for "full circulation" when applying for an overseas initial public offering. After the application for "full circulation" has been approved by the CSRC, an H-share listed company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with the China Securities Depository and Clearing Corporation Limited ("CSDC") of the shares related to the application has been completed. After domestic unlisted shares are listed and circulated on the Stock Exchange, they may not be transferred back to China.

On December 31, 2019, CSDC and Shenzhen Stock Exchange ("SZSE") jointly announced the Measures for Implementation of H-share "Full Circulation" Business (《H股"全流通"業務實施細則》) ("Measures for Implementation"). The businesses of cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. in relation to the H-share "full circulation business", are subject to the Measures for Implementation. Where there is no provision in the Measures for Implementation, it shall be handled with reference to other business rules of the CSDC and CSDC (Hong Kong) and SZSE.

According to the Measures for Implementation, after having completed relevant information disclosure, the H-share listed companies with the approval of the CSRC to engage in the H-share "Full Circulation" business shall apply to the CSDC for the deregistration of part or all of the non-foreign listed shares, and shall re-register the fully circulated H-shares which are not pledged, frozen, restricted to transfer to the share register institutions in Hong Kong. Such shares shall become eligible for listing and circulation on the Stock Exchange. Relevant securities are centrally deposited in CSDC for settlement. As the nominal holder of the above-mentioned securities, CSDC handles the depository and holding details maintenance, cross-border clearing and settlement and other businesses involved in the "full circulation" of H-shares, and provides nominal holder services for investors. The H-share listed company shall be authorized by "Full Circulation" shareholders to choose domestic securities companies that participate in the "full circulation" business of H-shares. "Full Circulation" shareholders submit trading instructions of H-shares "Full Circulation" shares through domestic securities companies. Domestic securities companies shall select a Hong Kong Securities Company to submit trading instructions of their "Full Circulation" shareholders to Hong Kong Stock Exchange for trading. After the transaction is concluded, CSDC and CSDC (Hong Kong) shall handle the cross-border clearing and settlement of relevant shares and funds. The settlement currency of H-share "full circulation" transaction business is Hong Kong dollars. Where an H-share listed company entrusts CSDC to distribute cash dividends, it shall file an application with CSDC. An H-share listed company distributing cash dividends may apply to the CSDC for the holding details of relevant "fully-tradable" shareholders on the securities registration date. The non-H-share "fully circulated" securities listed on the Stock Exchange obtained due to the distribution and conversion of H-share "fully circulated" securities may be sold but shall not be purchased. Where the right to subscribe for the shares listed on Hong Kong Stock Exchange is obtained and the subscription right is listed on Hong Kong Stock Exchange, it may be sold, but shall not be exercised.

In order to fully promote the reform of H-shares "full circulation" and clarify the business arrangement and procedures for the relevant shares' registration, custody, settlement and delivery, CSDC has promulgated the Circular on Issuing the Guide to the Program for Full Circulation of H-shares (《關於發布<H股'全流通'業務指南>的通知》) in February 2020, which specified the business preparation, account arrangement, cross-boarder share transfer registration and overseas centralized custody, etc. In February 2020, CSDC (Hong Kong) also promulgated the Guide to the Program for Full Circulation of H-shares (《中國證券登記結算(香港)有限公司H股'全流通'業務指南》) to specify the relevant escrow, custody, agent service of CSDC (Hong Kong), arrangement for settlement and delivery and other relevant matters.

PRC Laws and Regulations Relating to Overseas Listing

On December 24, 2021, the CSRC issued the Provisions of the State Council on Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (《國務院關於境內企業境外發行證券和上市的管理規定(草案徵求意見稿)》) (the "Administration Provisions"), and the Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (《境內企業境外發行證券和上市備案管理辦法(徵求意見稿)》) (the "Filing Measures", and collectively with the Administration Provisions, the "Draft Regulations on Listing"). Under the Draft Regulations on Listing, a Chinese company's securities offering and listing in an overseas market, direct or indirect, shall be filed with the CSRC. However, as of the Latest Practicable Date, neither the Administration Provisions nor the Filing Measures has been formally adopted.

According to the Reply of Relevant Responsible Persons of the CSRC to Questions from Journalists published on the CSRC's website on December 24, 2021, the regulations relating to overseas listing will adhere to the principle of "non-retroactivity." Specifically, companies undergoing the listing process or listed companies seeking refinancing and relevant activities shall go through the filing procedures in accordance with the requirements; whereas the filing procedures of listed companies shall be subject to a separate arrangement and a sufficient transition period. As of the Latest Practicable Date, the CSRC has not publicly imposed any specific filing requirements on listed companies or companies that have obtained approval from the CSRC for the listing of their H-shares.

We have submitted an application to the CSRC for the [**REDACTED**] of H-shares on May 31, 2021, and obtained the Form of Acceptance of Application for Administrative Licensing from the CSRC (211343) (the "Form of Acceptance") on June 4, 2021. Upon receipt of the Form of Acceptance, we submitted a [**REDACTED**] application to the Exchange on August 30, 2021. On August 26, 2021, the CSRC issued the Official Reply on the Approval of Suxin Joyful Life Services Co., Ltd. to Issue Overseas Listed Foreign Capital Shares (Permission [2021] No. 2796) (the "Official Reply on Overseas [**REDACTED**]"), granting us permission to issue overseas listed foreign capital shares and to [**REDACTED**] such shares on the Exchange. As such, we have completed the application procedures required by the CSRC and obtained all necessary approvals from the CSRC for the [**REDACTED**] and the [**REDACTED**] of our H-shares.

In addition, our Directors confirm that since the promulgation of the Draft Regulations on Listing, the CSRC has not required us to make additional filings for the issuance and [**REDACTED**] on the basis of having already received the Official Reply on Overseas [**REDACTED**], and the Draft Regulations on Listing does not have any material adverse effect on our current [**REDACTED**] plan.

Accordingly, based on the principle of "non-retroactivity" and considering that the CSRC has been aware of and approved our application for the [**REDACTED**], as advised by our PRC Legal Advisors, we do not foresee any impediments in complying with the Draft Regulations on Listing in all material respects, assuming the Draft Regulations on Listing are implemented in its current form.

Regulations on Cybersecurity and Data Security

On July 30, 2021, the state council promulgated the Regulations on Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which became effective on September 1, 2021. Pursuant to the Regulations on Security Protection of Critical Information Infrastructure, a critical information infrastructure refers to an important network facility or information system in important industries or fields, such as public communication and information service, energy, communications, water conservation, finance, public services, e-government affairs and national defense, which may endanger national security, people's livelihood and public interest in case of damage, malfunctioning or data leakage. In addition, competent departments and administration departments of each important industry and field (the "Protection Departments") shall be responsible for formulating rules and determining the critical information infrastructure operator in the respective important industry or field, the result of which shall be communicated to the operator and the public security department of the State Council.

On November 14, 2021, the CAC published the Regulations on the Administration of Cyber Data Security (Consultation Draft) (《網絡數據安全管理條例(徵求意見稿)》) (the "Draft Regulations on Cyber Data Security Management"), which stipulates that data processing entities should apply for cybersecurity review in the event of, among other things, their listing in Hong Kong that affects or may affect national security. The regulatory parameters for determining "affect or may affect national security" as stipulated in the Draft Regulations on Cyber Data Security Management remain undefined and are subject to further explanation and elaboration by the CAC. As of the Latest Practicable Date, the Draft Regulations on Cyber Data Security Management has not come into effect yet.

On December 28, 2021, the CAC and twelve other PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》(2021)) (the "Cybersecurity Review Measures"), which came into effect on February 15, 2022 and supersedes the Measures for Cybersecurity Review (《網絡安全審查辦法》(2020)) that came into effect on June 1, 2020. The Cybersecurity Review Measures requires that when critical information infrastructure operators purchase network products and services which affect or may affect national security, a cybersecurity review shall be filed with the CAC. In addition, online platform operators possessing personal information of more than one million users that seek public listing in a foreign country are obliged to apply for a cybersecurity review.

The Applicability of the Cybersecurity Regulations

The Cybersecurity Review Measures provides circumstances under which a cybersecurity review shall be conducted, which are further enriched and clarified in the Regulations on the Administration of Cyber Data Security (Draft for Comments), including:

(1) the procurement of any network product or service by an operator of critical information infrastructure that affects or may affect national security;

(2) the conducting of data processing activities by an online platform operator, that affects or may affect national security;

(3) the listing in a foreign country of online platform operator or data processor possessing or processing personal information of more than one million users;

(4) a merger, reorganization, or division to be conducted by an online platform operator who has amassed a substantial amount of data resources that concern national security, economic development or the public interest, which affects or may affect national security; and

(5) the listing in Hong Kong to be conducted by a data processor, which will or may impact national security.

With respect to critical information infrastructure operator, according to the Regulations on the Security Protection of the Critical Information Infrastructure, the Protection Departments shall formulate the recognition rules for the critical information infrastructure, and shall, according to such recognition rules, be responsible for organizing the recognition of the critical information infrastructure in the industry or field concerned, and informing the relevant operators of the recognition results in a timely manner. As of the Latest Practicable Date, we had not received any notice from any Protection Department that identifies us as a critical information infrastructure operator, and therefore, as advised by our PRC Legal Advisors, the obligation of the critical information infrastructure operator to conduct cybersecurity review as mentioned in the Cybersecurity Review Measures does not apply to us as of the Latest Practicable Date.

With respect to the personal information of more than one million users and listing in a foreign country, according to the anonymous consultation by our PRC Legal Advisors with the China Cybersecurity Review Technology and Certification Center authorized by the CAC (the "Cybersecurity Review Center"), the listing in Hong Kong is not a listing in foreign countries. The distinction between "listing in Hong Kong" and "listing in foreign countries" as articulated in Article 13 of the Regulations on Network Data Security Management (Draft for Comment) further clarifies that the obligation of voluntarily applying for a cybersecurity review when a company seeks public listing in a foreign country does not apply to the proposed listing in Hong Kong. Moreover, our Directors confirmed that we had not obtained or processed more than one million users' personal information as of the Latest Practicable Date. Therefore, as advised by our PRC Legal Advisors, the obligation of online platform operators or data processors possessing or processing the personal information of more than one million users to undergo a cybersecurity review before going public in a foreign country as provided in the Cybersecurity Review Measures and the Regulations on Network Data Security Management (Draft for Comment) does not apply to us.

With respect to circumstances that affect or may affect national security, the Cybersecurity Review Measures lists seven factors for consideration but gives no explicit interpretation on such factors. Competent authorities may have wide discretion to interpret them. Theoretically, if we are deemed to be a data processor that "affects, or may affect, national security," we may be subject to a cybersecurity review or may be required to apply for a cybersecurity review. However, according to the anonymous consultation with the Cybersecurity Review Center by our PRC Legal Advisors, the identification of the circumstances that "affect or may affect national security" is subjected to proactive review by competent authorities such as the CAC upon their own initiative. Currently, companies are not required to make voluntary declarations.

The Notification to the CAC

As mentioned above, the obligation of the operators of critical information infrastructure to conduct cybersecurity review and the obligation of online platform operators or data processors possessing or processing personal information of more than one million users to conduct cybersecurity review for listing in a foreign country does not apply to us. Meanwhile, regarding the obligation to apply for cybersecurity review due to reasons that "affect or may affect national security," according to the feedback from the Cybersecurity Review Center, we do not have to make voluntary declaration. Therefore, we had not notified the CAC of our Hong Kong [**REDACTED**] plan in writing as of the Latest Practicable Date.

Furthermore, since our [**REDACTED**] application is published on the websites of the CSRC and the Exchange, we have not been required by the CAC to make filings and inspections in relation to cybersecurity and data security related to the proposed [**REDACTED**] in Hong Kong, and have not received any inquiry from the CAC as of the Latest Practicable Date.

Compliance with the Cybersecurity Review Measures and the Regulations on the Administration of Cyber Data Security (Draft for Comments) (collectively, the "Cybersecurity Regulations")

Assuming the Cybersecurity Regulations are implemented in their current form, our PRC Legal Advisors are of the view that the Group would be able to comply with the Cybersecurity Regulations in all material aspects, based on the reasons below:

(1) As confirmed by our Directors and verified by our PRC Legal Advisors, we have not been subject to any material administrative penalty, ordered to make correction within a prescribed time limit or other restrictive measures imposed by any competent authority in respect of its cybersecurity, data and personal information protection as of the Latest Practicable Date;

(2) As confirmed by our Directors and verified by our PRC Legal Advisors, there has been no material accident relating to cybersecurity, protection of data and personal information or material breach of the relevant rights of any third party or other material administrative penalty or legal proceedings as of the Latest Practicable Date;

(3) Our Directors confirmed that we have adopted necessary and reasonable measures, policies and procedures to regulate cybersecurity and protect data and personal information, including, without limitation, file management provisions, data access permissions, and network information security management rules;

(4) Our Directors confirmed that we will pay close attention to the legislation and regulatory development in respect of cybersecurity, data and personal information protection and continuously improve the operating behaviors and internal control system for the purpose of constantly complying with relevant regulatory requirements;

(5) As our [**REDACTED**] application has been published on the official websites of the CSRC and the Exchange, we have not received any objection to this [**REDACTED**] from the CAC or other relevant regulatory authorities, and have not participated in any relevant investigation, examination, inquiry and warning as of the Latest Practicable Date.

Therefore, our Directors are of the view that assuming the Cybersecurity Regulations are implemented in their current form, we would be able to comply with the Cybersecurity Regulations in all material aspects.

The Impact of the Cybersecurity Regulations

As mentioned above, the obligation of the operators of critical information infrastructure to conduct cybersecurity review and the obligation of the online platform operators or data processors possessing or processing personal information of more than one million users to conduct cyber security review for listing in a foreign country does not apply to us as of the Latest Practicable Date. Theoretically, we may be subject to a cybersecurity review or may be required to apply for a cybersecurity review if we are deemed to be a data processor that "affects or may affect national security," according to the feedback from the Cybersecurity Review Center, we are not required to voluntarily apply for a cybersecurity review based on such factors. In addition, our Directors are of the view that we would be able to comply with the Cybersecurity Regulations in all material aspects, assuming the Cybersecurity Regulations are implemented in their current form.

Meanwhile, our Directors confirmed the type and nature of the data that we had gathered were primarily related to our property management services, which have relatively low national security relevancy.

Therefore, our PRC Legal Advisors are of the view that the Cybersecurity Regulations would not have a material adverse impact on our business operations or proposed [**REDACTED**] in Hong Kong, assuming the Cybersecurity Regulations are implemented in their current form.

Subject to the details of the laws and regulations which may be further implemented by the relevant authorities in the future, having made reasonable inquiries with our Directors and our PRC Legal Advisors, the Sole Sponsor concurs with the aforesaid views of our Directors and our PRC Legal Advisors.

OUR HISTORY AND DEVELOPMENT

Overview

We started to provide property management services back in 1994 when our Company was established and started providing residential property management services for properties developed by SND Group. In 1996, we started providing commercial property management services for properties developed by a joint venture of SND Group. We have commenced providing commercial property management services since 2001 and residential property management services for properties developed by independent third-party property developers since 2006. In addition to property management services, we also provide city services. In 2003, we started providing public facility management services for a public library in Suzhou, and since then, we have further expanded the customer base of city services to include local governments and other public authorities and diversified the service portfolio to include municipal infrastructure services and operation of waste collection centers. Over the past two decades, we have significantly grown our business and operations and become a leading provider of comprehensive city services and property management services deeply rooted in the Yangtze River Delta Region, especially in Suzhou.

As of April 30, 2022, we were contracted to provide public facility management services, residential property management services and commercial property management services for 78 projects, with a total contracted GFA of 8.0 million sq.m., among which 77 projects with a total GFA of over 6.8 million sq.m. were under our management. As of the same date, we were contracted to offer municipal infrastructure services to 13 projects. As of the Latest Practicable Date, we had constructed and operated two waste collection centers in Suzhou with the maximum capacity to process 800 tons of household waste per day and 50 tons of bulky waste per day in aggregate. Meanwhile, we were also in the process of constructing one additional waste collection center in Suzhou which are expected to be put into operation in early 2023. Such three waste collection centers in aggregate would be capable of processing a total of 1,200 tons of household waste per day and 50 tons of bulky waste per day. With the brand concept of "your satisfaction, our priority (您的滿意,我的追求)" in mind, we have been recognized as one of the Top 100 Property Management Companies of China for seven consecutive years since 2016 by CIA.

Business Development and Milestone

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

1994	Our Company was established and we started providing residential property management services in Suzhou.
1996	We started providing property management services to Xinchuang Building (新創大廈) and expanded our project portfolio to include commercial properties.

1999	We obtained the ISO 9002:1994 quality management system certification.
2003	We started providing public facility management services for a public library in Suzhou. We were awarded National First Class Property Management Qualification (國家一級資質物業服務企業).
2004	We obtained the ISO 14001:1996 environmental management certification.
2011	We obtained the OHSAS 18001:2007 international occupational health and safety management system certification. Xingang Municipal Greening was established on April 13, 2011 and we started providing urban city services to urban roads and spaces.
2015	We were recognized as one of the Top 100 Property Management Companies in China in terms of overall strength (中國物業綜合實力百強企業) by China Property Management Institute (中國物業管理協會).
2018	We commenced to construct the first waste collection center in Suzhou. We were awarded a "Leading Brand in the PRC Property Management Industry in Specialized Operations" (中國物業服務專業化運營領先品牌企業) by CIA.
2020	The first waste collection center was put into operation.
2021	We were recognized as a "2021 Leading Smart City Service Enterprise in China" (2021中國智慧城市服務領先企業) by CIA.
2022	We were recognized as a "2022 Property Management Company Worth Focusing by Capital Market" (2022值得資本市場關注的物業服務企業) by CIA. We were recognized as a "2022 Leading City Service Enterprise in China" (2022中國城市服務領先企業) by CIA.

OUR CORPORATE DEVELOPMENT

The major corporate developments of our Company and our key operating subsidiaries which were material to our performance during the Track Record Period are set out below.

Our Company

Our Company was established in the PRC as an enterprise owned by the whole people (全民所有制企業) on April 12, 1994 with an initial registered capital of RMB2.0 million which was fully paid up in cash. As of the date of its establishment, our Company was wholly owned by the Residential Construction Management Office of Suzhou New District* (蘇州新區住宅建設管理辦公室) ("Suzhou Residential Construction Management Office"), a subordinate institution of Management Committee of Suzhou Gaoxin District (蘇州高新區管理委員會). Our Company has been principally engaged in the provision of property management services since its establishment.

On September 4, 2002, Suzhou Residential Construction Management Office entered into an equity transfer agreement with SND Company, a state-owned company and one of our controlling shareholders, pursuant to which Suzhou Residential Construction Management Office transferred its entire equity interest in our Company to SND Company at a total consideration of RMB1.25 million, which was determined after arm's length negotiations with reference to the net asset value of our Company at the time of such transfer.

On September 12, 2002, the registered capital of our Company was increased from RMB2.0 million to RMB5.0 million through a capital injection by SND Company in the amount of RMB3.0 million.

On September 5, 2003, SND Company entered into an equity transfer agreement with SND Gaoxin Tech, a company listed on the Shanghai Stock Exchange and controlled by SND Company, pursuant to which SND Company transferred 15% of its equity interest in our Company to SND Gaoxin Tech at a consideration of RMB941,300, which was determined after arm's length negotiations with reference to the value of the equity interest of our Company as of March 31, 2003 as assessed by an independent valuer. Upon completion of such transfer, our Company became owned as to 85% by SND Company and 15% by SND Gaoxin Tech.

On March 25, 2004, our Company was converted into a company with limited liability. On February 23, 2011, our registered capital was increased from RMB5.0 million to RMB10.0 million, and further increased to RMB20.0 million on November 25, 2013.

On February 20, 2020, the registered capital of our Company was increased to RMB43,662,200 as a result of a capital contribution of RMB66,807,500 by way of transfer of certain property assets by SND Company to our Company (RMB23,662,200 of such capital injection was credited to the registered capital of our Company and the remaining RMB43,145,300 was credited to capital reserve of our Company). Upon completion of such capital contribution, our Company became owned as to approximately 93.13% by SND Company and 6.87% by SND Gaoxin Tech.

As part of the Reorganization, on December 14, 2020, SND Gaoxin Tech transferred its approximately 6.87% equity interest in our Company to SND Chengjian, a wholly-owned subsidiary of SND Company. See the paragraph headed "Reorganization" below for details. Upon completion of such transfer, our Company became owned as to approximately 93.13% by SND Company and 6.87% by SND Chengjian.

In contemplation of the [**REDACTED**], on February 25, 2021, the shareholders of our Company passed a resolution approving the conversion of our Company from a limited liability company into a joint stock company with limited liability. Upon completion of the conversion on April 23, 2021, the share capital of our Company was RMB75 million divided into 75,000,000 Shares with a nominal value of RMB1.00 each, of which SND Company and SND Chengjian held 69,846,825 Shares and 5,153,175 Shares, representing approximately 93.13% and 6.87% of our share capital, respectively.

During the Track Record Period, our Company was controlled by SND Company.

Xingang Municipal Greening

Xingang Municipal Greening was established by our Company in the PRC with limited liability on April 13, 2011 with an initial registered capital of RMB6.0 million. Xingang Municipal Greening has been principally engaged in the provision of urban roads cleaning, greening and maintaining quality landscapes services since its establishment.

On April 23, 2014, the registered capital of Xingang Municipal Greening was increased to RMB12.0 million and the shareholding structure of Xingang Municipal Greening remains unchanged.

Keshang Property Service

Keshang Property Service was established in the PRC with limited liability on December 31, 2014 with an initial registered capital of RMB5.0 million. Since its establishment, Keshang Property Service has been owned as to 80% by our Company and 20% by Suzhou Science and Technology City Development Group Co., Limited* (蘇州科技城發展集團有限公司), which is ultimately wholly owned by the People' Government of Huqiu District, Suzhou City, an Independent Third Party (other than being a substantial shareholder of Keshang Property Service). Keshang Property Service has been principally engaged in the provision of residential property management services since its establishment.

Suzhou Golden Lion

Suzhou Golden Lion was established in the PRC with limited liability on October 28, 1992 with an initial registered capital of US$8.0 million. As of the date of its establishment, Suzhou Golden Lion was owned as to 40% by SND Company, 35% by China New Technology Venture Capital Corporation (中國新技術創業投資公司) and 25% by China Venturetechno International Co. Limited (中國新技術創業國際有限公司), both being Independent Third Parties. Suzhou Golden Lion was initially engaged in the development of Golden Lion Building (金獅大廈) and has started to provide commercial property management services since 1997.

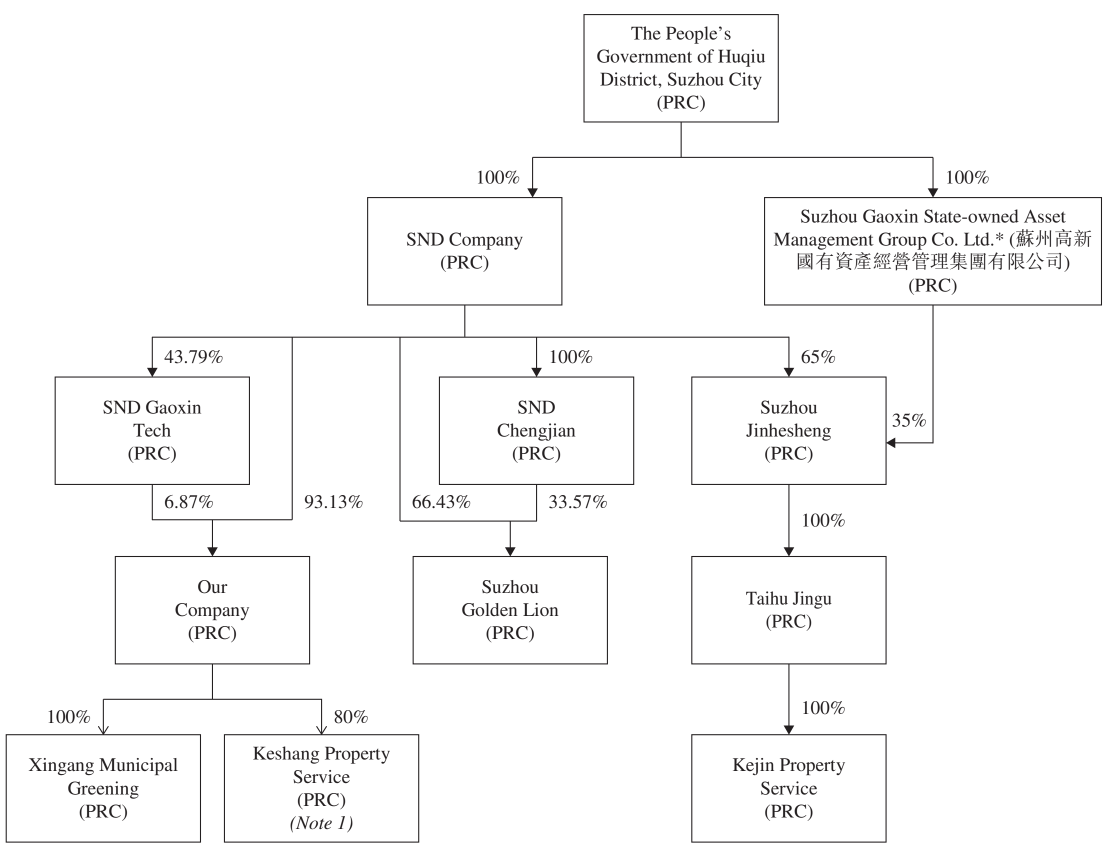
Subsequent to a series of equity transfers and increases in the registered capital between October 1992 and January 2020, Suzhou Golden Lion became owned as to approximately 66.43% by SND Company and 33.57% by SND Chengjian with a registered capital of RMB104,271,300. Suzhou Golden Lion is currently engaged in the provision of commercial property management services.

As part of the Reorganization, on January 18, 2021, each of SND Company and SND Chengjian transferred its entire equity interest in Suzhou Golden Lion to our Company. Upon completion of such transfers, Suzhou Golden Lion became wholly owned by our Company. See "—Reorganization" in this section for details.

During the Track Record Period and up to completion of the Reorganization, Suzhou Golden Lion was controlled by SND Company. Upon completion of the Reorganization, Suzhou Golden Lion became wholly owned by our Company and has been controlled by SND Company through our Company since then.

REORGANIZATION

The following diagram illustrates our shareholding structure before the Reorganization:



Note:

1. The remaining 20% equity interest in Keshang Property Service is held by Suzhou Science and Technology City Development Group Co., Limited* (蘇州科技城發展集團有限公司), which is ultimately wholly owned by the People's Government of Huqiu District, Suzhou City and an Independent Third Party (other than being a substantial shareholder of Keshang Property Service).

In preparation for the [**REDACTED**], we underwent the following principal Reorganization steps:

1. Equity interest transfer in our Company from SND Gaoxin Tech to SND Chengjian

On December 14, 2020, SND Gaoxin Tech transferred approximately 6.87% equity interest it held in our Company to SND Chengjian, a wholly-owned subsidiary of SND Company, at a consideration of RMB10,276,700. The consideration was determined after arm's length negotiation with reference to the value of the equity interest of our Company as of June 30, 2020 as assessed by an independent valuer. The consideration was fully settled on December 17, 2020 in cash. Upon completion of such transfer, our Company became owned as to approximately 93.13% by SND Company and 6.87% by SND Chengjian.

2. Acquisition of certain subsidiaries

As part of the Reorganization, SND Group transferred the state-owned equity interests (國有股權無償劃轉) it held in the following companies to our Company at nil consideration for the purpose of eliminating the potential competition with us and achieving clear business delineation between our Group and our Controlling Shareholders upon [**REDACTED**].

(a) Suzhou Golden Lion

On January 18, 2021, each of SND Company and SND Chengjian transferred their respective approximately 66.43% and 33.57% equity interest in Suzhou Golden Lion to our Company at nil consideration. Upon completion of such equity transfers, Suzhou Golden Lion became our wholly-owned subsidiary.

(b) Kejin Property Service

Kejin Property Service is a limited company established in March 2010 and has been providing property management services for office buildings since its establishment. On February 8, 2021, Taihu Jingu, a wholly-owned subsidiary of Suzhou Jinhesheng, transferred its entire equity interest in Kejin Property Service to our Company at nil consideration. Upon completion of such equity transfer, Kejin Property Service became our wholly-owned subsidiary.

3. Conversion into a joint stock limited liability company

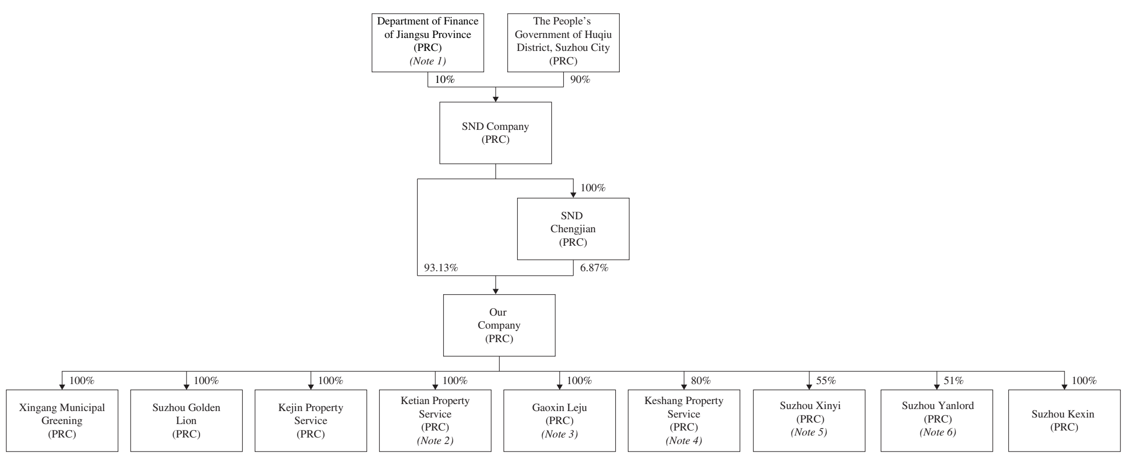
On April 23, 2021, our Company was converted from a limited liability company into a joint stock company with limited liability. For details, please refer to the paragraph headed "Our Corporate Development—Our Company" in this section.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Advisors have confirmed that all necessary filings and registrations with the relevant PRC authorities in respect of the Reorganization had been completed and all applicable regulatory approvals had been obtained as of the Latest Practicable Date.

CORPORATE STRUCTURE AFTER THE COMPLETION OF THE REORGANIZATION AND IMMEDIATELY BEFORE THE [REDACTED]

The following diagram illustrates our shareholding structure after the completion of the Reorganization and immediately prior to the [**REDACTED**]:



Notes:

1. On December 31, 2020, the People's Government of Huqiu District, Suzhou City transfered its 10% equity interest in SND Company to Department of Finance of Jiangsu Province at nil consideration.

2. Ketian Property Service was established in the PRC with limited liability on March 29, 2021, a direct wholly-owned subsidiary of our Company, which was set up to expand our commercial property management services business in Guizhou Province.

3. Gaoxin Leju was established in the PRC with limited liability on April 1, 2021, a direct wholly-owned subsidiary of our Company, which is principally engaged in the provision of apartment leasing data services and is expected to launch the apartment operation services in the near future.

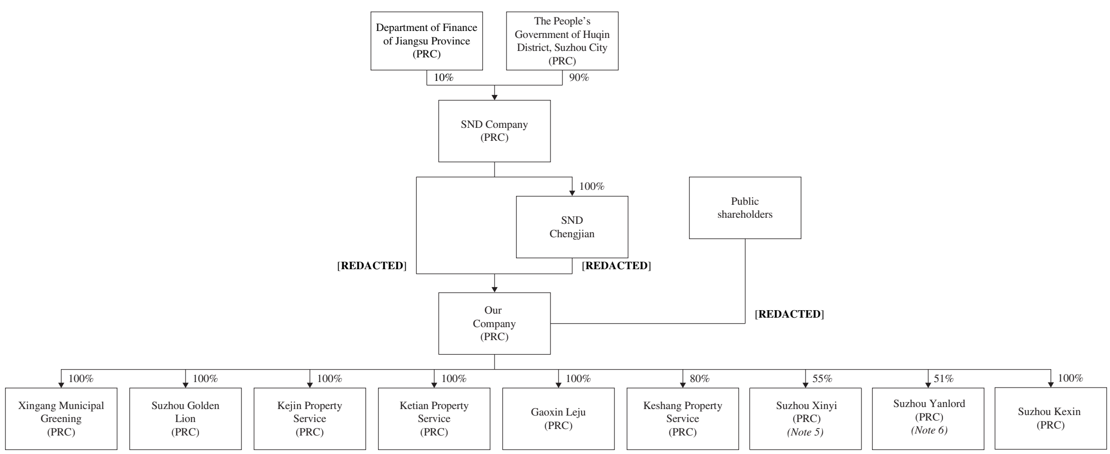
4. The remaining 20% equity interest in Keshang Property Service is held by Suzhou Science and Technology City Development Group Co., Limited* (蘇州科技城發展集團有限公司), which is ultimately wholly owned by the People's Government of Huqiu District, Suzhou City, an Independent Third Party (other than being a substantial shareholder of Keshang Property Service).

5. The remaining 45% equity interest in Suzhou Xinyi is held by Jiangsu Yisheng Environmental Protection Technology Co., Ltd.* (江蘇易生環保科技有限公司), an Independent Third Party.

6. The remaining 49% equity interest in Suzhou Yanlord is held by Nanjing Yanlord Property Management Co., Ltd.* (南京仁恒物業管理有限公司), an Independent Third Party.

CORPORATE STRUCTURE AFTER THE [REDACTED]

The following diagram illustrates our shareholding structure immediately following the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):



Note: See the notes under "—Corporate Structure After the Completion of the Reorganization and Immediately Before the [**REDACTED**]."

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

OVERVIEW

We are a city service and property management service provider deeply rooted in the Yangtze River Delta Region, especially in Suzhou. We were ranked 46th among the 2022 Top 100 Property Management Companies in China in terms of Overall Strength (2022中國物業服務百強企業) by CIA. In 2021, we ranked first in both the property management service market in Suzhou in terms of our total revenue and the city service market in Suzhou in terms of revenue from city services, and also ranked third and fifth in terms of revenue from city services in Jiangsu Province and revenue from non-residential property management services in Jiangsu Province, respectively, according to F&S.

We are a property management service provider offering city services for public infrastructure and facilities, as well as basic property management services and value-added services to commercial properties and residential communities. We assist local governments and public authorities in their provision of city services to improve local residents' living experience and environment. Our city services include (i) municipal infrastructure services; (ii) public facility management services; and (iii) operation of waste collection centers. In addition, we also offer basic property management and value-added services to our managed commercial properties such as industrial parks and manufacturing plants, office buildings, apartments and commercial complexes, and residential communities. As of April 30, 2022, we were contracted to provide public facility management services, basic commercial property management services and basic residential property management services to 78 projects in China, with a total contracted GFA of 8.0 million sq.m., among which 77 projects with a total GFA of over 6.8 million sq.m. were under our management. As of the same date, we were contracted to offer municipal infrastructure services to 13 projects. As of the Latest Practicable Date, we had constructed and operated two waste collection centers in Suzhou with the maximum capacity to process 800 tons of household waste per day and 50 tons of bulky waste per day in aggregate. Meanwhile, we were also in the process of constructing one additional waste collection center in Suzhou which is expected to be put into operation in early 2023. Such three waste collection centers in aggregate would be capable of processing a total of 1,200 tons of household waste per day and 50 tons of bulky waste per day.

Our focus on city environment, citizen wellbeing and commitment to customer satisfaction have shaped our brand image for high-caliber services. Our customer-centric culture has guided us to forge ahead and explore new ways to better serve our customers. For example, we have implemented an intelligent city service system that utilizes information and intelligent technologies to facilitate real-time location and inspection, online interactions with staffs, and data analysis to enhance service quality, reduce reliance on manual labor and improve operating efficiency. In addition, we believe that underpinned by our close cooperation with SND Group, a leading city developer and operator in Suzhou with rich experience in city operation, comprehensive property development and industrial investment, the diverse property portfolio of SND Group provides us with a large potential pipeline of high-quality projects. We also endeavor to expand our business scale by managing more properties developed by independent third-party property developers. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, our revenue generated from property management services provided to properties solely developed by independent third-party property developers accounted for approximately 45.8%, 44.6%, 44.5%, 45.6% and 50.7% of our total commercial property management service revenue, and approximately 13.7%, 19.7%, 20.1%, 18.4% and 23.0% of our total residential property management service revenue, respectively.

Our quality services generated robust results of operations during the Track Record Period. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, our total revenue was RMB435.9 million, RMB436.8 million, RMB462.0 million, RMB152.5 million and RMB161.6 million respectively, and our profit for the year/period amounted to RMB43.6 million, RMB48.1 million, RMB56.5 million, RMB18.7 million and RMB19.1 million respectively.

We have been recognized as one of the Top 100 Property Management Companies of China for seven consecutive years since 2016 and were ranked 46th among the 2022 Top 100 Property Management Companies of China (2022中國物業服務百強企業) by CIA in terms of overall strength*. We were honored as one of the "Leading City Services Companies in China" (中國城市服務領先企業) by CIA in 2022 and a "Leading Brand in the PRC Property Management Industry in Specialized Operations" (中國物業服務專業化運營領先品牌企業) by CIA in 2018, 2019 and 2020. As we are headquartered in Suzhou, the Yangtze River Delta Region has always been and will continue to be our strategic development focus. The Yangtze River Delta Region, which, according to F&S, is one of the most populous and economically prosperous regions in China, and Suzhou ranked second in terms of the urban population and total GDP among all cities in the Yangtze River Delta Region and sixth in terms of total GDP among all cities in China.

COMPETITIVE STRENGTHS

Leading Provider of Comprehensive City Services and Property Management Services Deeply Rooted in the Yangtze River Delta Region

We are a provider of comprehensive city services and property management services deeply rooted in the Yangtze River Delta Region, especially in Suzhou. We focus on providing city services, commercial property management services, residential property management services and property leasing. Headquartered in Suzhou, Jiangsu Province, we have established a solid market presence in the Yangtze River Delta Region, the region with the leading comprehensive strength in China, according to F&S. In 2021, we ranked first in both the property management service market in Suzhou in terms of our total revenue and the city service market in Suzhou in terms of our revenue from city services, and also ranked third and fifth in terms of our revenue from city services in Jiangsu Province and our revenue from non-residential property management services in Jiangsu Province, respectively, according to F&S. We have been recognized as one of the Top 100 Property Management Companies of China for seven consecutive years since 2016 by CIA in terms of overall strength. We were honored as one of the "Leading City Services Companies in China" (中國城市服務領先企業) by CIA in 2022 and a "Leading Brand in the PRC Property Management Industry in Specialized Operations" (中國物業服務專業化運營領先品牌企業) by CIA in 2018, 2019 and 2020.

We believe that our strategic focus on the Yangtze River Delta Region, a region with the leading comprehensive strength in China, and Suzhou has contributed to our historical growth. According to F&S, the average 2021 per capita nominal GDP of residents in the Yangtze River Delta Region and Suzhou was RMB132,933 and RMB176,827, respectively, which were higher

* Each year the CIA publishes the Top 100 Property Management Companies in China in terms of overall strength based on the data from the previous year on key factors such as management scale, operational performance, service quality, growth potential and social responsibility of the property management companies under consideration.

than the national average of RMB80,976; and the 2021 per capita disposable income of urban households in the Yangtze River Delta Region and Suzhou were RMB65,730 and RMB76,888, respectively, which were higher than the national average of RMB47,412. As of December 31, 2021, the urbanization rate of the Yangtze River Delta Region and Suzhou reached 75.7% and 82.0%, respectively, which were higher than the national average of 64.7%, according to F&S. As of April 30, 2022, we were contracted to provide public facility management services, basic commercial property management services and basic residential property management services to 78 projects, with a total contracted GFA of 8.0 million sq.m., among which 77 projects with a total GFA of over 6.8 million sq.m. were under our management. As of the same date, we were contracted to offer municipal infrastructure services to 13 projects. As of the Latest Practicable Date, we had constructed and operated two waste collection centers in Suzhou with the maximum capacity to process 800 tons of household waste per day and 50 tons of bulky waste per day in aggregate. Meanwhile, we were also in the process of constructing one additional waste collection center in Suzhou which is expected to be put into operation in early 2023.

In addition, according to F&S, management intensity and effective integration of city services are expected to be two key drivers for the growth of the property management industry in China and can led to further differentiation of the market players. We believe that our strategic focus on the Yangtze River Delta Region, especially in Suzhou, and the established market position for providing city services and property management services in Suzhou will continue to support the growth of our business scale and enable us to enjoy competitive advantages in China's city service and property management service market.

Diversified Portfolio of Service Offerings and Properties under Management

We provide comprehensive city services and property management services to a wide variety of properties, including (i) city services offered to local governments and public authorities to satisfy local residents' daily living needs and improve their living standards and experience, which comprise (a) municipal infrastructure services where we provide cleaning, greening, maintenance, regular inspection and/or refurbishment services to city roads, external walls of buildings along main city roads, street lamps, water supply network, as well as tram and tram platforms. We endeavor to use our expertise to improve the living experience of local residents who access public infrastructure under our management and provide them a pleasant environment; (b) public facility management services where we offer cleaning, security, gardening and landscaping, as well as repair and maintenance services to public facilities such as public museums, libraries, art and sports centers, city parks and office buildings for public authorities; and (c) operation of waste collection centers where we construct and operate waste collection centers by managing the collection, transportation, sorting, compaction and disposal of municipal waste in a secure and environmentally friendly method with modern information technology tools to track the collection route and treatment; (ii) commercial property management services offered to industrial parks, office buildings, apartments and commercial complexes; (iii) residential property management services. We offer both traditional property management services and a wide range of value-added services to commercial properties and residential communities to address the diverse needs of our customers while enhancing customer stickiness; and (iv) property leasing services where we lease out office buildings and apartments to diversify our revenue streams.

We believe that provision of diverse services will improve customers' loyalty, increase our brand recognition and enhance our business operations and financial performance. Leveraging our diverse service offerings and established portfolio of properties under management, we have achieved economies of scale in providing city services and property management services which further enable us to improve our operational efficiency. Our total GFA under management of public facilities, commercial properties and residential communities per employee has increased from 3.17 sq.m. as of December 31, 2019 to 4.26 sq.m. as of April 30, 2022.

As of December 31, 2019, 2020 and 2021 and April 30, 2022, we managed a total number of public facilities, commercial properties and residential communities of 73, 77, 76 and 77 projects, respectively, with an aggregate GFA under management of 6.4 million sq.m., 7.0 million sq.m., 6.7 million sq.m. and 6.8 million sq.m., respectively; as of the same dates, we had been contracted with a total number of public facilities, commercial properties and residential communities of 73, 78, 77 and 78 projects, respectively, with aggregate contracted GFA of 6.5 million sq.m., 7.5 million sq.m., 7.9 million sq.m., and 8.0 million sq.m. respectively. As of December 31, 2019, 2020 and 2021 and April 30, 2022, our municipal infrastructure services were provided to seven, eight, nine and 13 projects: we provided cleaning, greening, inspection and/or maintenance services to city roads, tram and tram platforms and water supply network under our management with a total length of approximately 1,422 kilometers, 1,481 kilometers, 1,481 kilometers and 1,481 kilometers, respectively; and the number of street lamps under our management was over 27,000, 29,000, 32,213 and 22,116, respectively. As of the Latest Practicable Date, we had constructed and operated two waste collection centers in Suzhou with the maximum capacity to process 800 tons of household waste per day and 50 tons of bulky waste per day in aggregate. As of the same date, we were also in the process of constructing one additional waste collection center in Suzhou which is expected to be put into operation in early 2023. Such three waste collection centers in aggregate would be capable of processing a total of 1,200 tons of household waste per day and 50 tons of bulky waste per day. In addition, we have further expanded our service capability to bulky waste collection, processing and recycling, such as furnitures, by adopting advanced sorting and separation solutions. The automatic technologies we utilized for bulky waste management can efficiently processing bulky waste to obtain material fractions of a certain purity, such as wood, metals, high calorific waste and paper in the required purity and marketable quality, for recycling or further utilization.

Long-term and Stable Cooperation with SND Group Contributing to Continuous and Sustainable Business Growth

Our parent company, SND Group, is a leading city developer and operator in Suzhou affiliated with the local government of the Suzhou Gaoxin District and has rich experience in city operation, comprehensive property development and industrial investment. SND Group has developed a diversified portfolio of high-quality properties, including but not limited to, residential properties, commercial complexes, office buildings, industrial parks, amusement parks and hotels, and was ranked one of the Top 30 Industrial Property Developers in China by S-PARK (火花), an institute focusing on industrial park and industrial property industry research, as well as one of the 2021 China Top Ten Industrial Park Developers with Comprehensive Strength (2021 Top 10 中國產業園區運營商綜合實力) by CIA. SND Group also cooperates with local governments in developing resettlement housing and public facilities within the Suzhou Gaoxin District, and engages in tap water supply and sewage treatment. Meanwhile, SND Group from time to time conducts investments through its subsidiaries, in particular, in science and technology enterprises and industrial parks. Since 1994, we have built close and extensive cooperation with SND Group. We believe our long-term and stable cooperation with SND Group enables us to fully understand its demands for service scope and quality. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, revenue derived from SND Group and its joint ventures and associates amounted to RMB39.3 million, RMB37.1 million, RMB49.3 million, RMB17.6 million and RMB16.0 million, respectively, accounting for 9.0%, 8.5%, 10.7%, 11.6% and 9.9% of our total revenue, respectively. As of April 30, 2022, 41 properties under our management was developed by SND Group, its joint ventures and/or associates with a total GFA of 4.2 million sq.m., representing 61.6% of our total GFA under management. During the Track Record Period, our tender success rate with respect to properties developed by SND Group remained at 100.0%, and our renewal rate with respect to properties developed by SND Group was 92.9%, 100.0%, 93.5% and 100.0%, respectively. We had a comparatively low renewal rate in 2019 primarily because (i) the property owners' association of one residential property management project chose another property management service provider with lower property management fee; and (ii) we voluntarily chose not to renew one residential property management agreement upon expiration as the GFA and revenue contribution of that project were both relatively small and we intended to centralize our management and administration of residential property management projects in Gaoxin District so as to optimize operating efficiency. See "Financial Information—Principal Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income—Gross Profit and Gross Profit Margin—Residential Property Management Services" for details..

The rapid expansion in the scope of SND Group's business operations in respect of investment and construction of municipal infrastructure, development and sales of residential properties, and development and operation of industrial parks and other commercial properties, provides solid support for our continuous growth and diversification of our managed property portfolio and service offerings. We believe that our business will further scale up in concert with the expansion of SND Group and can continue to leverage SND Group's sizeable property portfolio and land reserve at attractive locations to further expand our market coverage and enrich our project portfolio going forward.

Prestigious Brand Image Supported by Quality and Professional Services

Through our two decades of experience in providing quality and professional city services, we have established a prestigious brand image with an estimated brand value of around RMB650.0 million according to CIA. We delivered quality services that address our customers' diverse needs and improve our customer satisfactions. For example, we strictly adhere to the ISO9001 quality management standard, ISO14001 environmental management standards and ISO45001 occupational health and safety system in offering our property management and city services. These certifications are a testament for our service quality.

Our commitment to quality services have earned us numerous industry awards and recognitions. We have been consecutively ranked among the Top 100 Property Management Companies in China (中國物業服務百強企業) for seven times since 2016 in terms of overall strength and recognized as a 2021 Leading Smart City Service Enterprise in China (2021中國智慧城市服務領先企業) by CIA. We have also been consecutively recognized as a Property Management Enterprise in China with Leading Brand in Professional Operation (中國物業服務專業化運營領先品牌企業) for three times since 2018. A number of properties under our management have received awards in recognition of our service quality. For instance, in 2021, Wuzhou Museum (吳中博物館), a public facility under our management, was awarded the "2021 Five-star Property Management Project in China (2021中國五星級物業服務項目)" by CIA; in 2020, Suzhou Second Library (蘇州第二圖書館), a public facility under our management, was awarded the "2020 Five-star Property Management Project in China (2020中國五星級物業服務項目)" by CIA; and in 2019, Zhiyuan Building (致遠大廈), a commercial property under our management, was awarded the "2019 Five-star Property Management Project in China (2019中國五星級物業服務項目)" by CIA.

We have established a standardized system of operations which has enabled us to enhance our operational efficiency, service quality and pricing capabilities as well as to reduce our operating costs. For example, our total revenue per employee (calculated as dividing our total revenue in a given period by the number of employees as of the end of that period) has increased from approximately RMB0.2 million in 2019 to approximately RMB0.3 million in 2021. In particular, our revenue and gross profit from city services grew at CAGRs of 12.1% and 16.8%, respectively, from 2019 to 2021. During the Track Record Period, our revenue generated from city services amounted to RMB134.8 million, RMB141.0 million, RMB169.4 million, RMB51.8 million and RMB73.2 million, respectively, and our gross profit generated from city services amounted to RMB29.6 million, RMB32.4 million, RMB40.4 million, RMB12.1 million and RMB17.2 million, respectively.

As a result of our established brand image and quality services, we enjoy high tender success rate with customers. During the Track Record Period, we submitted a total of 53 tender bids among which we entered into 50 property management service agreements, representing a tender success rate of approximately 94.3%.

Visionary Management Team, Effective Human Resource System and Well-developed Workforce with Strong Operational Capabilities Supporting Our Sustainable Growth

We believe our success and future prospects are dependent on the quality of our employees. Our core management team has an average of over 12 years of extensive experience in companies along the property management industry value chain. Most of our senior management members were internally developed and promoted with an average of over 12 years of tenure with us. Over 87% of our senior management members have earned a bachelor degree or above.

We believe that talent is our core competitiveness for sustainable development and have established an effective human resources management system to attract, retain and cultivate outstanding talent. Through our "SND Group Young Talent Program" (蘇高新集團青年英才計劃), we have recruited and trained a series of employees with solid technical skills that can support our future growth. To retain and motivate our workforce, we offer our employees career advancement prospects and professional skill development trainings catering to the job requirements. We formulate annual training plans based on specific training needs to provide systematic and appropriate trainings to our employees, ranging from orientation and in-service training programs to promotion training program. We also provide various professional trainings according to the needs of different position. We have also cultivated a flexible corporate structure through which we strive to create a performance-oriented and innovation-encouraging corporate culture, where our employees are inspired to provide quality services.

BUSINESS STRATEGIES

Further Expand Our Business Operations in Suzhou and the Yangtze River Delta Region and Solidify Our Competitive Advantages

Leveraging our rich operational experience and established business relationships with our customers and business partners in Suzhou, we plan to continue to expand the size of our business operations in Suzhou and surrounding regions in the Yangtze River Delta Region, such as Shanghai, Nantong, Wuxi, Changzhou, Jiaxing and Yancheng with high growth potential through potential acquisitions or investments. We plan to focus on targets that offer city services such as municipal infrastructure services and public facility management services, and commercial property management services to industrial parks, office buildings and commercial complexes, as well as related companies along the city service and property management service industry chain to solidify our market position in the Yangtze River Delta Region. See "Future Plans and Use of Proceeds—Use of Proceeds—Plans for Strategic Acquisition and Investments" for more details.

When evaluating the financial condition of potential targets, we will give priority to those that meet the following financial criteria: (i) a total GFA under management of over 1.0 million sq.m.; (ii) an annual revenue of not less than RMB20.0 million or an annual net income of not less than RMB2.0 million in the latest financial year before potential acquisition and business integration; and (iii) a good mix of property management portfolio of city services and commercial property management services, which are subject to adjustment based on changes in the market conditions and our strategic needs. Based on the above criteria and subject to the amount of net proceeds that we plan to allocate to strategic acquisitions and investments, we expect to acquire the majority equity interest of four to five target companies by spending approximately RMB[**REDACTED**] million to RMB[**REDACTED**] million on each target company. As of the Latest Practicable Date, we had not identified or committed to any acquisition or investment targets for our use of net proceeds from the [**REDACTED**].

We also intend to expand and solidify our cooperation with the various business segments of SND Group, especially public facility and infrastructure construction, property development and industrial park development to further grow our business operations and solidify our market position in the Yangtze River Delta Region. Besides cooperation with SND Group, we also plan to strengthen our business development capabilities by obtaining business opportunities with independent third-party property developers and other local governments leveraging our brand image and business know-hows accumulated through our decades of successful business operations. As of April 30, 2022, we had a total GFA under management of 1.1 million sq.m., 0.9 million sq.m. and 0.5 million sq.m. from our managed public facilities, commercial properties and residential communities, respectively, which were developed by independent third-party property developers and in aggregate accounted for 75.8%, 43.7% and 17.3% of our total GFA under management from public facilities, commercial properties and residential communities as of the same date, respectively. As we continue to ramp up our efforts to obtain property management service agreements from independent third-party property developers, we expect our business volume and revenue from outside SND Group to continue to rise.

Continue to Diversify Our City Service and Property Management Service Portfolio

We intend to continue to diversify the types of city services and property management services we provide. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, our revenue from city services amounted to RMB134.8 million, RMB141.0 million, RMB169.4 million, RMB51.8 million and RMB73.2 million, respectively, accounting for 30.9%, 32.3%, 36.7%, 34.0% and 45.3%, respectively, of our total revenue in the same years; and our revenue from commercial property management services amounted to RMB197.9 million, RMB196.3 million, RMB204.4 million, RMB69.2 million and RMB58.9 million, respectively, accounting for 45.4%, 44.9%, 44.2%, 45.4% and 36.5% respectively, of our total revenue for the same years. Going forward, we aim to cover more segments along the city service and property management service industry value chain. In particular, we have provided, and plan to further expand our offering of, municipal infrastructure services through acquisition of or investment in companies focusing on city services such as cleaning and greening of city roads and public facility management services. In addition, we plan to use approximately [**REDACTED**], or approximately HK$[**REDACTED**] million, of the net proceeds from the [**REDACTED**] to further expand our business coverage with respect to operation of waste collection centers and companies that provide operational and management services to waste collection centers. Waste management process typically includes the collection, transportation, sorting, processing and recycling of waste. We currently mainly focus on processing waste from city roads, commercial properties and residential communities in the Suzhou Gaoxin District. We plan to further expand our business operation by acquiring or investing in waste collection centers with special expertise in waste collection, and realize the synergies with our commercial and residential property management service businesses by introducing our waste management services to our managed properties in other areas in Suzhou.

We seek to further expand and diversify our offering of value-added services to property owners, tenants and residents to better cater to their needs and provide more personalized experiences. For example, we plan to explore opportunities to operate high-end apartments developed by third-party property developers where we will provide professional supportive services to property owners and residents and build up our own "Gaoxin Leju (高新樂居)" brand. We also plan to invest in a customized information system for the apartments under our operation and management, through which potential residents can access data about available properties from the dataroom and efficiently navigate and consummate apartment leasing transactions online. We plan to use approximately [**REDACTED**], or approximately HK$[**REDACTED**] million, of the net proceeds from the [**REDACTED**] to establish the brand and launch this apartment operation and management services. Moreover, we plan to use approximately [**REDACTED**], or approximately HK$[**REDACTED**] million, of the net proceeds from the [**REDACTED**] to expand our elderly care, nursing and medical services by investing in experienced third-party service providers with relevant qualifications and licenses, expertise and proven track records. We can leverage our established relationship and close interactions with property owners and residents to learn their needs, and cooperate with such qualified and experienced third-party service providers to provide professional services to address specific customer demands. See "Future Plans and Use of Proceeds."

When selecting acquisition or investment targets, we primarily consider the following factors:

- Whether the acquisition or investment will improve our revenue, net profit, operating cash flow and our overall results of operations;

- Whether the acquisition or investment will improve our brand image and competitiveness in the relevant market;

- Whether the value of the acquisition or investment target is likely to increase in light of market condition and industry prospects;

- Whether the acquisition or investment fits our overall strategic expansion plans in terms of geography, property and service offerings;

We believe such acquisitions and/or investments can help further diversify our service and property offerings, boost our brand image and enlarge the scale of our business operations, which will enhance our market position as a "city butler" (城市管家) in providing quality city services and property management services.

Increase Investment in Our Technologies and Intelligent Operations to Enhance Customer Experience and Operational Efficiency

We plan to further enhance customer experience and improve operational efficiency by developing and upgrading our technologies and intelligent operations. We plan to invest in technology solutions to expand coverage of our city services while reducing reliance on labor supports. In particular, we plan to invest in Internet-of-Things (IoT) technologies which will enable us to monitor and control the status of equipment and facilities in properties under management, monitor quality of supplies, better support business operational management and improve customer experience. We believe that leveraging IoT technologies, we will be able to better maintain the condition of such equipment and facilities and prolong their useful lives while reducing our repair and maintenance costs and improving our operational efficiency.

We also plan to invest in introducing intelligent devices and facilities at our managed properties to promote the development of smart communities with better safety, comfort and convenience. For example, we intend to increase the coverage of smart access, security and face recognition systems, to strengthen the security of properties under our management and reduce the management difficulty. In addition, we plan to introducing more technology solutions such as intelligent carpark system, contactless payment system and license plate recognition technology at our managed properties to reduce the reliance on manual labor and improve convenience and operational efficiency.

Furthermore, we plan to invest in the development and upgrade of our internal management systems with information technologies allow us to better understand consumer behavior patterns. In particular, we plan to (i) upgrade our parking management platform, which will enable us to (a) record and snapshot the vehicles that enter or exit the parking lots under our management in real time; (b) have real-time access to the occupancy rate; and (c) facilitate automatic timing toll and online payment to reduce our reliance on labor and improve operational efficiency; (ii) develop a property customer service center, which will enable us to process customer feedbacks more timely, improve customer relationship and our overall brand image, and accumulate customer service data for better decision-making; (iii) upgrade our data monitoring system, which will enable us to project to the screen and monitor all the basic information of the communities under our management, such property management fee collection status and our internal service indexes; (iv) develop a smart security system, which will empower us through artificial intelligence to identify risky scenarios, such as when emergency exits are blocked, when firetruck lanes are occupied, or when an area is overcrowded, and help us increase operational efficiency while reducing our reliance on and cost of manual labor; and (v) connect the databases of our customer service hot-line and customer relationship management (CRM) system, which will enable both regional and headquarter managers to (a) better understand the process and quality of our property management services; (b) coordinate with each other; and (c) standardize our management and service provision. We will also continue to optimize and upgrade the internal resource planning and management system, procurement system, financial system, human resource system and contract management system. By investing more in internal management system, we aim to strategically and continuously improve our management details, service quality, operational efficiency and profitability. We intend to install or upgrade the systems mentioned above among all of the properties under our management by 2023. Our investment in the development and upgrade of our internal management systems will be recorded as capital expenses and will not directly generate additional revenue. However, we expect to benefit from these upgraded systems as they will (i) improve our operational efficiency in terms of process utilization and customer relationship management; and (ii) help accumulate customer data to support better and more precise decision-making.

We plan to use approximately [**REDACTED**], or approximately HK$[**REDACTED**] million, of the net proceeds from the [**REDACTED**] to further develop our smart property management systems, which primarily include procuring new and upgrading existing hardware as well as software systems to improve our operational efficiency and support smart property management solutions. See "Future Plans and Use of Proceeds."

Continue to Attract, Cultivate and Retain Talent

We firmly believe that our past success was largely attributable to the implementation of our team of talented and dedicated employees. To sustain our business growth and to successfully implement our strategies, we intend to further invest in recruitment, trainings and employee compensation.

In terms of talent recruitment, we will continue to explore diversified talent recruitment channels, such as campus recruiting and lateral hiring of capable candidates with appropriate experience that fit our growth strategies. We will also continue to develop internal training programs based on our development needs, such as diverse curriculum delivered to junior managers and employees and new joiners by our competent management personnel, as well as cooperate with third-party training service providers to develop training curriculum that broaden our employees' insights and business acumen and hone management and technical skills. We will provide external training programs tailored for employees at all levels and all positions. We also plan to implement an internal promotion scheme, including internal transfers, rotation and promotions, which allow qualified employees to take on more responsibilities and receive more rewards. We will also optimize our human resource structure and provide competitive remuneration and benefit packages that are designed to motivate our employees to deliver performances that exceed expectations and industry standards.

We plan to use approximately [**REDACTED**], or approximately HK$[**REDACTED**] million, of the net proceeds from the [**REDACTED**] to train and retain talent by further exploring our cooperation with top-tier universities in the PRC and overseas, including (i) domestic world-class universities with first-class disciplines pursuant to a selective list jointly released by the Ministry of Education, the Ministry of Finance, and the National Development and Reform Commission; and (b) the top 300 universities on the QS World University Rankings, U.S. News World University Rankings, Academic Ranking of World Universities or Center of World University Rankings. See "Future Plans and Use of Proceeds." As of the Latest Practicable Date, we have yet to establish a relationship with or identified any target universities.

OUR BUSINESS MODEL

During the Track Record Period, we generated revenue primarily from the following business lines.

City services	We assist local governments and public authorities in their provision of city services to improve local residents' living experience and environment. Our city services include (i) municipal infrastructure services which mainly targeted at public infrastructure where we provide (a) cleaning, greening or maintenance services to city roads, tram and tram platforms, (b) regular inspection and maintenance services to water supply network and street lamps under management, and (c) refurbishment services to external walls of buildings along main city roads; (ii) public facility management services which mainly targeted at public buildings, such as public museums, libraries, art and sports centers, city parks and office buildings for public authorities, where we provide basic property management services, including cleaning, security, gardening and landscaping, as well as repair and maintenance services; and (iii) operation of waste collection centers.
Commercial property management services	We provide property developers, property owners and tenants with a wide range of commercial property management services, comprising both basic property management services and value-added services. Commercial properties under our management comprise industrial parks and manufacturing plants, office buildings, apartments and commercial complexes.
Residential property management services	We provide property owners and residents with a wide range of residential property management services, comprising both basic property management services and value-added services.
Property leasing services	We own certain investment properties which are leased out as staff dormitories or offices. We charge rental fees and management fees.

Our basic property management services provided to commercial properties and residential communities under our management typically include cleaning, security, gardening and landscaping, as well as repair and maintenance services. We also provide a wide spectrum of value-added services to property owners, property developers, residents and tenants in our managed residential communities and commercial properties, primarily including (a) carpark space management services where we charge parking space management fees from property owners or parking fees from temporary visitors based on the duration of parking; (b) resource management services where we assist property owners in (A) managing self-service lockers and electric vehicle charging stations and/or (B) renting out leasable facilities and sites in the common areas of properties under our management, such as basements, elevators and outer walls, to third parties such as vendors seeking a place to operate or promote their businesses; (c) property agency services where we assist property owners in selling and renting out their properties; and (d) other customized services such as provision of customized cleaning and maintenance services, security services, hosting events, business support and/or assistance to customers in leasing printing machines according to specific customer demands. We charged management fees for almost all of the properties under our management on a lump-sum basis, with only a small portion charged on a commission basis.

The following table sets forth a breakdown of our revenue by business line for the periods indicated:

	Year ended December 31,						**Four months ended April 30,**			
	2019		**2020**		**2021**		**2021**		**2022**	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
							(unaudited)			
City services	**134,791**	**30.9**	**141,036**	**32.3**	**169,353**	**36.7**	**51,794**	**34.0**	**73,212**	**45.3**
– Municipal infrastructure services	93,860	21.5	69,311	15.9	72,301	15.7	24,664	16.2	26,168	16.2
– Public facility management services	38,777	8.9	55,414	12.7	69,425	15.0	19,536	12.8	27,104	16.8
– Operation of waste collection centers	2,154	0.5	16,311	3.7	27,627	6.0	7,594	5.0	19,940	12.3
Commercial property management services	**197,875**	**45.4**	**196,305**	**44.9**	**204,378**	**44.2**	**69,240**	**45.4**	**58,937**	**36.5**
– Basic property management services	170,738	39.2	173,754	39.7	178,337	38.6	57,767	37.9	52,407	32.5
– Value-added services	27,137	6.2	22,551	5.2	26,041	5.6	11,473	7.5	6,530	4.0
Residential property management services	**75,016**	**17.2**	**71,558**	**16.4**	**60,550**	**13.1**	**21,867**	**14.3**	**21,794**	**13.5**
– Basic property management services	53,566	12.3	50,399	11.6	42,891	9.3	15,312	10.0	15,886	9.8
– Value-added services	21,450	4.9	21,159	4.8	17,659	3.8	6,555	4.3	5,908	3.7
Property leasing	**28,196**	**6.5**	**27,871**	**6.4**	**27,700**	**6.0**	**9,625**	**6.3**	**7,633**	**4.7**
Total	**435,878**	**100.0**	**436,770**	**100.0**	**461,981**	**100.0**	**152,526**	**100.0**	**161,576**	**100.0**

The following table sets forth a breakdown of our revenue by business line and by paying customer for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2019		2020		2021		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
City services	**134,791**	**30.9**	**141,036**	**32.3**	**169,353**	**36.7**	**51,794**	**34.0**	**73,212**	**45.3**
– SND Group	5,205	1.2	5,237	1.2	10,114	2.2	1,781	1.2	5,245	3.2
– Joint ventures and/or associates of SND Group	–	–	–	–	–	–	–	–	–	–
– Independent Third Parties	129,586	29.7	135,799	31.1	159,239	34.5	50,013	32.8	67,967	42.1
Commercial property management services	**197,875**	**45.4**	**196,305**	**44.9**	**204,378**	**44.2**	**69,240**	**45.4**	**58,937**	**36.4**
– SND Group	18,368	4.2	21,760	5.0	20,650	4.5	7,504	4.9	6,599	4.1
– Joint ventures and/or associates of SND Group	7,760	1.8	6,748	1.5	14,430	3.1	6,915	4.5	3,409	2.1
– Independent Third Parties	171,747	39.4	167,797	38.4	169,298	36.6	54,821	36.0	48,929	30.2
Residential property management services	**75,016**	**17.2**	**71,558**	**16.4**	**60,550**	**13.1**	**21,867**	**14.3**	**21,794**	**13.5**
– SND Group	2,387	0.5	90	0.0	1,654	0.3	384	0.3	69	0.04
– Joint ventures and/or associates of SND Group	4,551	1.0	2,479	0.6	1,739	0.4	867	0.6	410	0.3
– Independent Third Parties	68,078	15.7	68,989	15.8	57,157	12.4	20,616	13.4	21,315	13.2
Property leasing	**28,196**	**6.5**	**27,871**	**6.4**	**27,700**	**6.0**	**9,625**	**6.3**	**7,633**	**4.8**
– SND Group	379	0.1	90	0.0	–	–	–	–	–	–
– Joint ventures and/or associates of SND Group	686	0.2	686	0.2	686	0.1	229	0.2	285	0.2
– Independent Third Parties	27,131	6.2	27,095	6.2	27,014	5.9	9,396	6.1	7,348	4.6
Total	**435,878**	**100.0**	**436,770**	**100.0**	**461,981**	**100.0**	**152,526**	**100.0**	**161,576**	**100.0**

Since our inception, we have expanded our geographic presence from Suzhou to three cities in China as of December 31, 2021. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, our revenue from Suzhou amounted to RMB433.6 million, RMB434.0 million, RMB459.0 million, RMB151.5 million and RMB160.6 million, accounting for 99.5%, 99.4%, 99.4%, 99.3% and 99.4% of our total revenue, respectively. Except for one project, we derived all of our revenue from city services in Suzhou during the Track Record Period. As of December 31, 2019, 2020 and 2021 and April 30, 2022, we generated revenue from provision of public facility management services, basic commercial property management services and basic residential property management services to 71, 75, 73 and 73 projects located in Suzhou, with a total GFA under management of 6.3 million sq.m., 6.9 million sq.m., 6.5 million sq.m. and 6.6 million sq.m. and an average monthly property management fees of RMB3.3 per sq.m., RMB3.4 per sq.m., RMB3.6 per sq.m., and RMB3.7 per sq.m. respectively. All of our revenue from municipal infrastructure services and operation of waste collection centers were generated from Suzhou during the Track Record Period. The following table sets forth the breakdown of our managed public facilities, commercial properties and residential communities as of April 30, 2022 by project locations:

Region and city	Number of projects under management[(1)]	GFA under management	Number of contracted projects	Contracted GFA	Number of contracted but undelivered projects[(2)]
		(sq.m.'000)		*(sq.m.'000)*	
Yangtze River Delta Region	**76**	**6,787**	**77**	**8,001**	**1**
– Suzhou	73	6,578	74	7,770	1
– Yangzhou	1	100	1	122	–
– Yancheng	2	109	2	109	–
Other region	**1**	**27**	**1**	**27**	**–**
– Tongren	1	27	1	27	–
Total	**77**	**6,814**	**78**	**8,028**	**1**

(1) Includes one project partially delivered with undelivered GFA of 0.7 million sq. m..

(2) Refers to contracted properties that were not ready to be delivered to us for management under our preliminary property management service agreements or property management service agreements, for which we had not begun collecting property management fees for providing property management services as contracted.

CITY SERVICES

We commenced provision of our city cervices in 2011. We assist local governments and public authorities in their provision of city services to improve local residents' living experience and environment. Our city services include (i) municipal infrastructure services where we provide cleaning, greening, maintenance, regular inspection and refurbishment services to city roads, external walls of buildings along main city roads, street lamps, water supply network, as well as tram and tram platforms; (ii) public facility management services which typically include cleaning, security, gardening and landscaping, as well as repair and maintenance services provided to public museums, libraries, art and sports centers, city parks and office buildings for governments and public entities; and (iii) operation of waste collection centers.

During the Track Record Period, we secured a substantial portion of property management service agreements for our municipal infrastructure services and public facility management services by participating in tenders, a process whereby local governments and public authorities evaluate and select from multiple relevant service providers, which is a standard tender process regulated by applicable PRC laws and regulations and the same process we undergo with respect to property management service agreements. See "—Portfolio of properties under management—Tender process." During the Track Record Period, we generated RMB134.3 million, RMB140.4 million, RMB168.9 million and RMB73.1 million, respectively, from city services provided to projects that we secured through tenders, accounting for 99.7%, 99.5%, 99.7% and 99.8%, respectively, of our total revenue from city services.

The terms under the property management service agreements with local governments and/or public authorities for provision of our municipal infrastructure services and public facility management services generally have similar terms included in our property management service agreements for commercial and residential property management services. See "—Portfolio of properties under management—Property Management Service Agreements—Key Terms of Dealing with Property Owners, Corporate Customers or Property Owners' Associations" for details. Such agreements typically have a duration of one to two years.

Municipal Infrastructure Services

We offer municipal infrastructure services including cleaning, greening, maintenance, regular inspection and refurbishment services to ensure the cleanliness and normal operations of public infrastructure under our management, including city roads, external walls of buildings along main city roads, street lamps, water supply network, as well as tram and tram platforms. We enter into service contracts with local governments and public authorities that are in charge of managing the relevant infrastructure and charge service fees on a lump-sum basis, which are based on the length of roads or GFA of the site area covered by our services. We offer such services primarily through our own employees.

As of April 30, 2022, we provided municipal infrastructure services to 13 projects. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, we provided cleaning, greening, inspection and/or maintenance services to city roads, tram and tram platforms and water supply network under our management with a total length of approximately 1,422 kilometers, 1,481 kilometers, 1,481 kilometers, 1,481 kilometers and 1,481 kilometers, respectively, and the number of street lamps under our management was over 27,000, 29,000, 32,213, 32,213 and 22,116, respectively.

Public Facility Management Services

We started managing public facilities in 2003. We offer property management services including cleaning, security, gardening and landscaping, as well as repair and maintenance services to public facilities such as public museums, libraries, art and sports centers, city parks and office buildings for public authorities. We offer such services primarily through our own employees and subcontractors. During the Track Record Period, all of our management fees, were charged on a lump-sum basis. The local governments and/or public authorities and we both have the right to terminate the agreement prior to the expiration of the agreement term for causes listed in the agreements. Such causes typically include our failure to offer satisfactory services pursuant to the service standards included in the agreements, or the material breach of the agreements by either party.

As of December 31, 2019, 2020 and 2021 and April 30, 2022, GFA of public facilities under our management was 0.9 million sq.m., 1.1 million sq.m., 1.3 million sq.m. and 1.5 million sq.m., respectively, and we were contracted to manage public facilities with a GFA of 0.9 million sq.m., 1.1 million sq.m., 2.0 million sq.m. and 2.2 million sq.m., respectively.

Operation of Waste Collection Centers

Underpinned by our extensive experience in maintaining public facilities, we are awarded by local governments and public authorities for the construction and operation of waste collection centers, in alignment with our business strategy to diversify our project portfolio and deepen city services. We are granted with the land use rights for the construction of such waste collection centers through standard process of listing-for-sale.

We contract the construction works of waste collection centers to construction contractors with relevant qualifications and permits, and supervise closely the construction process. The principal terms of the agreements with our construction contractors include the scope of work, use of materials and supplies, a timetable for construction, fees and other payment terms. In addition, our agreements with construction contractors contain warranties for quality and requirements for timely completion of the construction process. Our construction agreements normally require payments based on construction progress until a specified maximum percentage of the total contract price is paid. Payments to such contractors are made in stages pursuant to the relevant contracts. Our construction contractors are primarily responsible for procuring raw materials, such as steel, concrete and sandstone. We also procure certain materials, equipment and fixtures, such as automated waste compactors, advanced wastewater collection equipment and system and digital centralized management system.

Upon construction of waste collection centers, we assist local governments and public authorities in operating the waste collection centers and offering waste management services, including collecting household waste from city roads, households and commercial sources in the Suzhou Gaoxin District, transporting waste to our operated waste collection centers, sorting and compacting waste for better treatment, and disposing compressed waste to incineration for burning or landfills for burying operated by third parties. Our waste collection centers are equipped with advanced filtration systems to effectively reduce contaminants and purifying wastewater. In addition, we have further expanded our service capability to collection, processing and recycling of bulky waste, such as furnitures, by adopting advanced sorting and separation solutions. The automatic technologies we utilized for bulky waste management can efficiently processing bulky waste to obtain material fractions of a certain purity, such as wood, metals, high calorific waste and paper in the required purity and marketable quality, for recycling or further utilization. We offer such services primarily through our own employees and subcontractors. As advised by our PRC Legal Advisors, we are not required to obtain any business licenses, permits or certificates from relevant authorities for our operation of waste collection centers in Suzhou.

As of the Latest Practicable Date, we had constructed and operated two waste collection centers in Suzhou with the maximum capacity to process 800 tons of household waste per day and 50 tons of bulky waste per day in aggregate. As of the same date, we were also in the process of constructing one additional waste collection center in Suzhou which is expected to be put into operation in early 2023. The two waste collection centers under our management and the waste collection center currently under construction were financed primarily through (i) an earmarked government loan, see "Financial Information—Indebtedness and Contingent Liabilities—Other Liabilities" for more information; and (ii) bank loans. Our three waste collection centers together will be capable of processing a total of 1,200 tons of household waste per day and 50 tons of bulky waste per day at maximum capacity. We charge the Suzhou High-tech Zone (Huqiu District) Urban Maintenance Management Office service fees for our operation of waste collection centers based on the volume of waste processed for each quarter. As advised by F&S, such practice is in line with the industry practice.

COMMERCIAL AND RESIDENTIAL PROPERTY MANAGEMENT SERVICES

We commenced our business by providing property management services to a residential community developed by SND Group in Suzhou in 1994. We started to manage commercial property, an office building developed by SND Group in Suzhou, in 1996. We started managing residential communities solely developed by independent third-party property developers in 2006.

Scope of Services

Our commercial and residential property management services include both basic property management services and value-added services.

In 2019, 2020 and 2021 and April 30, 2021 and 2022, our revenue from commercial property management services amounted to RMB197.9 million, RMB196.3 million, RMB204.4 million, RMB69.2 million and RMB58.9 million, respectively, accounting for 45.4%, 44.9%, 44.2%, 45.4% and 36.5%, respectively, of our total revenue for the same years. As of December 31, 2019, 2020 and 2021 and April 30, 2022, we provided basic commercial property management services to 34, 37, 37 and 36 commercial properties with a total GFA under management of 2.1 million sq.m., 2.4 million sq.m., 2.3 million sq.m. and 2.1 million sq.m., respectively.

In 2019, 2020 and 2021 and April 30, 2021 and 2022, our revenue from residential property management services amounted to RMB75.0 million, RMB71.6 million, RMB60.6 million, RMB21.9 million and RMB21.8 million, respectively, accounting for 17.2%, 16.4%, 13.1%, 14.3% and 13.5%, respectively, of our total revenue for the same years. As of December 31, 2019, 2020 and 2021 and April 30, 2022, we provided basic residential property management services to 24, 23, 21 and 22 residential properties with a total GFA under management of 3.4 million sq.m., 3.5 million sq.m., 3.2 million sq.m. and 3.2 million sq.m., respectively.

The table below sets forth a breakdown of our revenue from commercial and residential property management services for the periods indicated by type of services provided:

	Year ended December 31,						Four months ended April 30,			
	2019		2020		2021		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
							(unaudited)			
Commercial property management services	**197,875**	**72.5**	**196,305**	**73.3**	**204,378**	**77.1**	**69,240**	**76.0**	**58,937**	**73.0**
– Basic property management services	170,738	62.6	173,754	64.9	178,337	67.3	57,767	63.4	52,407	64.9
– Value-added services	27,137	9.9	22,551	8.4	26,041	9.8	11,473	12.6	6,530	8.1
Residential property management services	**75,016**	**27.5**	**71,558**	**26.7**	**60,550**	**22.9**	**21,867**	**24.0**	**21,794**	**27.0**
– Basic property management services	53,566	19.6	50,399	18.8	42,891	16.2	15,312	16.8	15,886	19.7
– Value-added services	21,450	7.9	21,159	7.9	17,659	6.7	6,555	7.2	5,908	7.3
Total	**272,891**	**100.0**	**267,863**	**100.0**	**264,928**	**100.0**	**91,107**	**100.0**	**80,731**	**100.0**

Basic Property Management Services

We primarily provide the following types of basic property management services to commercial properties and residential communities under our management:

- *Security services.* We provide quality security services to ensure that commercial properties and residential communities under our management are safe and in good order. In particular, we dispatch security staff to routinely patrol the properties, set up surveillance over common areas, verify identities of visitors and visiting vehicles, and handle emergencies. We use a combination of internal staff and external subcontractors to provide security services.

- *Cleaning, greening and gardening services.* We provide general cleaning, pest control, greening and gardening services to the properties under our management through our internal staff and third-party subcontractors.

- *Common area facility repair and maintenance services.* We are generally responsible for the maintenance of (i) common area facilities and construction structures such as lifts, escalators and central air conditioning facilities; (ii) fire safety equipment such as fire extinguishers and fire alarm systems; (iii) security facilities such as entrance gates, fences and surveillance cameras; and (iv) utility facilities such as electricity generators, power distribution equipment, water pump rooms, water supply and drainage systems. We use a combination of internal staff and external subcontractors to provide repair and maintenance services.

Value-added Services

We provide value-added services to commercial properties and residential communities under our management to address customer needs and improve the living experience and environment of property owners and residents at our managed properties. Our value-added services include (i) carpark space management services; (ii) resource management services; (iii) property agency services; and (iv) other customized services such as customized cleaning and maintenance services, security services, hosting events, business support and/or assistance to customers in leasing printing machines according to specific customer demands.

- *Carpark space management services.* We assist property owners in managing parking spaces by providing daily management, surveillance, entry control and parking fee collection services to ensure the cleanliness and order of parking spaces located in residential communities and commercial properties under our management which are typically owned by property owners. Such services are provided primarily through our own employees. We profit from our carpark space management services by charging owners of periodic management fees or collecting a percentage of temporary parking fees.

- *Resource management services.* We provide a wide range of resource management services to property owners and tenants to cater to their diverse needs, optimize the use of common area and leasable facilities in the common area of the properties under our management and improve living experience of our customers. Our services include common area advertising services and facility management services for self-service lockers and electric vehicle charging stations in the common area of the properties under our management. We also rent out empty floor space which is common area owned by property owners for small businesses to use as marketing station. We offer such services primarily through our own employees. We profit from our resource management services by collecting a portion of the rental fees or charging a fixed periodic management fee.

- *Property agency services.* We assist property developers and property owners in selling and renting out their properties, and charge service fee for that services. We offer property agency services primarily through our own employees. We communicate with property owners seeking to sell or rent out their properties, assist in sourcing residents, tenants or property purchasers, and coordinate property transaction procedures, charging a percentage or a fixed amount of the sales proceeds or monthly rent as our commission fees.

- *Additional customized services.* We also provide a wide range of additional tailored services as may be required by our customers for their properties or in relation to particular areas or facilities of their properties to address their specific needs. We offer our additional tailored services such as customized cleaning, maintenance and security services through our employees and our subcontractors.

As of April 30, 2022, we employed 1,522 on-site personnel and engaged 27 vendor subcontractors to provide the above mentioned basic property management and value-added services with high quality.

PORTFOLIO OF PROPERTIES UNDER MANAGEMENT

As of December 31, 2021, we managed approximately 11.8% of the GFA of the projects developed by SND Group and its joint ventures and associates in 2019, 2020 and 2021. While remaining focused on providing residential property management, we also sought to diversify our portfolio of managed properties to include a wide range of public facilities and infrastructure, as well as commercial properties. During the Track Record Period, we generated a large portion of our revenue from managing commercial properties. We have been contracted to manage commercial properties such as office buildings, industrial parks and manufacturing plants, apartments and commercial complexes. Our total GFA under management for commercial properties as of April 30, 2022 was approximately 2.1 million sq.m.

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

The following table sets forth the revenue from public facility management services, basic commercial property management services and basic residential property management services for the periods indicated, and the relevant number of projects and GFA under our management as of the dates indicated by business line and by property developer:

	As of or for the period ended December 31,												As of or for the four months ended April 30,			
	2019				2020				2021				2022			
	Number of projects	GFA under management	Revenue		Number of projects	GFA under management	Revenue		Number of projects[5]	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)	(%)
Public facility management services																
SND Group[1]	2	177	3,052	1.1	2	177	3,293	1.3	4	362	11,764	4.0	4	362	7,529	7.8
Joint ventures and/or associates of SND Group[2]	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Independent Third Parties[3]	13	705	35,725	13.6	15	914	52,121	18.6	14	930	57,661	19.9	15	1,131	19,575	20.6
Basic commercial property management services																
SND Group[1][4]	12	704	68,981	26.2	15	1,036	70,086	25.1	14	845	66,633	22.9	14	845	14,777	15.5
Joint ventures and/or associates of SND Group[2]	7	417	22,293	8.5	7	417	24,170	8.6	7	363	28,664	9.9	7	363	10,197	10.7
Independent Third Parties[3]	15	976	79,464	30.2	15	976	79,498	28.4	16	1,046	83,040	28.6	15	939	27,433	28.8
Basic residential property management services																
SND Group[1]	12	2,159	31,834	12.1	12	2,159	26,055	9.3	11	1,828	21,322	7.3	11	1,828	7,388	7.7
Joint ventures and/or associates of SND Group[2]	6	899	13,315	5.1	5	799	14,931	5.3	5	799	12,264	4.2	5	799	4,310	4.5
Independent Third Parties[3]	6	386	8,417	3.2	6	567	9,413	3.4	5	548	9,305	3.2	6	548	4,188	4.4
Total	**73**	**6,423**	**263,081**	**100.0**	**77**	**7,045**	**279,567**	**100.0**	**76**	**6,721**	**290,653**	**100.0**	**77**	**6,814**	**95,397**	**100.0**

(1) Refers to properties solely developed by SND Group or jointly developed by SND Group and independent third-party property developers in which project SND Group held a controlling interest.

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

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

(4) Includes (i) Golden Lion Building (金獅大廈) located at Suzhou, Jiangsu Province, which was solely developed by our Group and (ii) Jinlin Apartment (金鄰公寓) located at Suzhou, Jiangsu Province, which was developed by and acquired from a then subsidiary of SND Group by our Group in October 2012 and in which project we held 100% interest.

(5) In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, we ceased to provide property management services for seven, one, seven, three and three public facilities, commercial properties and residential communities, respectively, with a total GFA under our management of approximately 0.8 million sq.m., 0.1 million sq.m., 0.5 million sq.m., 0.4 million sq.m. and 0.2 million sq.m., respectively, which contributed a total revenue of RMB9.1 million, RMB2.6 million, RMB20.1 million, RMB2.5 million and nil, respectively, primarily because we did not renew certain property management service agreements upon expiration as we reallocated our resources to more profitable engagements in an effort to optimize our property management portfolio.

The following table sets forth a breakdown of our revenue from city services, commercial property management services and residential property management services for the periods indicated by property developer:

	Year ended December 31,						Four months ended April 30,			
	2019		2020		2021		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
							(unaudited)			
Municipal infrastructure services										
SND Group[(1)]	–	–	–	–	–	–	–	–	–	–
Joint ventures and/or associates of SND Group[(2)]	–	–	–	–	–	–	–	–	–	–
Independent Third Parties[(3)]	93,860	23.0	69,311	17.0	72,301	16.6	24,664	17.3	26,168	17.0
Public facility management services										
SND Group[(1)]	3,052	0.7	3,293	0.8	11,764	2.7	1,086	0.8	7,529	4.9
Joint ventures and/or associates of SND Group[(2)]	–	–	–	–	–	–	–	–	–	–
Independent Third Parties[(3)]	35,725	8.8	52,121	12.7	57,661	13.3	18,450	12.9	19,575	12.7
Operation of waste collection centers										
SND Group[(1)]	–	–	–	–	–	–	–	–	–	–
Joint ventures and/or associates of SND Group[(2)]	–	–	–	–	–	–	–	–	–	–
Independent Third Parties[(3)]	2,154	0.5	16,311	4.0	27,627	6.4	7,594	5.3	19,940	13.0

	Year ended December 31,						Four months ended April 30,			
	2019		2020		2021		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
							(unaudited)			
Basic commercial property management services										
SND Group[(1)]	68,981	16.9	70,086	17.1	66,633	15.3	18,756	13.1	14,777	9.6
Joint ventures and/or associates of SND Group[(2)]	22,293	5.5	24,170	5.9	28,664	6.6	10,268	7.2	10,197	6.6
Independent Third Parties[(3)]	79,464	19.5	79,498	19.4	83,040	19.2	28,743	20.1	27,433	17.8
Value-added services under commercial property management services										
SND Group[(1)]	10,972	2.6	10,225	2.6	8,357	2.0	3,831	2.7	2,711	1.8
Joint ventures and/or associates of SND Group[(2)]	4,946	1.2	4,261	1.0	9,676	2.2	4,828	3.3	1,327	0.9
Independent Third Parties[(3)]	11,219	2.8	8,065	2.0	8,008	1.8	2,814	2.0	2,492	1.6
Basic residential property management services										
SND Group[(1)]	31,834	7.8	26,055	6.4	21,322	4.9	7,951	5.5	7,388	4.8
Joint ventures and/or associates of SND Group[(2)]	13,315	3.3	14,931	3.7	12,264	2.8	4,240	3.0	4,310	2.8
Independent Third Parties[(3)]	8,417	2.1	9,413	2.3	9,305	2.1	3,121	2.2	4,188	2.7
Value-added services under residential property management services										
SND Group[(1)]	14,507	3.6	11,603	2.8	10,748	2.5	4,707	3.3	3,860	2.5
Joint ventures and/or associates of SND Group[(2)]	5,078	1.2	4,911	1.2	4,006	0.9	939	0.7	1,233	0.8
Independent Third Parties[(3)]	1,865	0.5	4,645	1.1	2,905	0.7	909	0.6	815	0.5
Total	**407,682**	**100.0**	**408,899**	**100.0**	**434,281**	**100.0**	**142,901**	**100.0**	**153,943**	**100.0**

(1) Refers to properties solely developed by SND Group or jointly developed by SND Group and independent third-party property developers in which project SND Group held a controlling interest.

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

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

The following table sets forth a breakdown of our gross profit and gross profit margin from city services, commercial property management services and residential property management services for the periods indicated by property developer:

	Year ended December 31,						Four months ended April 30,			
	2019		2020		2021		2021		2022	
	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)			
City services	**29,605**	**22.0**	**32,437**	**23.0**	**40,410**	**23.9**	**12,054**	**23.3**	**17,217**	**23.5**
Municipal infrastructure services										
SND Group	–	–	–	–	–	–	–	–	–	–
Joint ventures and/or associates of SND Group	–	–	–	–	–	–	–	–	–	–
Independent Third Parties	19,825	21.1	18,251	26.3	21,563	29.8	6,750	27.4	8,281	31.6
Public facility management services										
SND Group	556	18.2	779	23.7	1,983	16.9	250	23.0	1,359	18.1
Joint ventures and/or associates of SND Group	–	–	–	–	–	–	–	–	–	–
Independent Third Parties	9,053	25.3	12,295	23.6	14,916	25.9	4,540	24.6	5,126	26.2
Operation of waste collection centers										
SND Group	–	–	–	–	–	–	–	–	–	–
Joint ventures and/or associates of SND Group	–	–	–	–	–	–	–	–	–	–
Independent Third Parties	171	7.9	1,113	6.8	1,948	7.1	514	6.8	2,451	12.3
Commercial property management services	**32,671**	**16.5**	**33,490**	**17.1**	**37,002**	**18.1**	**12,110**	**17.5**	**10,737**	**18.2**
SND Group	11,869	14.8	12,629	15.7	11,840	15.8	3,474	15.4	2,915	16.7
Joint ventures and/or associates of SND Group	5,839	21.4	6,142	21.6	9,727	25.4	3,593	23.8	2,714	23.6
Independent Third Parties	14,963	16.5	14,719	16.8	15,435	17.0	5,043	16.0	5,108	17.1
Residential property management services	**6,632**	**8.8**	**6,471**	**9.0**	**5,531**	**9.1**	**2,014**	**9.2**	**2,034**	**9.3**
SND Group	2,414	5.2	821	2.2	(204)	(0.6)	361	2.9	(152)	(1.4)
Joint ventures and/or associates of SND Group	2,609	14.2	3,295	16.6	3,380	20.8	1,039	20.1	1,187	21.4
Independent Third Parties	1,609	15.6	2,355	16.8	2,355	19.3	614	15.2	999	20.0

As of December 31, 2019, 2020 and 2021 and April 30, 2022, we were contracted to manage 15, 17, 18 and 19 public facilities, respectively, out of which 15, 17, 18 and 19 were under our management as of the same dates, respectively, contributing a total GFA under management of 0.9 million sq.m., 1.1 million sq.m., 1.3 million sq.m. and 1.5 million sq.m., respectively. As of December 31, 2019, 2020 and 2021 and April 30, 2022, we were contracted to manage 34, 38, 38 and 37 commercial properties, respectively, out of which 34, 37, 37 and 36 properties were under our management as of the same dates, respectively, contributing a total GFA under management of 2.1 million sq.m., 2.4 million sq.m., 2.3 million sq.m. and 2.1 million sq.m., respectively. As of December 31, 2019, 2020 and 2021 and April 30, 2022, we were contracted to manage 24, 23, 21 and 22 residential communities, respectively, out of which 24, 23, 21 and 22 were under our management as of the same dates, respectively, contributing a total GFA under management of 3.4 million sq.m., 3.5 million sq.m., 3.2 million sq.m. and 3.2 million sq.m., respectively.

As of December 31, 2019, 2020 and 2021 and April 30, 2022, we provided public facility management services, basic commercial property management services or basic residential property management services to 34, 36, 35 and 36 projects solely developed by independent third-party property developers, respectively. We have been growing our property management services portfolio during the Track Record Period primarily by obtaining new property management service agreements. Going forward, we intend to increase our business scale and market share through organic growth and by pursuing strategic acquisition and investment opportunities. See "—Business Strategies—Further Expand Our Business Operations in Suzhou and the Yangtze River Delta Region and Solidify Our Competitive Advantages."

In addition, we also offer municipal infrastructure services to city roads, external walls of buildings along main city roads, street lamps, water supply network, as well as tram and tram platforms and operate waste collection center.

The following table indicates the movement of our contracted GFA and GFA under management for public facilities, commercial properties and residential communities during the Track Record Period.

	As of December 31,												As of April 30,			
	2019				2020				2021				2022			
	Contracted GFA	Number of agreements	GFA under management	Number of agreements	Contracted GFA	Number of agreements	GFA under management	Number of agreements	Contracted GFA	Number of agreements	GFA under management	Number of agreements	Contracted GFA	Number of agreements	GFA under management	Number of agreements
	(sq.m.'000, except number of agreements)															
As of the beginning of the year	7,130	75	6,960	73	6,515	73	6,423	73	7,489	78	7,045	77	7,940	77	6,721	76
New engagements[(1)]	108	5	220	7	1,099	6	748	5	1,020	6	313	6	263	3	263	3
Acquisitions[(2)]	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Terminations[(3)]	723	7	758	7	126	1	126	1	567	7	637	7	175	2	170	2
As of the end of the year	**6,515**	**73**	**6,423**	**73**	**7,489**	**78**	**7,045**	**77**	**7,942**	**77**	**6,721**	**76**	**8,028**	**78**	**6,814**	**77**

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

(2) Refer to new GFA we obtained through our acquisitions of certain property management companies during the Track Record Period.

(3) Primarily include our non-renewal of certain property management service agreements as we reallocated our resources to more profitable engagements in an effort to optimize our property management portfolio.

The table below sets forth a breakdown of our contracted GFA and undelivered GFA as of the date indicated by type of property developer:

	As of December 31,						As of April 30,	
	2019		2020		2021		2022	
	Contracted GFA	Undelivered GFA	Contracted GFA	Undelivered GFA	Contracted GFA	Undelivered GFA	Contracted GFA	Undelivered GFA
	(sq.m.'000)		*(sq.m.'000)*		*(sq.m.'000)*		*(sq.m.'000)*	
SND Group[(1)]	3,003	–	3,335	–	3,774	706	3,774	706
Joint ventures and/or associates of SND Group[(2)]	1,293	–	1,204	–	1,148	–	1,148	–
Independent Third Parties[(3)]	2,219	181	2,950	523	3,019	523	3,106	523
Total	**6,515**	**181**	**7,489**	**523**	**7,941**	**1,229**	**8,028**	**1,229**

Notes:

(1) Refers to properties solely developed by SND Group or jointly developed by SND Group and independent third-party property developers in which project SND Group held a controlling interest.

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

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

As of December 31, 2019, 2020 and 2021 and April 30, 2022, our retention rate for property management service agreements with respect to public facilities, commercial properties and residential communities for which we were contract to manage were 90.4%, 98.7%, 90.8% and 97.4%, respectively.

The following table sets forth our retention rate for property managements service agreements with respect to public facilities, commercial properties and residential communities by type of property developers for the periods indicated:

	For the period ended December 31,			Four months ended April 30,	
	2019	2020	2021	2021	2022
			(%)		
SND Group[(1)]	92.3	100.0	93.1	96.4	100.0
Joint ventures and/or associates of SND Group[(2)]	92.3	91.7	100.0	100.0	100.0
Independent Third Parties[(3)]	88.2	100.0	85.7	94.4	94.4
Total	**90.4**	**98.7**	**90.8**	**96.1**	**97.4**

Notes:

(1) Refers to properties solely developed by SND Group or jointly developed by SND Group and independent third-party property developers in which project SND Group held a controlling interest.

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

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

We had a relatively low retention rate in 2019, mainly because we voluntarily chose not to renew the property management service agreement for a few loss-making residential properties and instead proactively sought more business opportunities in providing city service as well as providing property management service for commercial properties, in accordance with our overall business strategy. In 2019, 2020 and 2021, we voluntarily chose not to renew three, nil and nil loss-making residential property management service agreements. During the Track Record Period, we had one, one and two property management service agreements terminated or not renewed upon expiration by property owners' associations or property owners, respectively, primarily because we failed to reach an agreement on the price term for the renewal of such property management service agreements with property owners' associations or property owners.

Property Management Fees

We adopt two fee models under which we charge property management fees for provision of basic commercial and residential property management services on a lump-sum basis or commission basis. During the Track Record Period, a substantial portion of our property management fees were charged on a lump-sum basis, with the remainder charged on a commission basis. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, 95.1%, 94.2%, 92.9%, 96.5% and 96.4% of our revenue generated from basic commercial property management services and basic residential property management services was charged on a lump-sum basis, respectively, while 4.9%, 5.8%, 7.1%, 3.5% and 3.6% of our revenue generated from basic commercial property management services and basic residential property management services was charged on a commission basis for those same years, respectively. In the same years, 91.3%, 87.1%, 85.9%, 86.0% and 85.6% of the total GFA under management from commercial properties and residential communities was managed on a lump-sum basis, respectively, while 8.7%, 12.9%, 14.1%, 14.0% and 14.4% of the total GFA under management from commercial properties and residential communities was managed on a commission basis, respectively. See "Risk Factors—Risks Relating to Our Business and Industry—We primarily generated revenue from property management services on a lump-sum basis. We may be subject to losses if we fail to estimate or control our costs in performing our property management services."

We take into account a number of factors in determining whether to charge fees on a lump-sum or commission basis, including local regulations, personalized requirements specified by property developers, property owners or other customers, local market conditions and the nature and characteristics of individual properties. We assess prospective customers by evaluating key factors such as estimated costs involved with property management, historical fee collection rates, projected profitability as well as whether the property was previously managed on a lump-sum or commission basis.

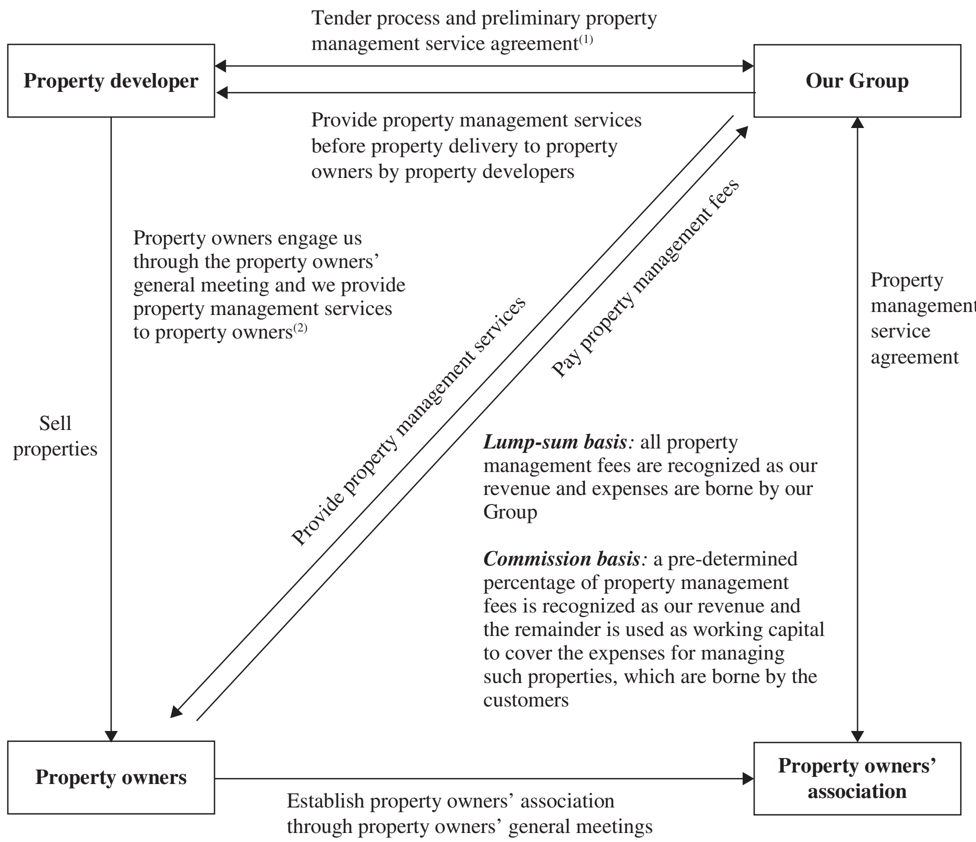
The following table sets forth a breakdown of the total GFA under management from commercial properties and residential communities as of the dates and revenue generated from our basic commercial and basic residential property management services for the periods indicated by fee model:

	As of and/or for the period ended December 31,									As of and/or for the four months ended April 30,		
	2019			2020			2021			2022		
	GFA	Revenue		GFA	Revenue		GFA	Revenue		GFA	Revenue	
	(sq.m.'000)	*(RMB'000)*	*(%)*	*(sq.m.'000)*	*(RMB'000)*	*(%)*	*(sq.m.'000)*	*(RMB'000)*	*(%)*	*(sq.m.'000)*	*(RMB'000)*	*(%)*
Lump-sum basis	5,057	213,218	95.1	5,185	211,055	94.2	4,661	205,457	92.9	4,554	65,843	96.4
Commission basis	484	11,086	4.9	768	13,098	5.8	768	15,771	7.1	768	2,450	3.6
Total	**5,541**	**224,304**	**100.0**	**5,953**	**224,153**	**100.0**	**5,429**	**221,228**	**100.0**	**5,322**	**68,293**	**100.0**

The following table sets forth a breakdown of the revenue generated from our value-added services to commercial properties and value-added services to residential properties for the periods indicated by fee model:

	For the period ended December 31,						Four months ended April 30,			
	2019		2020		2021		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
							(unaudited)			
Lump-sum basis	44,772	92.1	39,380	90.1	39,544	90.5	16,176	89.7	10,561	84.9
Commission basis	3,815	7.9	4,330	9.9	4,156	9.5	1,852	10.3	1,877	15.1
Total	**48,587**	**100.0**	**43,710**	**100.0**	**43,700**	**100.0**	**18,028**	**100.0**	**12,438**	**100.0**

The following diagram illustrates our relationships with various parties under our property management service agreements and the major differences between the lump-sum and commission basis.



(1) The property developer can enter into a preliminary property management service agreement with us before delivery of the properties and such agreement is legally binding on all future 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.

Property Management Fees Charged on a Lump-sum Basis

During the Track Record Period, we derived a substantial portion of our revenue from property management service agreements on a lump-sum basis. Under the lump-sum fee model, we charge a fixed and all-inclusive fee for our property management services, which we provide through our employees and subcontractors and payable on an annual, 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, property owners and residents as revenue and bear the costs incurred in providing our property management services. According to F&S, the lump-sum fee model is the dominant method of collecting property management fees in China, especially in relation to residential properties. See "Industry Overview—Property Management Service Market in the Yangtze River Delta Region and Suzhou—Fee Basis Analysis."

Prior to negotiating and entering into our property management service agreements, we seek to form, as accurately as possible, an estimate as to our cost of services. Our cost of services primarily include expenses associated with, including but not limited to, labor and subcontracting costs, purchasing supplies and equipment, repair and maintenance of communal areas, management and operation of our office facilities, cleaning and garbage disposal and security. As we bear such expenses ourselves, our profit margins are affected by our ability to reduce our cost of services. In the event that our cost of services is higher than anticipated, we would not be able to collect additional amounts from our customers to sustain our profit margins. See "Risk Factors—Risks relating to our Business and Industry—We primarily generated revenue from property management services on a lump-sum basis. We may be subject to losses if we fail to estimate or control our costs in performing our property management services" in this document for more information.

We have implemented various technological initiatives, internal control policies and standardized procedures to reduce costs and prevent or reduce such shortfall. See "—Standardized Operation, Digitalization and Information Technology." In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, we incurred losses of approximately RMB5.2 million, RMB5.3 million, RMB4.8 million, RMB1.4 million and RMB1.5 million with respect to 13, 11, 11, 11 and 11 properties under our management, respectively, among which (i) two, seven, eight, eight and eight properties were still loss-making but incurred less losses during the Track Record Period, respectively; and (ii) we had ceased to provide property management services for three, nil and nil properties, respectively. During the Track Record Period, we had one, one and two property management service agreements terminated or not renewed upon expiration by property owners' associations or property owners, respectively, primarily because we failed to reach an agreement on the price term for the renewal of such property management service agreements with property owners' associations or property owners when we proposed an increment given increased service costs. However, our disagreement with the property owners' associations did not involve concerns over our performance or any material complaints. The following table sets forth a breakdown of the number of our loss-making projects and the amount of losses by property developer during the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2019		2020		2021		2021		2022	
	Number of properties	Loss	Number of properties	Loss	Number of properties	Loss	Number of properties	Loss	Number of properties	Loss
		(RMB'000)		*(RMB'000)*		*(RMB'000)*		*(RMB'000)* *(unaudited)*		*(RMB'000)*
SND Group[(1)]	10	4,426	9	4,696	9	4,167	9	1,200	9	1,250
Joint ventures and/or associates of SND Group[(2)]	1	391	1	457	1	316	1	104	1	104
Independent Third Parties[(3)]	2	432	1	176	1	307	1	95	1	110
Total	13	5,249	11	5,329	11	4,790	11	1,399	11	1,464

(1) Refers to properties solely developed by SND Group or jointly developed by SND Group and independent third-party property developers in which project SND Group held a controlling interest.

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

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

Such losses were incurred primarily because the relatively low property management revenue we recognized from relevant projects were insufficient to cover the costs incurred in providing quality property management services. In the event that we experience unexpected increases in our cost of services, we may propose raising our property management fees with property owners' associations while negotiating to renew our property management service agreements. To maintain the profitability of our managed properties, we have undertaken various measures. For instance, we (i) rationally adjusted the work scope of employees to reduce staff costs and improve their operational efficiency, including assigning maintenance personnel to repair and maintenance of adjacent properties, and our total GFA under management of public facilities, commercial properties and residential communities per employee has increased from 3.17 sq.m. as of December 31, 2019 to 4.26 sq.m. as of April 30, 2022; (ii) renovated and retrofitted existing properties to diverse source of income, including increasing ground carpark space; and (iii) reallocated the resources across different business lines to reduce the overall costs, including arranging the mechanical cleaning personnel and vehicles for city services to clean the main roads of residential and commercial properties under our management. We will continuously monitor the profitability of the remaining loss-making projects, and evaluate the option to terminate their property management service agreements if these projects continue to incur losses and are not expected to generate profits in the near future.

Property Management Fees Charged on a Commission Basis

During the Track Record Period, we derived revenue from a limited number of property management service agreements on a commission basis. Under the commission fee model, we collect a predetermined percentage of the total amount of property management fees payable by our customers on a monthly or quarterly basis as revenue, which usually ranges from 8.0% to 10.0%. All direct cost we incur in providing our property management services shall be borne by property owners or residents.

When we contract to manage commercial properties or residential communities on a commission basis, we essentially act as an agent of the property owners. For such commercial property or residential community, the management offices have no separate bank accounts and settle transactions through our treasury. As of the end of the reporting period, if the working capital of a management office accumulated in our treasury is insufficient to cover the expenses incurred by the management office in arranging for property management services, we recognize the shortfall as a long-term receivable subject to impairment. See "Risk Factors—Risks Relating to Our Business and Industry—We may fail to recover all payments on behalf of property owners and residents of the properties managed on a commission basis."

Under this fee model, we are not entitled to collect any surplus of property management fees left over from covering the costs incurred in providing property management services. Therefore, we generally do not recognize any direct costs for property management service agreements charged on a commission basis in general. Such costs are borne by property developers, property owners and residents as applicable.

Tender Process

We generally obtain property management service agreements by participating in tenders, a process whereby property developers or property owners' associations evaluate and select from multiple property management service providers. Invitations to tender are usually issued by property developers for properties under development. Under PRC laws and regulations, property management companies are generally required to obtain preliminary property management service agreements for residential properties through participation in the tender process. If there are fewer than three bidders for any small-scale properties, the property developer can select and hire qualified property management company by directly entering into an agreement with the approval of the real estate administrative department of the relevant district or county government where the property is located. The tender and bidding processes shall also apply to the services procured with fiscal funds by government departments, public institutions and organizations, where the services concerned are included in the centralized procurement catalog and required to be procured through the tender and bidding procedures according to the Government Procurement Law of the PRC (《政府採購法》) and relevant laws and regulations. See "Regulatory Overview—Legal Supervision Over Property Management Services and Other Related Services—Appointment of Property Management Enterprises" in this document for more information on tender processes.

The following flow chart illustrates each stage of our typical tender process for obtaining property management service agreements.

Receiving invitations to tender or notice of such opportunities

↓

Marketing development team responsible for making the bid

↓

Preparation and submission of documents required for pre-qualification

↓

Researching the characteristics of the property(ies) involved and calculating relevant costs

↓

Prepare and submit tender bids outlining, including but not limited, to our plans, costs and qualifications

↓

Tender evaluation

↓

Award of contract or rejection

↓

Contract signing and filing with relevant local authority

For properties developed by SND Group, we also undergo the tender process before being awarded property management service agreements, which is a standard tender process regulated by applicable PRC laws and regulations and the same process we undergo with respect to properties developed by third-party property developers. Typically, we consider the following major factors when tendering for projects, including those developed by both SND Group and its affiliates and third-party property developers in accordance with our internal policies on tender process: (i) the types, scope and term of services to be provided; (ii) the budget, estimated total costs and expected return in rendering the services; and (iii) our comparable advantages and chances in winning the bids. To our best knowledge after consultation with SND Group, generally, in determining the property management service provider to whom the property management projects will be awarded, SND Group evaluates the tender bids received based on certain criteria, including bid price, quality and scope of services, relevant experience and capability to meet the service requirements and standards. During the Track Record Period, our success rate in tender bids for properties developed by SND Group was 100.0%. Such high bid success rates with respect to properties developed by SND Group during the Track Record Period was primarily attributable to (i) our long-standing relationship and established track record of providing property management services to SND Group and (ii) the fact that we share a deep understanding about SND Group properties and a similar service philosophy with SND Group which has enabled us to offer services that better meet its needs and requirements. To our best knowledge after years of business transactions with SND Group, the aforementioned are key factors prioritized by SND Group in selecting its property management service providers.

The following table sets forth a breakdown of the revenue, number of projects and GFA contribution from projects secured through tendering and direct engagement during the Track Record Period:

	As of or for the period ended December 31,									As of or for the four months ended April 30,		
	2019			2020			2021			2022		
	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
	(RMB'000)		*(sq.m.'000)*	*(RMB'000)*		*(sq.m.'000)*	*(RMB'000)*		*(sq.m.'000)*	*(RMB'000)*		*(sq.m.'000)*
Tendering	140,554	34	2,516	154,103	36	2,926	173,735	39	3,146	63,229	39	3,132
Tendering Not Required	169,736	37	3,881	167,793	39	4,092	159,434	35	3,549	44,246	36	3,656
Direct Engagement	1,378	2	26	1,382	2	26	1,184	2	26	360	2	26
Total	**311,668**	**73**	**6,423**	**323,278**	**77**	**7,045**	**334,353**	**76**	**6,721**	**107,835**	**77**	**6,814**

In an effort to enhance our market outreach capabilities, we improved team work and collaborations among our marketing personnel and refined task allocations at various stages for the tender and bidding process. We intend to conduct market research and project assessment before submitting our bids, formulate and revise the tender documents based on the research, and regularly review our performance in the tender and bidding process to improve our bidding success rates.

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

	Year ended December 31,									Four months ended April 30,					
	2019			2020			2021			2021			2022		
	Number of bids submitted	Number of winning bids	Tender success rate (%)	Number of bids submitted	Number of winning bids	Tender success rate (%)	Number of bids submitted	Number of winning bids	Tender success rate (%)	Number of bids submitted	Number of winning bids	Tender success rate (%)	Number of bids submitted	Number of winning bids	Tender success rate (%)
SND Group[1]	3	3	100.0	3	3	100.0	5	5	100.0	1	1	100	–	–	–
Joint ventures and/or associates of SND Group[2]	1	1	100.0	1	1	100.0	–	–	–	–	–	–	–	–	–
Independent Third Parties[3]	17	16	94.1	9	8	88.9	13	12	92.3	–	–	–	1	1	100.0

(1) Refers to properties solely developed by SND Group or jointly developed by SND Group and independent third-party property developers in which project SND Group held a controlling interest.

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

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

During the Track Record Period, we remained competitive in the tendering process for properties developed by Independent Third Parties, and lost only one bid in each year. Our tender success rate decreased from 94.1% in 2019 to 88.9% in 2020, primarily due to a smaller calculation base as we submitted less bids in 2020. During the Track Record Period, our success rate of obtaining property management service agreements after the establishment of property owners' associations was 82.4%, 94.4%, 94.1% and 100.0%, respectively.

As of April 30, 2022, for two property management projects, the relevant property developers did not organize the required tender and bidding process and directly engaged us to provide property management services (the "Relevant Property Management Projects"), among which one project was developed by SND Group, its joint ventures and/or associates and one project was developed by Independent Third Parties. Such properties had an aggregate GFA under management of approximately 26.1 thousand sq.m. as of April 30, 2022. Our revenue from property management services for such properties amounted to approximately RMB1.2 million, RMB1.4 million, RMB1.2 million, RMB0.4 million and RMB0.4 million, respectively, in 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, accounting for approximately 0.3%, 0.3%, 0.3%, 0.2% and 0.2%, respectively, of our total revenue for the same years. Invitations to tender are usually issued by property developers. Under PRC laws and regulations, property developers are required to select property management companies for preliminary property management service contracts for residential properties through the tender process. According to the Regulations on Property Management, a residential property developer may be required to take rectification measures within a prescribed period and pay fines up to RMB100,000 if it fails to comply with such tender and bidding requirement. Please refer to "Regulatory Overview—Legal Supervision over Property Management Services and Other Related Services—Appointment of Property Management Enterprises" in this document. If there are fewer than three bidders or for any small scale properties, the property developer can select and hire a 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. A tender process is also required for engaging property management service providers for services over a designated amount in relation to non-residential properties owned by the PRC government agencies, institutions or organizations according to the Government Procurement Law of the PRC (《政府採購法》) and relevant laws and regulations.

As confirmed by our Directors, the lack of a tender and bidding process for the selection of property management service providers for the Relevant Property Management Projects was caused by the relevant property developers but not us and we obtained the relevant property management service contracts through regular business negotiations at arm's length. As advised by our PRC Legal Advisors, 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. In addition, relevant PRC laws and regulations do not explicitly stipulate whether the validity of a property management service agreement would be affected by lack of a tender and bidding process. Judicial practice varies in the PRC and the abovementioned contracts executed without going through a tender and bidding process may be determined invalid by the relevant administrative authorities or local judicial authorities. Meanwhile, the relevant property developer may be required to take rectification measures by administrative authorities 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. There are no specific PRC laws and regulations in effect as of the Latest Practicable Date which would impose administrative penalties upon property management companies for entering into preliminary management service contracts without going through the tender and bidding process. Our Directors also confirm that, based on the opinion given by our PRC Legal Advisors and the percentage of the revenue from the management services for the Relevant Property Management Projects to our total revenue during the Track Record Period, the lack of a tender and bidding process for the Relevant Property Management 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 contracts. See "Risk Factors—Risks relating to Our Business and Industry—Our property management service agreements may have been obtained without going through the required tender and bidding process" in this document.

In order to ensure our ongoing compliance with the relevant regulations on the tender and bidding measures, we have implemented several internal control measures, including (i) prevention measures, which include formulating the internal rules to ensure the performance of tender and bidding procedures required by the government authorities and to approve property management service agreements only if they are accompanied by the tender and bidding materials; (ii) ongoing monitoring measures, which include filing the internal approval record of the complete tender and bidding process for material projects to ensure compliance with relevant laws and regulations; and (iii) reviewing measures, which include checking the approval record of property management service contracts.

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 contract that we enter into at the construction and pre-delivery stage of property development projects.

In relation to properties that have already been delivered, we typically enter into property management service agreements with tenants and property owners such as corporate customers and local governments and public authorities, or with property owners' associations on behalf of property owners when property owner' associations are properly established. After delivery of the properties by property developers to the property owners, property owners may form and operate property owners' associations to manage the properties. Prior to the implementation of the Civil Code on January 1, 2021, the Regulations on Property Management (《物業管理條例》 (2018修正)) and the Guidance Rules of the Owners' Meeting and the Property Owners' Association (《業主大會和業主委員會指導規則》) stipulate that property owners' associations may be established by a vote of whom collectively own over half of the total GFA of the exclusive area of the community and represent more than half of the total number of the property owners. After the implementation of the Civil Code on January 1, 2021, the property owners' associations may be established by a vote of the property owners who hold no less than two-thirds of the total GFA of the exclusive area of the community and represent no less than than two-thirds of the total number of property owners, and 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. If the property owners' associations have not been established, we provide property management services to property owners, residents and tenants pursuant to the preliminary property management service agreements that we entered into with the property developer. For commercial properties without established property owners' associations, we enter into property management service agreements with the property owners.

The following table sets forth a breakdown of our total contracted GFA and GFA under management for residential properties as of the dates indicated, and revenue for the periods indicated by counterparties of the preliminary property management service agreements and property management service agreements.

	As of/for the period ended December 31,												As of April 30,			
	2019				2020				2021				2022			
	Contracted GFA	GFA under management	Revenue		Contracted GFA	GFA under management	Revenue		Contracted GFA	GFA under management	Revenue		Contracted GFA	GFA under 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)*	*(%)*	*(sq.m.'000)*	*(sq.m.'000)*	*(RMB'000)*	*(%)*
Preliminary stage	1,534	1,337	31,036	57.9	846	829	17,023	33.8	846	830	15,389	35.9	828	811	5,995	37.7
Property owner associations stage(1)	2,040	2,106	22,530	42.1	2,631	2,695	33,376	66.2	2,301	2,365	27,502	64.1	2,301	2,365	9,891	62.3
Total	**3,574**	**3,443**	**53,566**	**100.0**	**3,477**	**3,524**	**50,399**	**100.0**	**3,147**	**3,194**	**42,891**	**100.0**	**3,129**	**3,176**	**15,886**	**100.0**

(1) Includes property management projects where we continued to render services after property owners' associations were established pursuant to the terms of preliminary property management service agreements originally signed with property developers, as well as property management projects where we rendered services pursuant to the terms of property management service agreements signed with property owners' associations. See "—Key Terms of Dealing with Property Developers" and "—Key Terms of Dealing with Property Owners, Corporate Customers or Property Owners' Associations."

Key Terms of Dealing with Property Developers

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

- *Scope of services.* A typical contract with a property developer sets out the scope of services by phase. Typically, we agree to provide property management services to public areas and facilities, including cleaning, security, gardening and repair and maintenance. We may also agree to provide services in relation to the usage of car parks.

- *Performance standards.* The preliminary property management service agreements set forth the specific standards for our main property management services. The agreement also sets forth the areas to which our services relate, as well as the frequency of performance of services such as cleaning communal areas and inspecting facilities such as power supply and distribution systems, water supply and drainage systems and security.

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

- *Property developer's obligations*. The property developer is primarily responsible for ensuring that its buyers understand and commit to their obligations under the preliminary property management service agreement, providing us with office facilities and other support necessary for carrying out our contractual obligations and reviewing plans and budgets that we may draw up in relation to our services, including providing us with blueprints and other construction design documents and completion inspection documents.

- *Term of service.* Our preliminary property management service agreements generally have fixed terms of one to three years, but will specify that they automatically terminate when a property owners' association is established and a new property management service contract is entered into. Such preliminary property management service agreements will also specify that if they expire and no property owners' association has been established, then they will renew automatically or we may negotiate with the property developer or property owners to enter into a supplementary preliminary property management service agreement. Preliminary property management service agreements without fixed terms will generally expire once a property owners' association is established and a new property management service contract is entered into.

- *Dispute resolution.* Both parties are typically required to resolve any contractual disputes through negotiations first before resorting to litigation or arbitration.

After receiving delivery of the properties from property developers, property owners may form and operate property owners' associations. However, a general meeting of the property owners of a property may dismiss a property management company with affirmative votes of property owners who own more than half of the total GFA under management of the property and who account for more than half of the total number of property owners regardless of whether property owners' associations are formed. For properties where we have entered into property management service agreements with property developers without fixed terms, property owners and residents are obligated to pay property management fees to us until the property owners' associations enter into new property management service agreements with the property management companies selected by the general meetings of the property owners and the new agreements become effective. As of April 30, 2022, 16 residential properties under our management established property owners' associations, which accounted for approximately 72.7% of the total number and 74.5% in terms of total GFA of residential properties under our management. The property owners' associations are independent from us. To secure and renew property management service agreements, we strive to provide quality services at competitive prices.

Once our preliminary property management service agreements have expired and property owners' association is formed, the property owners' association has the right to decide whether to hold a tender process to enter into a property management service agreement with us and we may negotiate with the newly-formed property owners' associations for the terms of renewal of our property management service agreements; property owners and residents were legally obligated to pay us property management fees, since we continued rendering services to those property management projects during the negotiation period. In cases where we have signed preliminary property management service agreements without fixed terms and no property owners' association is formed after delivery of the properties, property owners and residents are also legally obligated to pay property management fees directly to us for the services we continue to render.

For the residential properties, occasionally, property owners do not establish a property owners' association. In that case, the preliminary property management service agreements we entered into with the property developers at the construction and pre-delivery stage will remain effective and oblige property owners and residents to pay property management fees directly to us. Such a preliminary property management service agreement will terminate upon a property management service agreement is entered into with the property owners' association.

If the initial term of the preliminary property management service agreement expires, and no owners' association is formed, then (i) the preliminary property management service agreement will be automatically renewed until we enter into a property management service agreement with the property owners' association, if there is an appropriate term to that effect; or (ii) the parties to the preliminary property management service agreement may negotiate to extend the services absent any automatic renewal provision in the contract. We would then enter into a new agreement with the property developer.

Under the Civil Code and relevant PRC laws and regulations, as advised by our PRC Legal Advisors, there is no compulsory requirement for property owners of non-residential projects, including commercial properties and public infrastructure, to form property owners' associations. As for city services and commercial projects which have no property owners' associations, we directly negotiate and enter into contract with, and perform our property management services to, property owners who are therefore our customers after the delivery of city services and commercial projects by property developers to such property owners.

Key Terms of Dealing with Property Owners, Corporate Customers or Property Owners' Associations

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

- *Scope of services*. Typically, we agree to provide general property management services including cleaning, security, gardening and landscaping and repair and maintenance. Except for general property management services, property owners, residents or corporate customers may request for value-added services by entering into separate service agreements with us. We may also agree to provide services in relation to the usage of car parks.

- *Performance scope and standards*. The property management service contract would set forth the scope and expected standards for our property management services, including the areas to which our services relate, as well as the frequency of performance of services such as cleaning communal areas and inspecting facilities such as power supply and distribution systems, water supply and drainage systems and fire extinguishing systems.

- *Property management fees*. The property management fee would be payable either on a lump-sum or commission basis by property owners and residents. The amount of property management fees for each period is dependent on the GFA, property types, as well as our estimated costs for providing property management services. We also specify the fees that we will charge in relation to managing and leasing car parks. For overdue property management fees, property owners and residents pay a penalty equal to a daily-accumulating surcharge at a certain percentage of the overdue amount. If we have agreed to manage and lease car parks, the property management service contract will also detail the fees payable for such services.

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

- *Terms of service*. Such agreements typically have a duration of one to two years. The agreements generally come into effect upon execution and terminate on the date the property owners' association enters into a new property management service agreement with us or engages another property management service companies.

- *Dispute resolution*. Both parties are typically required to resolve any contractual disputes through negotiations first before resorting to litigation or arbitration.

Under PRC law, property owners' associations represent the interests of property owners in matters concerning property management. The property owners' association's decisions are binding on all property owners. Contracts between property owners' associations and property management service providers are valid and legally binding on all property owners concerned, irrespective of whether or not the property owners are individual parties to such contracts. Thus, we have legal claim rights against property owners for outstanding property management fees. Property owners and residents have the right to be informed of and to supervise the use of public funds, review our annual budget and any plans we prepare in relation to topping-up the public funds or our property management services in general.

Our Pricing Policy

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

In Suzhou and other area where we have business operations, 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 Relaxing Price Controls in Certain Services (國家發展和改革委員會關於放開部分服務價格意見的通知) (the "Circular"), which required provincial-level price administration authorities to abolish all price control or guidance policies on residential properties, with certain exceptions. See "Regulatory Overview—Legal Supervision Over Property Management Services and Other Related Services—Fees Charged by Property Management Enterprises" in this document for more information. We expect that pricing controls on residential properties will relax over time as relevant local authorities pass regulations to implement the Circular. See "Risk Factors—Risks Relating to our Business and Industry—We are susceptible to changes in the regulatory landscape of the PRC property management industry" and "Regulatory Overview—Legal Supervision Over Property Management Services and Other Related Services—Fees Charged by Property Management Enterprises" for more details. As advised by our PRC Legal Advisors, we were in full compliance with the pricing controls issued by the relevant PRC government during the Track Record Period and up to the Latest Practicable Date.

The following table sets forth the average monthly property management fees for public facility management services and commercial and residential property management services by property developer for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2019	2020	2021	2021	2022
	(RMB per sq.m.)				
Public facility management services	**3.7**	**4.4**	**4.9**	**4.5**	**5.2**
SND Group[(1)]	1.4	1.5	3.9	1.5	5.2
Joint ventures and/or associates of SND Group[(2)]	–	–	–	–	–
Independent Third Parties[(3)]	4.3	4.9	5.2	5.1	5.3
Commercial property management services	**7.0**	**6.2**	**6.3**	**6.3**	**6.2**
SND Group[(1)(4)]	8.4	6.1	5.7	4.9	4.4
Joint ventures and/or associates of SND Group[(2)]	4.9	4.8	6.1	7.1	7.0
Independent Third Parties[(3)]	6.7	6.8	6.9	7.4	8.0
Residential property management services	**1.2**	**1.2**	**1.1**	**1.1**	**1.3**
SND Group[(1) (4)]	1.1	1.0	0.9	0.9	1.0
Joint ventures and/or associates of SND Group[(2)]	1.3	1.4	1.3	1.3	1.3
Independent Third Parties[(3)]	1.8	1.7	1.4	1.4	1.9
Overall average monthly property management fees	**3.3**	**3.4**	**3.5**	**3.4**	**3.6**

(1) Refers to properties solely developed by SND Group or jointly developed by SND Group and independent third-party property developers in which project SND Group held a controlling interest.

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

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

(4) Includes (i) Golden Lion Building (金獅大廈) located at Suzhou, Jiangsu Province, which was solely developed by our Group and (ii) Jinlin Apartment (金鄰公寓) located at Suzhou, Jiangsu Province, which was developed by and acquired from a then subsidiary of SND Group by our Group in October 2012 and in which project we held 100% interest.

With respect to public facility management services we provided during the Track Record Period, the average property management fee charged on public facilities developed by SND Group was lower than that of public facilities solely developed by independent third-party property developers, mainly because we managed one mountain park under development by SND Group which we mainly provided security services and charged relatively low property management fees. The average property management fee charged on public facilities under our management increased during the Track Record Period, mainly driven by the increase in the average property management fee charged on public facilities solely developed by independent third-party property developers, mainly because we were able to charge higher property management fees for newly delivered public facilities developed by independent third-party property developers in a following period as a result of our gradually gained reputation on the market and increased brand recognition.

According to F&S, in 2019, 2020 and 2021, the average property management fee charged on properties developed by SND Group, its joint ventures and/or associates was generally comparable to that of similar properties solely developed by independent third-party property developers in the same area and in respect of comparable services, standards, types of properties, years of completion and locations. For example, we managed and charged Suzhou Gaoxin District Mingdu Garden (蘇州高新區名都花園) which was a residential property developed by SND Group in Suzhou with a monthly property management fee of approximately RMB0.8 per sq.m. in each of 2019, 2020 and 2021, while the monthly property management fee of approximately RMB0.9 per sq.m. was charged for our provision of property management services with comparable services scope and standard for Suzhou Gaoxin District Beauty Garden (蘇州高新區美之苑), a residential project developed by an independent third-party property developer and located in the same city during the same years. The following table sets forth a comparison of the average property management fees charged by the Group and the range of property management fees of similar properties developed by our peers in the same area and in respect of comparable services, standards, types of properties, years of completion and locations for the periods indicated:

	For the period ended December 31,					
	2019		2020		2021	
	The Group	Peers	The Group	Peers	The Group	Peers
	(RMB per sq.m.)					
Public facility management services	3.7	3.3-5.0	4.4	3.5-5.0	4.9	3.2-5.2
Commercial property management services	7.0	5.5-8.2	6.2	5.7-8.5	6.3	5.7-8.5
Residential property management services	1.2	1.4-3.2	1.2	1.2-3.2	1.1	1.4-3.5

As advised by F&S, the average property management fees charged by the Group in 2019, 2020 and 2021 generally fell within the range of that charged by our peers in Suzhou that have comparable properties in vicinity, namely (i) projects within five kilometers with similar average selling or rental prices of the residential and commercial properties under our management; or (ii) projects in the same district and city where the public facility under our management locate, on comparable properties in the market, with the average residential property management service fee that we charged on the lower quantile, primarily due to the four old residential communities under our management, to which we charged relatively low management fees due to the limited scope of our services. In 2019, 2020 and 2021, the average residential property management fees that we charged to these old residential communities remained at RMB0.35. In addition, according to CIA which ranked the Top 100 Property

Management Companies of China in terms of their overall strengths, in 2019, 2020 and 2021, the average monthly public facility management fee charged by the Top 100 Property Management Companies in China remained at RMB3.4 per sq.m.; the average monthly commercial property management fee charged by the Top 100 Property Management Companies in China was RMB7.0 per sq.m., RMB6.9 per sq.m. and RMB7.0 per sq.m., respectively; and the average monthly residential property management fee charged by the Top 100 Property Management Companies in China was RMB2.1 per sq.m., RMB2.1 per sq.m. and RMB2.0 per sq.m., respectively. As advised by F&S, in 2019, 2020 and 2021, our average public facility management fee was slightly higher than that charged by the Top 100 Property Management Companies in China, whereas our average commercial property management fee and average residential property management fee were both slightly lower than those charged by the Top 100 Property Management Companies in China. Our average commercial property management fees in 2020 and 2021 were lower than those of the Top 100 Property Management Companies of China, primarily because we undertook few industrial parks, such as a medical device accelerator, to which we typically charged relatively low average property management fees due to their large GFA under management in comparison to other commercial properties, such as commercial complexes and office buildings. Our average residential property management fees during the Track Record Period were lower than those of the Top 100 Property Management Companies of China, primarily due to the four old residential communities under our management, to which we charged relatively low management fees due to the limited scope of services.

The following table sets forth a comparison of the gross profit margin that we derived from each business line and the range of gross profit margin that our peers derived from the same business line in Jiangsu Province and Suzhou for the periods indicated:

	For the period ended December 31,					
	2019		2020		2021	
	The Group	Market Comparable	The Group	Market Comparable	The Group	Market Comparable
			(%)			
Public facility management services	22.0	10-28	23.0	10-28	23.9	10-25
Commercial property management services	16.5	8-30	17.1	8-30	18.1	8-33
Residential property management services	8.8	6-27	9.0	6-30	9.1	6-30

As advised by F&S, our average gross profit margin for each business line generally fell within the range of our peers in 2019, 2020 and 2021.

With respect to basic commercial property management services we provided during the Track Record Period, the average property management fee charged on commercial properties developed by joint ventures and/or associates of SND Group was lower than those of commercial properties developed by SND Group and independent third-party property developers, mainly because a large portion of commercial properties developed by joint ventures and/or associates of SND Group were industrial parks for which we charged relatively low property management fees. The average property management fee charged on commercial properties developed by SND Group were relatively low in 2020 and 2021, mainly because a medical device accelerator, which is a new industrial park developed by SND Group, was delivered to us for management in 2020, on which we charged relatively low average property management fee due to its relatively low occupancy rate in comparison to other commercial properties such as commercial complexes and office buildings. The average property management fee charged on commercial properties developed by joint ventures and/or associates of SND Group increased in 2021, mainly because the increased revenue generated from Gaoxin Plaza due to an increase in occupancy rate.

With respect to basic residential property management services we provided during the Track Record Period, the average property management fee charged on residential properties developed by SND Group was lower than those of residential properties developed by joint ventures and/or associates of SND Group and independent third-party property developers, mainly because a portion of residential properties under our management developed by SND Group were old residential communities for which we charge relatively low property management fees, in line with the market price at the time we entered into property management service agreements with respect to these old residential communities. The average property management fee charged on residential properties developed by Independent Third Parties in 2019 was relatively high, primarily because in 2019 a substantial portion of the GFA of a high-quality residential project developed by a third-party property developer in Suzhou with relatively high property management fee was delivered to us for management. Such project accounted for approximately 46.0% of the GFA of residential properties under our management in 2019, driving up the average residential property management fee that we charged to projects developed by Independent Third Parties.

Payment

We may charge property management fees on an annual, semiannual, quarterly or monthly basis for properties under our management, depending on the terms of our property management service agreements. We call or visit property owners or tenants and issue bills and demand letters in the period when the relevant property management fees become due and again in the following period. We issue attorney's letters to property owners or tenants whose property management fees are overdue for one year. To the extent permitted under PRC law, we charge property owners and residents for utility fees in relation to water and electricity consumed by communal areas, in proportion to the total GFA under management that they occupy and in addition to agreed-upon property management fees.

We primarily accept payments for property management fees through online transfers, credit card or third-party platforms such as WeChat Pay and AliPay. To facilitate the timely collection of property management fees and other payments, we may regularly remind property developers, property owners and residents through channels such as phone calls, text messages and in-person notification to pay property management fees according to the property management service agreement. In relation to the collection of outstanding property management fees, we will remind our customers of the outstanding amount at the frequency of every week, month or year in writing. For customers whose property management fees are still outstanding, we will increase the frequency of our reminders. After the original due date, we may issue a demand letter through attorneys via registered mail, and may file a lawsuit to claim the outstanding amounts. We will issue one demand letter per year to ensure that we fulfill requirements under PRC statutes of limitations, which impose a three-year time frame within which we may sue for outstanding property management fees. See "Financial Information—Selected Items of the Consolidated Statements of Financial Position—Trade Receivables."

PROPERTY LEASING

We hold certain office units in Golden Lion Building (金獅大廈) and the entire service apartment complex of Jinlin Apartment (金鄰公寓) located at Suzhou Gaoxin District. Such commercial properties were either developed or purchased by our subsidiary, Suzhou Golden Lion, which was initially a property developer and later engaged in the provision of commercial property management services. We leased out the office units in Golden Lion Building and service apartment units in Jilin Apartment to generate rental income. During the Track Record Period, we leased the entire Meilin Apartment (美林公寓), a service apartment complex located at Suzhou Gaoxin Distrct developed by SND Group, and subleased it to enterprise customers as employee dormitories, and we also leased certain units in the Jinshan Waste Collection Center to staff from the local urban management bureau for administration and office purposes. As confirmed by F&S, the rent charged and material terms in the tenancy agreement for the leasing of Meilin Apartment from SND Group were on normal commercial terms and comparable to those of similar properties in the surrounded area. Meilin Apartment was substantially demolished in January 2020 and we ceased to lease Meilin Apartment to new customers since then. Leveraging our active engagement and close relationships with the residents and tenants that we have nurtured through our property management services, especially those enterprise customers based at the commercial buildings under our management, we are able to attract and secure quality tenants to reside in our properties for leasing services to enhance the efficiency of our asset utilization and further diverse source of revenue. We generally charge our tenants fixed rental fees on a monthly basis and separately charge property management fees for any property management services provided. Our lease agreements with tenants usually include terms such as length of tenancy, rentals, deposits, payment arrangements, property management fees and liability for breach of contract. The lease agreements typically have a tenancy term of one year. Tenants usually have the right to renew their leases after the expiration of the relevant lease term. If a tenant fails to perform its obligations, we are entitled to damages and can choose to terminate the lease agreement.

As of December 31, 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, the average occupancy rate of our leased properties was 68.2%, 72.2%, 76.5%, 83.8% and 67.3%, respectively. The average occupancy rate of our leased properties increased from 68.2% in 2019 to 76.5% in 2021, primarily due to (i) our continuous investments in advertising and promotion; and (ii) the 331 Special Campaign ("331"專項行動) launched by the Suzhou government in May 2018 to regulate fire hazards in rental properties, suspending the operation of those that lacked proper fire precaution measures, which resulted in a decrease in the supply of rental properties from individual landlords. The average occupancy rate of our leased properties decreased from 83.8% in the four months ended April 30, 2021 to 67.3% in the four months ended April 30, 2022, primarily due to a decrease in the demand for properties for lease as a number of local enterprises and factories were temporarily closed under the government's pandemic prevention policies to combat the COVID-19 pandemic. During the Track Record Period, our revenue generated from property leasing services amounted to RMB28.2 million, RMB27.9 million, RMB27.7 million, RMB9.6 million and RMB7.6 million, respectively, among which, the revenue generated from properties leased from SND Group and subleased to our tenants amounted to RMB10.8 million, RMB8.7 million, RMB1.1 million, RMB0.5 million and RMB0.2 million, respectively. Our revenue generated from sub-leasing Meilin Apartment generally arose from the rent collected from tenants, and relevant costs arose primarily from the rent paid to SND Group and routine maintenance expenses. During the Track Record Period, our revenue generated from property leasing services decreased despite the increases in average occupancy rate of our leased properties, primarily because Meilin Apartment was substantially demolished in January 2020, reducing the number of our leasable units in 2020 and 2021. Our gross profit from property leasing services provided to Meilin Apartment amounted during the Track Record Period to RMB6.0 million, RMB4.5 million, RMB0.8 million, RMB0.4 million and RMB0.1 million, respectively, and our gross profit margin for property leasing services provided to Meilin Apartment were 56.2%, 52.1%, 74.1%, 74.1% and 47.8%, respectively. We generated a relatively high gross profit margin from sub-leasing Meilin Apartment during the Track Record Period, primarily due to the 331 Special Campaign, which led to a decrease in supply of rental properties from individual landlords and an increase in rents according to F&S, making monthly rent of Meilin Apartment nearly doubled from RMB440 to RMB850.

OUR BRANDS

Underpinned by our extensive experience in providing quality property management services, we have successfully established our name in the market through our brands, "Xingang Service (新港服務)" and "Kings Property (金獅物業)". Multiple projects under our management have been awarded "Excellent Model Project in terms of Property Management (物業管理優秀示範項目)," including two projects at national level, 11 projects at provincial level, and 16 projects at municipal level as of April 30, 2022.

With the expansion of our business, we intend to promote "Suxin Services (蘇新服務)" as our main brand, further optimize our business model and improve our service quality. Meanwhile, we will focus on providing cleaning services to city roads and operation of waste collection centers under the brand "Xingang Municipal (新港市政)", providing property management services for office buildings and industrial parks under the brand "Kings Property (金獅物業)," and providing property management services for high-end residential properties under the brand "Keshang Property (科尚物業)." We aim to strengthen our role as a comprehensive cite service and property management service provider by further diversifying our service portfolio.

OUR STRATEGIC BUSINESS RELATIONSHIP WITH SND GROUP

We have maintained a long and close strategic relationship with SND Group, our parent company, and the diverse property portfolio of SND Group provides us with a large potential pipeline of high-quality projects. We have been providing city services, commercial property management services, residential property management services and property leasing services to properties developed by SND Group since our establishment in 1994. SND Group, its joint ventures and/or associates as a whole were our second largest customer during the Track Record Period, and we provided multiple services to a substantial portion of the properties developed by SND Group, its joint ventures and/or associates. See "Business—Competitive Strengths—Long-term and Stable Cooperation with SND Group Contributing to Continuous and Sustainable Business Growth" for more details. According to the 2021 annual report of SND Group published on October 29, 2021, in 2021, SND Group's revenue, gross profit and net profit amounted to approximately RMB15,128.8 million, RMB1,276.5 million and RMB857.2 million, respectively; as of December 31, 2021, SND Group had 41 property projects under development with a planned GFA of approximately 555.0 million sq.m.; and as of the same date, SND Group had a total land reserve for future development of approximately 1.7 million sq.m.

During the Track Record Period, for each of our business lines, our revenue and gross profit attributable to properties developed by SND Group, its joint ventures and/or associates were as follows:

- *City services*. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, our revenue generated from city services provided to municipal infrastructure and public facilities developed by SND Group, its joint ventures and/or associates amounted to RMB3.1 million, RMB3.3 million, RMB11.8 million, RMB1.1 million and RMB7.5 million, respectively, accounting for 2.3%, 2.6%, 8.3%, 2.5% and 14.1% of our revenue from this segment, or 0.7%, 0.8%, 2.5%, 0.7% and 4.7% of our total revenue, respectively. Our gross profit from city services provided to municipal infrastructure and public facilities developed by SND Group, its joint ventures and/or associates amounted to RMB0.6 million, RMB0.8 million, RMB2.0 million, RMB0.3 million and RMB1.4 million, respectively.

- *Commercial property management services*. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, our revenue generated from commercial property management services provided to commercial properties developed by SND Group, its joint ventures and/or associates amounted to RMB107.2 million, RMB108.7 million, RMB113.3 million, RMB37.7 million and RMB29.0 million, respectively, accounting for 54.2%, 55.4%, 55.5%, 54.4% and 49.3% of our revenue from this segment, or 24.6%, 24.9%, 24.5%, 24.7% and 18.0% of our total revenue, respectively. Our gross profit from commercial property management services provided to commercial properties developed by SND Group, its joint ventures and/or associates amounted to RMB17.7 million, RMB18.8 million, RMB21.6 million, RMB7.1 million and RMB5.6 million, respectively, and our gross profit margin for commercial property management services provided to commercial properties developed by SND Group, its joint ventures and/or associates were 16.5%, 17.3%, 19.0%, 18.8% and 19.4% respectively.

- *Residential property management services.* In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, our revenue generated from residential property management services provided to residential properties developed by SND Group, its joint ventures and/or associates amounted to RMB64.7 million, RMB57.5 million, RMB48.3 million, RMB17.8 million and RMB16.8 million, respectively, accounting for 86.3%, 80.3%, 79.9%, 81.6% and 77.0% of our revenue from this segment, or 14.9%, 13.2%, 10.5%, 11.7% and 10.4% of our total revenue, respectively. Our gross profit from residential property management services provided to residential properties developed by SND Group, its joint ventures and/or associates amounted to RMB5.0 million, RMB4.1 million, RMB3.2 million, RMB1.4 million and RMB1.0 million, respectively, and our gross profit margin for residential property management services provided to residential properties developed by SND Group, its joint ventures and/or associates were 7.8%, 7.2%, 6.6%, 7.8% and 6.2%, respectively.

- *Property leasing services*. We hold certain units in Golden Lion Building (金獅大廈) and Jinlin Apartment (金鄰公寓) and lease them out for rental income. Such properties were either developed or purchased by our subsidiary, Suzhou Golden Lion. During the Track Record Period, we leased Meilin Apartment (美林公寓) developed by SND Group and subleased to enterprise customers, and we also leased certain units in the Jinshan Waste Collection Center to staff from the local urban management bureau for administration and office purposes. See "Business–Property Leasing." In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, our revenue generated from property leasing services provided to properties owned by SND Group, its joint ventures and/or associates, namely Meilin Apartment, amounted to RMB10.8 million, RMB8.7 million, RMB1.1 million, RMB0.5 million and RMB0.2 million, respectively, accounting for 38.3%, 31.0%, 4.1%, 4.9% and 2.1% of our revenue from this segment, or 2.5%, 2.0%, 0.2%, 0.3% and 0.1% of our total revenue, respectively. Our gross profit from property leasing services provided to Meilin Apartment amounted to RMB6.0 million, RMB4.5 million, RMB0.8 million, RMB0.4 million and RMB0.1 million, respectively, and our gross profit margin for property leasing services provided to Meilin Apartment were 56.2%, 52.1%, 74.1%, 74.1% and 47.8%, respectively. We generated a relatively high gross profit margin from sub-leasing Meilin Apartment during the Track Record Period, primarily because in May 2018, Suzhou launched the 331 Special Campaign to regulate fire hazards in rental properties, suspending the operation of those that lacked proper fire precaution measures; as a result, supply of rental properties from individual landlords plummeted and rents skyrocketed according to F&S. The average monthly rent of Meilin Apartment nearly doubled as well, increasing from RMB440 to RMB850.

In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, the revenue from basic commercial property management services that we derived from projects developed by SND Group, its joint ventures and/or associates amounted to RMB91.3 million, RMB94.3 million, RMB95.3 million, RMB29.0 million and RMB25.0 million, respectively, accounting for 53.5%, 54.2%, 53.4%, 50.2% and 47.7%, respectively, of our total revenue from basic commercial property management services; the revenue from basic residential property management services that we derived from projects developed by SND Group, its joint ventures and/or associates amounted to RMB45.1 million, RMB41.0 million, RMB33.6 million, RMB12.2 million and RMB11.7 million, respectively, accounting for 84.3%, 81.3%, 78.3%, 79.6% and 73.6%, respectively, of our total revenue from basic residential property management services.

As of April 30, 2022, 41 properties under our management were developed by SND Group, its joint ventures and/or associates with a total GFA of 42.0 million sq.m., representing 61.6% of our total GFA under management. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, four, three, two, nil and nil properties completed or under construction, which were developed by SND Group, its joint ventures and/or associates, were newly delivered for our management, representing 16.0%, 11.1%, 8.0%, nil and nil of the total number of properties developed by SND Group, its joint ventures and/or associates during the same years, respectively. As of December 31, 2019, 2020 and 2021 and April 30, 2022, 47.3%, 47.9%, 45.2% and 44.5% of our total GFA under management were developed by SND Group, respectively.

We believe that the business relationship between our Group and SND Group is mutually beneficial and complementary and presents a sustainable business model. Over years of cooperation, our Group and SND Group have developed a mutual and deep understanding of each other's business operations and shared a similar service philosophy. Our long-term cooperation relationship with and proven track record of providing services to SND Group have led to our familiarity with the standards and requirements of SND Group, which has enabled us to reduce communication costs, build mutual trust and constantly provide high quality services to property owners, residents and tenants that meet SND Group's stringent demands and requirements, in turn to add value to the marketability of the properties developed by SND Group, and to reinforce our existing market position and enhance our competitiveness in the PRC and Suzhou property management industry. We also believe our close and long-term cooperative relationship with SND Group is instrumental to its success in establishing a distinguished and well-recognized brand image nationally, while enabling us to reinforce our existing market position and enhance our competitiveness in the PRC property management industry. Meanwhile, our ability to maintain high retention rate with properties under our management during the Track Record Period also demonstrated the level of client satisfaction for our high quality services, which indicates our Group's contribution to the brand image of SND Group by continuously delivering quality property management services to property owners and residents of its developed properties.

Considering our long-standing cooperation with SND 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 of comparable standard and scope, our Directors are of the view that our mutually beneficial and complementary relationship with SND Group will continue to enable us to secure future engagements from SND Group, and it would be relatively difficult for SND Group to select and engage a new service provider to replace us.

Going forward, we expect that the mutually beneficial and complementary business relationship between our Group and SND Group will continue and in turn, is unlikely to be materially or adversely changed. See "Relationship with Controlling Shareholders—Mutual and Complementary relationship with SND Group" for details. While maintaining our business cooperation with SND Group, with a view to diversifying our customer base, we have also been making continuous efforts to expand our business to manage projects developed by third-party property developers as well as our customer base by leveraging our increasingly enhanced brand awareness and market position.

SALES AND MARKETING

Our market development department is primarily responsible for undertaking various property management service projects, negotiating property management service agreements and their renewals, managing rental services and sales and realizing our annual business expansion plan. They will approve or reject new property management service agreements, sales and marketing plans and budget proposals submitted by our subsidiaries and branch offices for review.

As of April 30, 2022, we had a team of 12 sales and marketing personnel. They are also expected to explore and establish information channels within their respective localities for business development and market research purposes. Such information channels may include, for example, websites or other platforms on which property developers or property owners' associations announce tender opportunities, uncovering business opportunities by way of recommendation or frequent communication with customers and other industry players, and organizing promotional events to showcase our service offerings.

We actively strive to form new and maintain existing business relationships with potential customers, particularly property developers. For example, each of our subsidiaries and branch offices compile a customer register for their respective regional markets and submit it to our headquarters each year for filing. They are also required to keep records of the frequency and methods by which they have reached out to potential and important customers through issuing brochures, phone calls or in-person meetings. From time to time we will also organize events to promote or showcase our service offerings during holidays or other occasions as we see fit.

Brand Development and Advertising Efforts

As we are dedicated to building the best possible living experience for our customers, we have embraced the universal brand concept "your satisfaction, our priority" (您的滿意，我的追求). We believe that our brand value and recognition play a critical role in the growth of our business. We seek to cultivate our brand value so that our customers and industry players associate it with quality services. As an advertising measure, we print our logos on our employees' and subcontractors' uniforms and marketing pamphlets, and display them prominently on our website. We also make frequent use of our official WeChat social media accounts to advertise our services, communicate with our customers and publish press releases related to our business.

STANDARDIZED OPERATION, DIGITALIZATION AND INFORMATION TECHNOLOGY

To strengthen our competitiveness, enhance customer satisfaction and stickiness, reduce our reliance on manual labor and costs, we focus on innovation and implementing standardized operation, digitalization and information technology. We evaluate our property management services and formulate processes to render such services in a manner that is intended to improve operational efficiency, ensure consistent service quality, help develop a scalable business model and alleviate the pressure of increasing labor cost.

We have standardized our operation in key areas of our services including environmental management, occupational health and safety management and quality management. We obtained the quality management system ISO9002:1994 certification in 1999, environmental management system ISO14001:1996 certification in 2004 and occupational health and safety system OHSAS18001:2007 certification by the CQC in 2011, which made us become one of the enterprises with National First Class Property Management Qualification (國家一級資質物業服務企業) in Jiangsu Province to obtain the "three-in-one" certification. Furthermore, we apply consistent standards in certain operations including environmental and order maintenance, the repair and maintenance of equipment and facilities, and customer services.

The expenses we incurred in connection with the standardized operation, digitalization and information technology during the Track Record Period primarily consist of providing training to employees, as well as purchase of facilities, equipment and relevant maintenance services. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, we spent an amount of RMB0.5 million, RMB0.6 million, RMB0.6 million, RMB0.1 million and RMB0.1 million, respectively, on standardized operation, digitalization and information technology.

DATA SECURITY AND PRIVACY

We have adopted various internal control measures to ensure data security and privacy protection in relation to our internal operational data, as well as external data, such as customer data obtained through our information system. We collect and keep confidential personal data of property owners, residents and tenants to the extent necessary for us to provide our services, mainly including their name, telephone number, address, purchase or rental contracts and other information. We retain such personal information of property owners, residents and tenants when they remain as property owners and/or residents or tenants of the properties managed by us. We implement strict access control to our physical server rooms and online KK system, where the customer data is stored. For files stored in the office file cabinet and managed by property service center, we only grant access to employees with internal approval or at the appropriate level. Materials retained in the office, monitoring center and reception area as needed, including the phone number and address of property owners, residents and tenants, must not be posted in a conspicuous manner and must not be leaked to third parties. Only authorized employees can sign into the KK system with their respective employee ID and password. We classify our staff based on their positions and responsibilities and grant them different access rights so that only necessary personnel could access certain confidential information after obtaining internal approval. In addition, we established customer management policies related to customer data collection and management, and we also clarified employees' confidentiality responsibilities in employee handbook and would provide training to employees to ensure that they are aware of our internal policies in relation to customer data protection. As advised by our PRC Legal Advisors, according to the public information search, no search results showed that we had been subject to any penalties related to personal information data protection matters as of the Latest Practicable Date. Based on the above, our Directors are of the view that we are compliant with the applicable personal information protection laws and regulations in all material aspects in the PRC during the Track Record Period and up to the Latest Practicable Date. See "Risk Factors—Risks Relating to our Business and Industry—Failure to protect confidential information of our customers and our network against security breaches, any actual or perceived failure by us or third parties to comply with applicable data protection laws and regulations or privacy policies could harm our business, financial condition and results of operations."

CUSTOMERS

Overview

Our customer base primarily consists of property developers, property owners, residents, tenants, industrial and other corporate entities, local government and public authorities. The following table sets forth the main types of our major customers for each of our three business lines.

Business Line	Major Customers
City services	Local governments and public authorities
Commercial property management services	Property developers, property owners and tenants
Residential property management services	Property owners and residents
Property leasing	Tenants and industrial and other corporate entities

In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, revenue generated from sales to our five largest customers in each year during the Track Record Period amounted to RMB155.2 million, RMB143.8 million, RMB182.5 million, RMB57.5 million and RMB68.4 million, respectively, accounting for 35.6%, 33.0%, 39.5%, 37.8% and 42.4% of our total revenue, respectively. During the same years, revenue from sales to our single largest customer amounted to RMB68.0 million, RMB66.1 million, RMB72.6 million, RMB23.9 million and RMB22.3 million, respectively, which accounted for approximately 15.6%, 15.1%, 15.7%, 15.7% and 13.8%, respectively, of our total revenue. All of our five largest customers, except for SND Group and its joint ventures and associates, during the Track Record Period were Independent Third Parties. The credit term granted to our five largest customers in 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022 ranged from 30 to 90 days. During the Track Record Period and as of the Latest Practicable Date, none of our Directors, their close associate or any Shareholders, who, to the knowledge of our Director, owned more than 5.0% of our total share capital held any interest in any of our five largest customers.

Our Top Five Customers

Rank	Customer	Nature of business	Major services provided	Commencement of business relationship	Payment method	Revenue contribution	Percentage of total revenue	Relationship with our Group
						(RMB'000)	*(%)*	
2019								
1.	Suzhou High-tech Zone (Huqiu District) Urban Maintenance Management Office	City management	City services	July 2011	Bank transfer	67,972	15.6	Independent Third Party
2.	SND Group	Property development and operation	Property management services	October 1994	Bank transfer	39,336	9.0	Related party
3.	Suzhou High-tech Zone (Huqiu District) Urban Maintenance Management Office (Administrative Law Enforcement Bureau)	City management	City services, property management services	March 2017	Bank transfer	23,971	5.5	Independent Third Party
4.	Suzhou Science and Technology City Development Group Co., Ltd.	Property development and operation	Property management services	May 2005	Bank transfer	11,995	2.8	Independent Third Party
5.	Customer B[1]	Manufacture and sales of metal products	Property management services	April 2015	Bank transfer	11,949	2.7	Independent Third Party
						155,223	**35.6**	

Rank	Customer	Nature of business	Major services provided	Commencement of business relationship	Payment method	Revenue contribution	Percentage of total revenue	Relationship with our Group
						(RMB'000)	*(%)*	
2020								
1.	Suzhou High-tech Zone (Huqiu District) Urban Maintenance Management Office	City management	City services	July 2011	Bank transfer	66,114	15.1	Independent Third Party
2.	SND Group	Property development and operation	Property management services	October 1994	Bank transfer	37,090	8.5	Related party
3.	Customer B[(1)]	Manufacture and sales of metal products	Property management services	April 2015	Bank transfer	16,042	3.7	Independent Third Party
4.	Suzhou Library	Collection, protection and lending of books	City services	January 2003	Bank transfer	12,531	2.9	Independent Third Party
5.	Suzhou High-tech Zone (Huqiu District) Urban Maintenance Management Office (Administrative Law Enforcement Bureau)	City management	City services, property management services	March 2017	Bank transfer	12,018	2.8	Independent Third Party
						143,795	**33.0**	

Rank	Customer	Nature of business	Major services provided	Commencement of business relationship	Payment method	Revenue contribution	Percentage of total revenue	Relationship with our Group
						(RMB'000)	*(%)*	
2021								
1.	Suzhou High-tech Zone (Huqiu District) Urban Maintenance Management Office	City management	City services	July 2011	Bank transfer	72,591	15.7	Independent Third Party
2.	SND Group	Property development and operation	Property management services	October 1994	Bank transfer	49,273	10.7	Related party
3.	Suzhou High-tech Zone (Huqiu District) Urban Maintenance Management Office (Administrative Law Enforcement Bureau)	City management	City services and property management services	March 2017	Bank transfer	25,732	5.6	Independent Third Party
4.	Customer B[(1)]	Manufacture and sale of metal products	Property management services	April 2015	Bank transfer	22,276	4.8	Independent Third Party
5.	Suzhou Library	Collection, protection and lending of books	City services	January 2003	Bank transfer	12,588	2.7	Independent Third Party
						182,460	**39.5**	

Rank	Customer	Nature of business	Major services provided	Commencement of business relationship	Payment method	Revenue contribution	Percentage of total revenue	Relationship with our Group
						(RMB'000)	*(%)*	
Four months ended April 30, 2022								
1.	Suzhou High-tech Zone (Huqiu District) Urban Maintenance Management Office	City management	City services	July 2011	Bank transfer	22,301	13.8	Independent Third Party
2.	Suzhou High-tech Zone (Huqiu District) Urban Maintenance Management Office (Administrative Law Enforcement Bureau)	City management	City services and property management services	March 2017	Bank transfer	19,008	11.8	Independent Third Party
3.	SND Group	Property development and operation	Property management services	October 1994	Bank transfer	16,018	9.9	Related party
4.	Customer D(2)	Collect and display cultural relics	City services	August 2006	Bank transfer	5,793	3.6	Independent Third Party
5.	Customer B(1)	Manufacture and sale of metal products	Property management services	April 2015	Bank transfer	5,269	3.3	Independent Third Party
						68,389	42.4	

(1) Incorporated in April 2015, Customer B is a company located in Suzhou with branches in Changzhou and Hong Kong that specializes in manufacturing and sales of metallic products and spare parts and electronic components, such as laptop and mobile phone spare parts. In 2019, 2020, 2021 and the four months ended April 30, 2022, Customer B contributed RMB11.9 million, RMB16.0 million, RMB22.3 million and RMB5.3 million, respectively, to our total revenue, accounting for 2.7%, 3.7%, 4.8% and 3.3% of our total revenue, respectively.

(2) Founded in 1960, Customer D is a highly-regarded regional museum of ancient Chinese art, paintings, calligraphy and handmade crafts located in Suzhou. In the four months ended April 30, 2022, Customer D contributed RMB5.8 million to our total revenue, accounting for 3.6% of our total revenue.

SUPPLIERS

Overview

During the Track Record Period, our suppliers are primarily subcontractors located in China which provide cleaning, security and maintenance services to us. We outsource certain such services to lower our cost of services while maintaining our high service quality. Our subcontractors specialize in the services they perform and operate in an efficient manner. We believe that such sub-contracting arrangements allow us to leverage the human resources and technical expertise of our sub-contractors, reduce our labor costs and enhance our overall profitability. In 2019, 2020 and 2021, our subcontracting costs amounted to RMB54.5 million, RMB69.3 million and RMB85.0 million, respectively, accounting for 15.7%, 20.1% and 23.9%, respectively, of our total cost of services. During the Track Record Period, we did not experience any material delay, supply shortages or disruptions in our operations relating to our suppliers, or any material product claims attributable to our suppliers.

Save for SND Group, all of our five largest suppliers during the Track Record Period were Independent Third Parties. In 2019, 2020 and 2021, purchases from our five largest suppliers in each year during the Track Record Period amounted to RMB122.6 million, RMB105.3 million and RMB111.5 million, respectively, accounting for 57.2%, 49.5% and 50.8% of our total purchase amount, respectively. Our five largest suppliers generally granted us a credit term of 30 or 90 days during the Track Record Period. During the Track Record Period and as of the Latest Practicable Date, save for disclosed above, none of our Directors, their close associates or any Shareholders who, to the knowledge to our Directors, owned more than 5% of our issued share capital held any interest in any of our five largest suppliers. Save for the disclosure below and in "—Customers—Our Top Five Customers," none of our five largest suppliers was one of our customers during the Track Record Period or vice versa.

Our Top Five Suppliers

Rank	Supplier	Nature of business	Major services purchased	Commencement of business relationship	Payment method	Purchase amount	Percentage of total purchase amount for the period	Relationship with our Group
						(RMB'000)	*(%)*	
2019								
1.	Supplier A [(1)]	Power supply and electricity purchase and sale	Electricity service	January 1997	Bank transfer	62,984	29.4	Independent Third Party
2.	Supplier E [(3)]	Design and construction of building decoration works	Facade renovation engineering service	December 2018	Bank transfer	23,003	10.7	Independent Third Party
3	SND Group	Property development and operation	Water supply and mechanical repair	October 1994	Bank transfer	13,122	6.1	Related party
4.	Suzhou Baochuan Property Management Co., Ltd.[(2)]	Property management	Security services, cleaning services	February 2012	Bank transfer	11,776	5.5	Independent Third Party
5.	Jiangsu Guowei Security Service Co., Ltd.	Security services	Security services	July 2017	Bank transfer	11,677	5.5	Independent Third Party
						122,562	**57.2**	

Rank	Supplier	Nature of business	Major services purchased	Commencement of business relationship	Payment method	Purchase amount	Percentage of total purchase amount for the period	Relationship with our Group
						(RMB'000)	*(%)*	
2020								
1.	Supplier A[(1)]	Power supply and electricity purchase and sale	Electricity service	January 1997	Bank transfer	54,076	25.4	Independent Third Party
2.	Jiangsu Guowei Security Service Co., Ltd.	Security services	Security services	July 2017	Bank transfer	17,474	8.2	Independent Third Party
3.	Suzhou Baochuan Property Management Co., Ltd.[(2)]	Property management	Security services, cleaning services	February 2012	Bank transfer	13,120	6.2	Independent Third Party
4	SND Group	Property development and operation	Water supply and mechanical repair	October 1994	Bank transfer	12,767	6.0	Related party
5.	Suzhou Chengjun Property Service Co., Ltd.	Property management	Security services, cleaning services	June 2014	Bank transfer	7,878	3.7	Independent Third Party
						105,315	**49.5**	

Rank	Supplier	Nature of business	Major services purchased	Commencement of business relationship	Payment method	Purchase amount	Percentage of total purchase amount for the period	Relationship with our Group
						(RMB'000)	*(%)*	
2021								
1.	Supplier A [1]	Power supply and electricity purchase and sale	Electricity Service	January 1997	Bank transfer	62,051	28.3	Independent Third Party
2.	Jiangsu Guowei Security Service Co., Ltd.	Security services	Security services	July 2017	Bank transfer	18,829	8.6	Independent Third Party
3.	Suzhou Baochuan Property Management Co., Ltd.[2]	Property management	Security services and cleaning services	February 2012	Bank transfer	13,420	6.1	Independent Third Party
4	SND Group	Property development and operation	Water supply and mechanical repair	October 1994	Bank transfer	9,021	4.1	Related party
5.	Suzhou Chengjun Property Service Co., Ltd.	Property management	Security services and cleaning services	June 2014	Bank transfer	8,187	3.7	Independent Third Party
						111,508	**50.8**	

(1) Supplier A provided electricity services to us during the Track Record Period and was our single largest supplier in the same years. Our purchases from Supplier A amounted to approximately RMB63.0 million, RMB54.1 million and RMB62.1 million in 2019, 2020 and 2021 accounting for 29.4%, 25.4% and 28.3% of our total purchases of the same years, respectively. Supplier A was also one of our customers in 2020, and our revenue derived from provision of city services to Supplier A amounted to RMB4,774 in 2020.

(2) Suzhou Baochuan Property Management Co., Ltd. provided security services and cleaning services to us during the Track Record Period and was one of our five largest suppliers in the same years. Our purchases from Suzhou Baochuan Property Management Co., Ltd. amounted to approximately RMB11.8 million, RMB13.1 million and RMB13.4 million in 2019, 2020 and 2021 accounting for 5.5%, 6.2% and 6.1% of our total purchases of the same years, respectively. Suzhou Baochuan Property Management Co., Ltd. was also one of our customers during the Track Record Period, and our revenue derived from provision of property management services to Suzhou Baochuan Property Management Co., Ltd. amounted to approximately RMB0.2 million, RMB0.1 million and RMB0.1 million in 2019, 2020 and 2021, respectively.

(3) Supplier E provided façade renovation engineering services to us in 2019 and was one of our five largest suppliers in 2019. Our purchases from Supplier E amounted to approximately RMB23.0 million in 2019, accounting for 10.7% of our total purchases of the same year. Supplier E was also one of our customers in 2020, and our revenue derived from provision of property management services to Supplier E amounted to approximately RMB0.02 million in 2020.

Rank	Supplier	Nature of business	Major services purchased	Commencement of business relationship	Payment method	Purchase amount	Percentage of total purchase amount for the period	Relationship with our Group
						(RMB'000)	*(%)*	
Four months ended April 30, 2022								
1.	Supplier A[(1)]	Power supply and electricity purchase and sale	Electricity service	January 1997	Bank transfer	20,752	27.1	Independent Third Party
2.	Jiangsu Guowei Security Service Co., Ltd.	Security services	Security services	July 2017	Bank transfer	10,762	14.0	Independent Third Party
3.	Suzhou Baochuan Property Management Co., Ltd.[(2)]	Property management	Security services, cleaning services	February 2012	Bank transfer	5,196	6.8	Independent Third Party
4.	Supplier B	Property management	Cleaning services	June 2015	Bank transfer	2,707	3.5	Independent Third Party
5.	Suzhou Chengjun Property Service Co., Ltd.	Property management	Security services, cleaning services	June 2014	Bank transfer	2,329	3.0	Independent Third Party
						41,746	54.4	

During the Track Record Period, we provided municipal infrastructure services and property management services to certain of our suppliers as stated above, primarily because (i) the water supply network of Gaoxin Water were under our management, for which we offered cleaning, maintenance and regular inspection services; and (ii) either the offices, or the employee dormitories of certain suppliers were situated in the properties under our management, for which we provided property management services. The terms of the sales transactions with such suppliers are similar to the transactions with our other customers. In addition, our Directors confirm that during the Track Record Period, negotiations of the terms of our sales to and purchases from such suppliers were conducted in the ordinary course of business under normal commercial terms and on an arm's length basis.

Selection and Management of Subcontractors

In general, our headquarters is responsible for supervising and reviewing the selection, management and evaluation of our subcontractors on their participation in projects and makes the relevant policy decisions in this aspect of our business operations. Our subsidiaries and branch offices contribute to and support our headquarters in their supervision, review and decision-making processes.

During the Track Record Period, other than one subcontractor which became an indirect subsidiary of SND Company in August 2021 and hence a connected person of us, all our subcontractors were Independent Third Parties. Such connected subcontractor accounted for approximately 0.8%, 2.1%, 2.3% and 3.0%, respectively, of our total subcontracting costs for each year/period during the Track Record Period. Having reviewed the relevant agreements and consulted with F&S, the Sole Sponsor is of the view that the fees to the connected subcontractor were generally comparable to those offered by other subcontractors with similar types of work performed in Suzhou. Our Directors confirmed that our Group will fully cease to purchase from the connected subcontractor by end of July 2022. Each of our major subcontractors during the Track Record Period confirmed that (i) other than the subcontracting relationship, it (other than the aforesaid connected subcontractor) was an Independent Third Party and there were no past or present relationships or dealings (including family, business, employment, trust, fund flow, financing or otherwise) between our Group and itself, its respective shareholders, directors or senior management, or any of its respective associates; (ii) other than the subcontracting agreements entered into with our Group and the services rendered thereunder, it had not entered into other agreements, arrangements or understandings or recorded any fund flow with our Group; and (iii) it had not entered into any agreements, arrangements or understandings, recorded any fund flow with, or received other uncontracted fees from, the connected persons of our Company or other third parties regarding the services rendered to our projects.

Selection of our Subcontractors

We annually maintain and update a list of subcontractors primarily based on our annual evaluation of subcontractors. When the subcontracting amount reaches the corresponding threshold, we also entrust third-party agencies to select and hire subcontractors on behalf of us.

We evaluate subcontractors in accordance with criteria such as (i) that they must have operating licenses; (ii) that they must have obtained the necessary professional qualifications for providing their services in accordance with all applicable laws and regulations; and (iii) that they must have provided services to other companies within our industry with proven track record. Our subsidiaries and branch offices are required to obtain documentary evidence in relation to the aforementioned criteria. A subcontractor investigation and evaluation report will then be submitted to our headquarters for review and approval. Subcontractors who pass this approval process will be named onto our list of pre-approved subcontractors.

In hiring subcontractors, our subsidiaries and branch offices may send invitations to tender to sub-contractors on the pre-approved list and assess their tender submissions based on criteria such as service quality, industry reputation, price, past performance and cooperativeness.

Management of Our Subcontractors

We regularly monitor and evaluate our subcontractors. Managers for each property management project are expected to inspect the work of subcontractors on a daily basis and record any issues they detect. We have also established internal policies and procedures for managing complaints received about services provided by our subcontractors.

We formally review and evaluate our subcontractors at least once per year. Our subsidiaries and branch offices will complete monthly and annual evaluation reports for subcontractors. When the time comes each year to update the list of pre-approved subcontractors, our subsidiaries and branch offices will make their recommendations based on their evaluation reports. We terminate subcontracting agreements if we discover that certain subcontractors are consistently delivering substandard services.

Key Terms of Our Subcontracting Agreements

Our subcontracting agreements typically include the following key terms:

- *Term.* Such agreements are typically signed for one- to two-year terms and may be renewed by mutual consent. We will consider reengaging the subcontractors based on the quality of their services.

- *Performance scope and standards.* The subcontracting agreement would set forth the scope and expected standards of the sub-contractor's services, including the areas to which the sub-contracting services relate. For subcontracting agreements in relation to services such as repair and maintenance of elevators and fire extinguishing systems, we may specify our expected standards as to their conditions and the types of inspections we require. We also require our subcontractors to adhere to quality standards, safety, reporting times, uniforms and etiquette guidelines as stipulated under the subcontracting agreement.

- *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 generally pay subcontracting fees on a monthly or quarterly basis, depending on what is agreed on in the contract. We are entitled to collect fines 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. 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 person or property caused by their employees in the course of providing the contracted services.

- *Procurement of raw materials.* Our subcontractors will generally procure their own tools and other raw materials required for providing their contracted services. Where our subcontractors need to obtain certain raw materials from us, such as components to fire extinguishing systems, they are required to obtain our permission beforehand. We may also agree in the contract that they would bear the costs of components that cost below a certain price.

- *Termination and renewal.* We monitor and assess the performance of subcontractors regularly. Generally, we have the right to terminate the contract if our subcontractors fail to adhere to their rights and obligations, make repeated mistakes or if we receive multiple complaints from our customers in relation to their services. Proposals to renew the contract are generally made in writing 30 days before the contract expires.

EFFECTS OF THE COVID-19 PANDEMIC

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

Effects of the COVID-19 Pandemic on Our Business Operations

According to F&S, the outbreak of COVID-19 pandemic puts pressure on property management service providers in the short term as property management companies would incur increasing operational costs in purchasing face masks, disinfectant and other sanitizing equipment and additional allowances compensated to their staff and subcontractors for resuming normal working hours during the pandemic. Additionally, as advised by F&S, in general the impact on revenue derived from non-residential properties, especially shopping malls and office buildings, is relatively more adverse as compared to that on residential properties since the tenants of shopping malls and office buildings who experienced continued financial loss might terminate their lease agreements to avoid any further financial loss. In particular, our following services have experienced certain short-term impacts as a result of the COVID-19 pandemic.

- *City services.* To comply with government regulations and measures to combat the COVID-19 pandemic, we enhanced our cleaning and disinfection services to public facilities and incurred additional medial material costs.

- *Basic commercial and residential property management services.* To comply with government regulations and measures to combat the COVID-19 pandemic, we assigned additional staff and incurred additional labor costs and medical material costs, which affected the short-term financial performance of our property management services.

- *Value-added services to commercial properties*. We experienced a decrease in demand for value-added services to property developers, property owners and tenants of the commercial properties under our management, such as carpark space management due to the impact of the pandemic, therefore our financial performance was adversely affected.

- *Value-added services to residential communities.* We experienced a decrease in demand for value-added services to property developers, property owners and tenants of the residential properties under our management, such as temporary carpark space management due to the impact of the pandemic, therefore our financial performance was adversely affected. However, the lockdown measures imposed in many regions during the pandemic have also led to the expansion of our service scope specifically designated to address residents' and tenants' daily living needs, such as organizing grocery shopping within the community and making home delivery, as well as collecting household garbage door to door for disposal, which we believe has increased the residents' and tenants' reliance on us and earned us high degrees of trust and reliance.

- *Property leasing services.* We voluntarily reduced and waived a portion of rent of RMB6.2 million in 2020 for our tenants as a relief measure against the pandemic, and our revenue from such services decreased slightly in 2020 comparing to 2019.

Since the outbreak of the COVID-19 pandemic, our collection rate of property management fees still reached 101.6% and 106.8% in 2020 and 2021, respectively. The occupancy rate of commercial properties under our management decreased from 62.6% in 2019 to 57.6% in 2020 due to the impact of the COVID-19 pandemic, but subsequently increased to 64.8% in 2021 as a result of the mitigation and containment of the COVID-19 pandemic in the PRC during the period. We also benefited from the deduction or exemption of payment of social insurance contributions of RMB4.8 million in 2020 as a result of the regulatory supportive policies issued by the local governments in response to the COVID-19 pandemic. As of the Latest Practicable Date, we had not experienced any delay in delivery of projects that were contracted to us for property management services due to the COVID-19 pandemic. Since the outbreak of the COVID-19 pandemic and up to the Latest Practicable Date, we had not encountered any 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 will be affected to a certain extent by the COVID-19 pandemic, particularly due to the prolonged suspension of business operations and the instability of a 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 material disruptions of our supply chain given that we do not rely on any particular service subcontractors or material suppliers and there are many other subcontractors and suppliers in the market as back-up. In view of the foregoing, our Directors believe that we can continue to provide our services and discharge our obligations under existing contracts.

In the long term, however, the COVID-19 pandemic is expected to bring about positive changes to the property management industry, according to F&S. See "Industry Overview—City Service Market in Suzhou—Impact of COVID-19." We believe our efforts to control the outbreak has earned us high degrees of trust and reliance from property owners, residents and tenants of properties under our management. The lockdown measures imposed in many regions have also led to residents' and tenants' increasing reliance on value-added services to residential communities under our management to address residents' and tenants' daily living needs, which we believe presents us significant opportunities to expand our related service offerings. We also expect that new government regulations on property management industry may be promulgated from time to time, which offers us a higher degree of regulatory certainty in our long-term business operations.

Our Response to the COVID-19 Pandemic

In response to the COVID-19 pandemic, we have adopted the following hygiene and precautionary measures across the properties under our management since January 2020.

- *Communications with the relevant government authorities.* We have been closely following the latest regulatory measures on combatting the COVID-19 pandemic in terms of checking the health status of property owners, residents, tenants and our employees, and timely reporting potential issues to the relevant authorities.

- *Entrance management.* We verify the identities of all people and vehicles entering properties under our management, and check the body temperature of every person that pass through our gates.

- *Disinfection.* We enhanced our cleaning services and spray disinfectants in public facilities, building corridors, elevators, canteens, meeting rooms and other public spaces under our management daily.

- *Garbage disposal.* We timely remove and transport garbage away from properties under our management, and designate specialized collection and disposal sites for used masks, gloves and other potentially hazardous materials. We also assign cleaning personnel to collect household garbage door to door for those residents and tenants quarantined at home.

- *Property owner, resident and tenant education.* We actively inform property owners, residents and tenants through community posters regarding the latest policies and measures on the COVID-19 pandemic as well as our plans as a city and property management service provider.

- *On-site Inspection.* For commercial properties under our management, we assist local governments in inspecting and maintaining the area to ensure that our customers are able to return to business in a timely manner.

From January 2020 and up to the Latest Practicable Date, we incurred an aggregate cost of approximately RMB2.2 million for the purchasing of protective masks and other medical and cleaning supplies.

Effects of the COVID-19 Pandemic on Our Business Strategies

According to F&S, the COVID-19 pandemic is expected to bring about positive changes to the property management industry in the long term. We therefore believe that our expansion plan as discussed in "—Business Strategies" is feasible, and we currently expect that it is unlikely that we would change the use of the net proceeds received by us from the [**REDACTED**] as disclosed in "Future Plans and Use of Proceeds" in this document as a result of the COVID-19 pandemic.

Since the outbreak of COVID-19 pandemic and up to the Latest Practicable Date, our business remained stable which was in line with the past trends and our expectations. After due and careful consideration, save for the aforesaid effects of the COVID-19 outbreaks, our Directors confirmed that, since January 2020 and up to the Latest Practicable Date, there has been no material adverse change in our business operations, the business environment in which we operate, as well as our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects.

Based on the above, our Directors believe that the COVID-19 pandemic is not expected to have a material adverse impact on our business operations or financial performance after taking into consideration a range of factors and circumstances, including that (i) we had not encountered any material disruption to the services provided by our employees, our subcontractors and utilities service providers and the supply of materials from our suppliers; (ii) we can continue to provide our services and discharge our obligations under existing contracts; (iii) to the best knowledge of our Directors, we are not aware that there are or is reasonably expected to be any material delay in sales, construction and delivery of the properties developed by SND Group, joint ventures and/or associates of SND Group and independent third-party property developers for our management as scheduled; and (iv) we have sufficient working capital to maintain our business operations for at least the following 12 months.

RECENT REGULATORY DEVELOPMENT

The Regulatory and Administration Notices

In order to promote the steady and healthy development of the real estate market and improve the service standards of property management industry, the PRC government has issued several new regulations on property management services recently, including the Notice on Continued Rectification and Standardization of the Real Estate Market Order 《關於持續整治規範房地產市場秩序的通知》 (the "Regulatory Notice"), which was promulgated to rectify and standardize the real estate market order in the fields of real estate development, property sale and purchase, housing leasing and property management services, and 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》 (the "Administration Notice"), which proposed to strengthen the administration of residential property. See "Regulatory Overview—Legal Supervision Over Property Management Services and Other Related Services" for more details.

With respect to the Regulatory Notice, as advised by our PRC Legal Advisors, the Regulatory Notice primarily refines or reiterates certain general requirements, but does not impose new compliance requirements, on the property development and property management service industries. Therefore, the Regulatory Notice is not expected to have material negative impact on the property management companies that constantly operate in compliance with laws and regulations, and have relevant internal control policies in place to ensure such compliance. In addition, our Directors are of the view that the Regulatory Notice will unlikely result in any material adverse impact on either SND Group or us, on the basis that (i) to the best of our

Director's knowledge after consultation with SND Group, since the promulgation of these policies and regulations and up to the Latest Practicable Date, (a) SND Group has not experienced any delay in the commencement of property development and construction; and (b) SND Group has not experienced any material financial difficulties and does not expect a material delay of its property development plans in 2022; and (ii) even if there were a material delay in the delivery of properties from SND Group to us, our Directors expect that we would still be able to generate stable revenues and cash flows from our existing GFA under management.

With respect to the Administration Notice, most rules therein are non-mandatory and are related to the deployment of governmental work, and the few rules applicable to property enterprises are as follows: (i) the quality of property development services should be improved; (ii) the pricing mechanism for property management services should be reasonable; (iii) the merger and reorganization of property management service providers are encouraged; (iv) the credit management system for property service providers should be established. Therefore, as advised by our PRC Legal Advisors, the main purpose of the rules in the Administration Notice is to standardize the property development and property management service sectors rather than imposing punishments. Considering that (i) among the cities where our residential projects are located, none of the cities has promulgated mandatory requirement for the establishment of property management committees as mentioned in the Administration Notice; and (ii) the property management committee would merely perform the duty of a property owners' association prior to its establishment primarily by overseeing the quality of property management service provision, renewing property management service agreements with existing service providers or selecting new ones, and representing property owners and residents to communicate with property management service providers prior to the establishment of property owners' associations, based on our experience in managing projects with established property owners' associations, our Directors are of the view that we have complied with the regulatory requirements in the Administration Notice, and it is unlikely that we would incur any material extra operational burden or costs to comply with the requirement for the establishment of property management committee system. Therefore, after consulting with our PRC Legal Advisors we do not expect the Administration Notice would have a material adverse impact on us.

We have conducted self-inspection and are not aware of any material violation of the Regulatory Notice or the Administration Notice as of the Latest Practicable Date. As advised by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we did not violate the Regulatory Notice or the Administration in any material aspects, considering that: (i) our PRC subsidiaries and branches had no material pending litigation or proceeding relating to the Regulatory Notice and the Administration Notice; and (ii) our PRC subsidiaries and branches were not subject to any material fines or administrative penalties due to non-compliance with or violation of the Regulatory Notice and/or the Administration Notice. Meanwhile, to the best knowledge of our Directors after consultation with SND Group, SND Group had not received any inquiry, warning or sanctions from relevant PRC competent authorities regarding material non-compliance with the Regulatory Notice and the Administration during the Track Record Period and up to the Latest Practicable Date.

To ensure continuous compliance with the requirements set out in the Regulatory Notice and the Administration Notice, we have already formulated, implemented and optimized the relevant internal policies and system, which primarily include: (i) providing on-the-job trainings and lecture to our employees regarding the requirements of the Regulatory Notice and the Administration Notice to better facilitate bottom-up compliance thereto in our daily operation; (ii) designating legal staff to closely monitor and oversee our property management service provision to ensure our continuous compliance with the requirements of the Regulatory Notice and the Administration Notice; (iii) enhancing our compliance with the requirements set out in the Regulatory and Administration Notice during our daily business operation; and (iv) designating our internal control department to be responsible for (a) conducting the updates of relevant rules and regulation, and providing training to our staff regularly; (b) conducting follow up review to assess the remedial actions taken by relevant departments, the result of which will be submitted for our management's review; and (c) reporting to the board of directors upon the identification of material non-compliance issues.

As such, our PRC Legal Advisors are of the view that the Group has complied with the requirements under the Regulatory and Administration Notices in all material aspects. Our Directors, having made due and reasonable inquiries with PRC Legal Advisors, are of the view that our property management service contracting, business operation, financial performance and prospects will not be materially and adversely impacted by the Regulatory Notice or the Administration Notice. Nothing has come to the attention of the Sole Sponsor which casts doubt on the aforesaid views of our Directors and our PRC Legal Advisors. Nevertheless, we remain susceptible to regulatory changes relating to the property development and property management industries in the PRC. See "Risk Factors—Risks Relating to Our Business and Industry—We are susceptible to changes in regulatory landscapes of the PRC property management" and "Risk Factors—Risks Relating to Our Business and Industry—We are affected by the PRC government regulations on the PRC real estate industry."

The Individual Housing Loan Notice

On December 28, 2020, the PBOC and the China Banking and Insurance Regulatory Commission (the "CBIRC") jointly issued the Notice of Establishing the Management System for Concentration of Real Estate Loans by 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》(the "Individual Housing Loan Notice") to guide residents' rational purchase or investment in real properties, strengthen financial institutions' stability against fluctuations in the real estate market and optimize credit structure. Based on certain factors, including the asset size and institution type of banking entities, the PBOC and the CBIRC formulated differentiated individual housing loan concentration management requirements 《房地產貸款集中度管理要求》(the "Concentration Requirements"), which set a cap on the proportion of the individual housing loan that a bank could lend as a percentage of the bank's total lending.

The Concentration Requirements are laid out with a comprehensive consideration of the bank type and the status quo and future space of outstanding individual housing loan businesses. To reflect regional differences, appropriate flexibility is allowed in setting forth the Concentration Requirements for locally incorporated banking institutions. A transition period of two to four years is arranged in the management system to ensure the smooth implementation of relevant policies and promote the steady and sound development of the real estate market and the financial market. Banking institutions that exceed the caps specified in the Concentration Requirements should develop a scheme for business adjustments according to their actual conditions during the transition period. Banking institutions that satisfy the Concentration Requirements should carry out individual housing loan-related businesses in a prudent manner.

According to F&S, the Individual Housing Loan Notice will mainly affect the real estate industry, where the sale of properties by property developers may be adversely affected. In relation to this, the Individual Housing Loan Notice is most likely to affect the transaction volume of real estate industry only in the short term. However, since the aim of the Individual Housing Loan Notice is to control real estate credit flow in order to promote simultaneous development in economy and real estate industry in the PRC, the relevant authorities indicated that adjustments would be made in order to support reasonable demand in individual housing. As a result, F&S is of the view that the Individual Housing Loan Notice would not affect the development plans of property developers in the long term.

According to F&S, the Individual Housing Loan Notice will not have a material adverse impact on property management industry as (i) property management services company typically derive a considerable portion of revenue from their existing property projects under management which have been contracted to be managed by them, and the existing projects under our management were not affected by the Individual Housing Loan Notice; and (ii) property management companies typically procure new residential and non-residential property management projects from various sources, such as property owners and property owners' associations, instead of relying solely on new property projects procured from property developers. As such, our Directors confirm that the Individual Housing Loan Notice has no material adverse impact on our provision of property management services.

The Individual Housing Loan Notice does not raise the interest rates of individual housing loans, but merely limits the concentration of individual housing loans for various commercial banks, which is a control measure adopted by the PRC government to curb the overheated real estate market and foster the sustainable and healthy development of the real estate market. Based on (i) the view of F&S as stated above; and (ii) the consideration that for contracted but undelivered properties, even if delivery is halted due to the individual housing loans, the property developers are still bound by the preliminary property management service agreements to pay us property management service fees, it is likely that the Individual Housing Loan Notice would affect the transaction volume of properties developed by SND Group only in the short term, and would not affect the development plan or construction activities of SND Group in the long term, and in turn, the property management projects from SND Group. To the best knowledge of our Directors after consultation with SND Group, since the promulgation of the regulation and up to the Latest Practicable Date, SND Group completed and delivered four, five and nil residential projects, signaling that it had not experienced any material delay of delivery and pre-sale activities of residential property projects under development or to be developed, which would have a material adverse impact on our business operations or financial performance. Moreover, after consulting with our PRC Legal Advisors, considering that (i) the Individual Housing Loan Notice does not raise the interest rates of individual housing loans; and (ii) the residential projects under our management, whether they are in the preliminary stage or have established property owners' associations, are bound by the property management service agreements, our directors believe that the Individual Housing Loan Notice would not have a material effect on our existing residential portfolio. As such, our Directors are of the view that the Individual Housing Loan Notice has no direct or indirect material adverse impact on SND Group or us, and nothing has come to the attention of the Sole Sponsor which casts doubt on the views of our Directors as expressed above.

The "Three Red Lines" Policy

According to the State Council Policy Briefing held by the State Council Information Office on September 14, 2020, and after the State Council reiterated that housing is primarily for residential instead of speculative purposes (the "Policy Positioning") at the Nineth National Congress, the MOHURD, together with the PBOC, formulated the Fund Monitoring and Financing Management Rules for Key Real Estate Companies 《重點房地產企業的資金監測和融資管理規則》(the "Three Red Lines" policy) with the intention to control the scale of interest-bearing debts of major property developers in China and facilitate the sustainable development of China's real estate industry. On September 29, 2021, at the Real Estate Finance Symposium jointly held by them, the PBOC and the CBIRC reiterated the Policy Positioning and emphasized on the importance of protecting the legitimate rights and interests of residential property buyers.

The "Three Red Lines" policy refers to: (i) the gearing ratio (excluding advance from customers) of a real estate company shall not exceed 70%; (ii) the net gearing ratio of a real estate company shall not exceed 100%; and (iii) cash over short-term interest-bearing loans shall not be lower than 1.0. In particular, if a real estate company complies with all of the above-mentioned three limits (also known as green real estate companies), its annual growth rate of interest-bearing liabilities will be capped at 15%; if a real estate company fails to comply with one of the above-mentioned three limits (also known as the yellow real estate companies), its annual growth rate of interest-bearing liabilities will be capped at 10%; if a real estate company fails to comply with two of the above-mentioned three limits (also known as the orange real estate companies), its annual growth rate of interest-bearing liabilities will be capped at 5%; and if a real estate company fails to comply with all of the above-mentioned three limits (also known as the red real estate companies), it will not be allowed to increase its interest-bearing liabilities.

According to the Circular on Printing and Distributing the Guiding Opinions on Promoting State-owned Shareholders and Their Controlled Listed Companies to Settle Horizontal Competition and Standardize Related-party Transactions (關於印發《關於推動國有股東與所控股上市公司解決同業競爭規範關聯交易的指導意見》的通知) (the "Horizontal Competition Circular"), which was promulgated by the State-owned Assets Supervision and Administration Commission of the State Council and the CSRC on August 23, 2013, and came into effect on the same date, state-owned shareholders and their controlled listed companies shall sort out their respective business and draw the business scope and boundary in a reasonable way to avoid horizontal competition. Accordingly, the businesses that might give rise to horizontal competition shall be sorted into and conducted by the same platform.

SND Gaoxin Tech, whose shares are listed on the Shanghai Stock Exchange (stock code: 600736.SH), is a listed company controlled by its state-owned shareholder, SND Group. According to the information disclosed by SND Gaoxin Tech on December 31, 2014 and SND Gaoxin Tech 2021 annual report dated April 26, 2022, and as confirmed by the directors of SND Group, SND Group has been engaging in real estate, particularly residential property, development primarily through SND Gaoxin Tech as guided by the Horizontal Competition Circular. Therefore, assuming that the "Three Red Lines" policy is implemented in its current form, SND Gaoxin Tech would be the relevant entity under SND Group subject to the regulation thereof. In 2021, SND Gaoxin Tech recorded a net operating cash outflow primarily due to an increase in payment for land acquisition and a decrease in sales. To mitigate liquidity risk and optimize debt structure, SND Gaoxin Tech raised RMB800.0 million by issuing corporate bonds in April 2021 and RMB870.0 million by issuing super short-term commercial paper in March and September 2021. As of December 31, 2020 and 2021, SND Gaoxin Tech recorded a gearing ratio (excluding advance from customers) of 64.38% and 69.96%; a net gearing ratio of 95.20% and 116.86%; and a cash over short-term interest-bearing loans ratio of 1.75, and 1.73, according to SND Gaoxin Tech's annual report in 2020 and 2021 dated April 30, 2021 and April 26, 2022, respectively.

As a result, SND Gaoxin Tech's annual increase in interest-bearing liabilities, which was approximately 33.4% between 2020 and 2021, would be subject to a 10% cap and its ability to obtain additional financing may be affected in the following year per the "Three Red Lines" policy. However, based on our Directors' consultation with SND Gaoxin Tech and to their best knowledge, considering that: (i) as of the Latest Practicable Date, (a) SND Gaoxin Tech had not been required by the competent authorities to submit its financial statements on a regular basis to ensure its compliance with the requirements set forth in the "Three Red Lines" policy; (b) none of the controlling shareholders, directors, senior management or their respective close associates of SND Gaoxin Tech had attended any briefing held by the MOHURD, the PBOC, the CBIRC or other competent regulatory authorities that aim to regulate the financing activities of major real estate companies, or had been subject to any investigation relating to the "Three Red Lines" policy; and (c) SND Gaoxin Tech's ability to obtain external financing had not been materially adversely affected since the "Three Red Lines" policy was proposed given that SND Gaoxin Tech's growth rate of interest-bearing bank and other borrowings was over 15% in 2021; (ii) SND Gaoxin Tech has been closely monitoring its financial ratios and striving to balance its growing land bank with the necessary financing to meet its business needs and maintain the financial ratios at a level that complies with the requirements set forth in the "Three Red Lines" policy; and (iii) to our Directors' best knowledge, SND Gaoxin Tech has taken actions to improve its financial conditions and optimize its financial ratio with a goal to lower its net gearing ratio. The Directors are of the view, and the Sole Sponsor concurs that, the 10% cap has not, and is not expected to have any material and long-term impact on the business operation and financial performance of SND Gaoxin Tech or of our Group.

According to the anonymous consultations made by our PRC Legal Advisors with the local branches of the PBOC in Suzhou, Yangzhou and Tongren (the "Local PBOC Branches") where we operate, the relevant authorities of the Local PBOC Branches had not promulgated or enforced official written policies with respect to the proposed Three Red Lines policy as of the Latest Practicable Date. Nevertheless, the local branches of the PBOC in Suzhou and Yangzhou informed our PRC Legal Advisors that the "Three Red Lines" policy is intended to regulate major property developers rather than small-sized property developers. Also, the local branches of the PBOC in Suzhou and Tongren indicated that the "Three Red Lines" policy would be implemented through commercial banks instead of the PBOC or its local branches.

On one hand, the "Three Red Lines" policy applies to property developers instead of property management service providers, such as our Group, and is expected to mainly affect property developers with a relatively high level of debts. On the other hand, the implementation of the "Three Red Lines" policy makes it difficult for some property developers to achieve quick and massive expansion through financial leverage, which in turn poses challenges to property management service providers that rely on property developers for new projects.

However, as confirmed by our Directors after consulting with SND Gaoxin Tech, to which we provide residential property management services, SND Gaoxin Tech has no financial difficulties during the Track Record Period and up to the Latest Practicable Date. Also, we derive a considerable portion of revenue from our existing projects under our management, and continue to procure new property management projects from various sources, such as property owners' associations, government authorities and manufacturing plants, instead of relying solely on new property projects from SND Gaoxin Tech.

As such, our Directors are of the view that our cooperation with SND Group, including SND Gaoxin Tech, business operations and financial conditions will not be materially and adversely affected by the proposed "Three Red Lines" policy. Subject to the details of the laws and regulations which may be further implemented by the relevant authorities in the future, having made reasonable inquiries with our Directors and based on public search records, nothing came to the attention of the Sole Sponsor which reveals a material delay of delivery of property projects by Gaoxin Tech or which casts doubt on the liquidity of the Group, SND Company or SND Gaoxin Tech as of the Latest Practicable Date or the aforesaid Directors' view.

The PRC 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 《全國人民代表大會常務委員會關於授權國務院在部分地區開展房地產稅改革試點工作的決定》 (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 real estate tax shall be levied on various types of real estate for residential and non-residential use in urban areas, and that the holders of land use rights and owners of such real estate shall pay for the real estate tax. The Decision authorizes the State Council to formulate specific measures for the real estate tax pilot program, 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 local governments of the pilot areas to formulate and implement specific rules.

Considering the main locations where the Group and SND Group operate, our PRC Legal Advisors have conducted anonymous consultation (the "Consultation") in May 2022 with the Suzhou, Yangzhou, Tongren, Xuzhou, Hefei and Chuzhou branches of the State Taxation Administration (the "Relevant Tax Bureaus"). According to the Consultation, the Relevant Tax Bureaus have not been informed that the cities where they locate shall be included in the pilot program of real estate tax reform, or by superior departments about the plan of pilot program up to the Latest Practicable Date. In addition, although the real estate tax pilot cities have not yet been formally introduced, according to a news report by Xinhua News Agency, the official state press agency of the PRC, on March 16, 2022, the relevant official of the Ministry of Finance who is in charge of real estate tax reform pilot program stated that some cities had carried out surveys and preliminary studies on real estate tax reform pilot program, but after taking into account all aspects of the situation, there lacked the proper conditions to expand real estate tax reform pilot programs this year. Therefore, as of the Latest Practicable Date, the Decision is not expected to affect cities where we and SND Group operate. In addition, our Directors confirm that we were not involved in any investigation on real estate tax by regulatory authorities as of the Latest Practicable Date.

Prior to the adoption of the Decisions, the Interim Regulation of the People's Republic of China on Real Estate Tax (2011 Revision) (《中華人民共和國房產稅暫行條例(2011修訂)》) (the "Property Tax Rules") was implemented across the PRC. Pursuant the Property Tax Rules, property tax on residential properties was exempted under article 5(4) of the Property Tax Rules. Therefore, under the Property Tax Rules, non-residential properties in the PRC have been subject to real estate tax since its promulgation in 1986. Although the Decisions clarifies that real estate tax shall be levied on various types of real estate for both residential and non-residential properties in urban areas, our Directors are of the view that there is limited impact on nonresidential properties as non-residential properties have been subject to real estate tax pursuant to the Property Tax Rules prior to the adoption of the Decisions, and therefore, such PRC real estate tax would not materially affect non-residential properties, and would only affect residential properties to a certain extent. Taking into account the above, and after discussions with our Directors and our PRC Legal Advisors, nothing has come to the Sole Sponsor's attention which casts doubt to the aforesaid view of our Directors.

Based on our observations of the cities that have enacted real estate tax and as concurred by CRIC, real estate tax generally affects the volume of real estate transactions only in the short run. In the long run, the real estate market is primarily affected by factors such as population, the supply and demand of land and financial policies instead of real estate tax. As such, according to F&S, from a property management service provider's perspective, the future implementation and enactment of real estate tax might have a temporary impact on the sale of properties developed by SND Group, but would not have a material adverse impact on projects that (i) have been contracted to be managed by us; or (ii) have been delivered to us for our management as property owners or tenants are obliged to pay property management fees regardless of the real estate tax. As of April 30, 2022, one of our contracted projects had not been delivered for our management, with a total contracted but undelivered GFA of 1.2 million sq.m. Based on the property management agreements that we had entered into, our Directors are of the view that it is unlikely that our contracted GFA, GFA under management or revenue would experience a significant increase in the near future. In addition, we will continue to evaluate business outreach and market development opportunities, making it impracticable to predict our contracted GFA, GFA under management or revenue therein. Even if our business operation expands in the near future, as we do not expect real estate tax to have a material adverse impact on property management service providers, our Directors are of the view that the implementation of real estate tax will not have a material adverse impact on our business operation or financial performance.

According to the Decision, the real estate tax pilot program shall last for five years from the date when the measures for the pilot program are officially issued by the State Council. As advised by our PRC Legal Advisors, the real estate tax will be imposed on the holders of land use rights or owners of houses, but not property management service providers like us. As of the Latest Practicable Date, it was unclear when the detailed measures for the real estate tax pilot program and the list of the real estate tax pilot cities would be formally introduced. Our Directors also confirm that we will (i) continue to communicate with relevant authorities to monitor the latest changes; and (ii) comply with the relevant real estate tax regulations and requirements when they are implemented. As such, as advised by our PRC Legal Advisors, our Directors are of the view that the real estate tax will have no material adverse impact on SND Group's or our business operations or financial performance.

The Interim Measures Governing Rental Charges

On March 13, 2020, the Suzhou High-tech Zone (Huqiu District) Party and Government Office published the Interim Measures for the Administration of Asset Leasing of State-owned Enterprises under the Suzhou High-tech Zone (《蘇州高新區直屬國有企業資產出租管理暫行辦法》) (the "Interim Measures"). Pursuant to the Interim Measures, when determining rental charges, property management companies shall make reference to the minimum rental charges of different types of properties in the relevant building as evaluated by third-party appraisers.

During the Track Record Period, since the Interim Measures came into effect, Suzhou Golden Lion, Xingang Municipal Greening and we have commissioned third-party appraisers to assess rental charges of leased properties, including Golden Lion Building, Jinlin Apartment, Meilin Apartment and others, and determined the rental charges of Leased Properties based on the valuation reports.

According to the property rental details and our relevant rental contracts, and as confirmed by our Directors, since the Interim Measures came into effect and up to the Latest Practicable Date, there was no circumstance that the rental charges of our leased properties were below the evaluated rental charges of such types of properties stated in the valuation reports in accordance with the Interim Measures. Meanwhile, as confirmed by our Directors, during the Track Record Period, we were not investigated, enquired, fined or imposed other penalties by competent authorities related to pricing restrictions under the Interim Measures. As such, our Directors are of the view that our rental changes in respect of our property leasing business is in full compliance with the pricing restrictions under the Interim Measures. Having compared the rental charges of our Group and the market valuation reports and consulted with the PRC Legal Advisors, the Sole Sponsor concurs with the aforesaid view of the Directors.

After consulting with SND Group, our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, neither SND Group (including SND Gaoxin Tech) nor us were in material violation of or subject to investigations relating to the regulations and requirements as set forth in (i) the Regulatory and Administrative Notices; (ii) the Individual Housing Loan Notice; and (iii) the "Three Red Line" policy although SND Gaoxin Tech would have crossed one red line had the "Three Red Lines" policy been implemented in its current form as detailed above.

QUALITY CONTROL

We prioritize quality in our services and believe that quality control is crucial to the long-term success of our business. Our operation department is primarily responsible for overseeing our business operations to do with quality control, focusing on maintaining standards of quality, standardizing our internal policies and procedures and monitoring adherence to those standards. As of April 30, 2022, we had a professional quality control team consisting of 158 members. Through both the online monitoring and off line supervision, our quality control team controls the quality of various aspects of our services, including customer service, security service, maintenance service and environment service.

Quality Control Over Our Services

We conduct our operations in accordance with the standards represented by our ISO9002:1994 certification, which we first obtained from the Shenzhen Quality Certification Centre (深圳質量認證中心) since 1999. We have established a system for monitoring the quality of our services, which includes multiple sets of standardized internal policies and procedures. For example, we require our employees and subcontractors to complete inspection checklists after each round of scheduled inspections, recording their observations and updates as to the property's conditions. We also have guidance pamphlets on how to conduct certain aspects of our business operations, such as how to clean areas such as offices, elevators and carpets and how to maintain and operate technical facilities such as elevator equipment and fire-extinguishing system.

Quality Control Over Subcontractors

We typically set forth expected standards of quality in our subcontracting agreements. We regularly evaluate the performance of our subcontractors and may require that they take appropriate and necessary rectification measures for incidents of substandard performance. We reserve the right to collect fines, deduct subcontracting fees and even terminate the contract if our subcontractors fail to perform in accordance with our standards of quality, and decide whether to renew subcontracting agreements based on the outcome of our evaluations.

Feedback and Complaint Management

During the ordinary course of our business, we seek and receive customer feedback and complaints about our services. Customers may provide us with feedback and complaints by dialing our service hotline or by communicating with employees stationed at our property management projects. Customer feedback and complaints may relate to, for example, substandard services by our subcontractors and loss or damage to property.

We have established internal policies and procedures for responding to and recording customer feedback and complaints, and following up with our customers for reviews on our responses. These internal policies and procedures are applicable across all of our property management projects. We require our employees to respond to all customer feedback and complaints in a timely manner and follow up with the customer within two hours of receipt. They are also required to obtain the customer's contact information and follow up on the case within the same day. All instances of contact with the customer must be recorded and filed in written and photographic form. Employees responsible for the case must make constructive contact with the customer until it has been resolved.

Our headquarters will follow up with our customers for reviews on our responses the day after conclusion of the case. If our customers express dissatisfaction with how their feedback or complaints were handled, then our headquarters will request our employees to revisit the case. In designing such a feedback and complaint management system, we seek to maintain the trust and confidence of our customers.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any customer complaints about our services or products that would have a material adverse impact on our operations or financial results.

INTELLECTUAL PROPERTY

We believe that our intellectual property rights are critical to our continued success. We primarily rely on laws and regulations on trademarks and trade secrets and our employees' and third parties' contractual commitments to confidentiality and non-competition to protect our intellectual property rights. As of the Latest Practicable Date, we registered 34 trademarks, five domain names and three software copyrights in the PRC that we believe are material to our business. As of the Latest Practicable Date, we were not aware that we had materially infringed any intellectual property rights owned by third parties, nor were we aware that any third parties had materially infringed our intellectual property rights.

See "Appendix VII—Statutory and General Information—B. Further Information About Our Business—2. Intellectual property rights of our Group" to this document for more information about our registered intellectual property.

AWARDS AND RECOGNITION

The following table sets forth a selection of the notable awards and accreditations we received during the Track Record Period and up to the Latest Practicable Date.

Awarding Year	Name of award or recognition	Awarding entity
2022	Leading City Services Companies in China (中國城市服務領先企業)	China Index Academy (中國指數研究院)
2022	Property Management Company worth Focusing by Capital Markets (值得資本市場關注的物業服務企業)	China Index Academy (中國指數研究院)
2021	Leading Smart City Services Companies in China (中國智慧城市服務領先企業)	China Index Academy (中國指數研究院)
2018, 2019 and 2020	Leading Brand in the PRC Property Management Industry in Specialized Operations (中國物業服務專業化運營領先品牌企業)	China Index Academy (中國指數研究院)
2016, 2017, 2018, 2019, 2020, 2021 and 2022	Top 100 Property Management Companies of China (中國物業服務百強企業)	China Index Academy (中國指數研究院)
2015	Top 100 Property Management Companies in the PRC in terms of overall strength (物業管理綜合實力百強企業)	China Index Academy (中國指數研究院) and China Property Management Institute (中國物業管理協會)

COMPETITION

According to F&S, the growth of the PRC property management industry is attributable to key drivers such as rising supply and demand and favorable government policies. China's rapid economic development in recent years has resulted in increasing urbanization, the formation of a middle- to high- income class of consumers and continuous growth in the per capita disposable income for the urban population. We expect that the aforementioned middle- to high-income class of consumers will be more willing to pay premiums for quality and increase their discretionary spending on goods and services beyond basic necessities. For example, there may be increasing demand for better living conditions and therefore corresponding desire for higher-quality property management services. Rapid urbanization in China has increased the supply of commodity properties to which we may provide property management services and satisfy that demand.

In keeping with these trends, the GFA under management for, and the number of properties by city managed by, the Top 100 Property Management Companies has increased according to CIA. We primarily compete against the Top 100 Property Management Companies, particularly those affiliated with reputable property developers in China. According to F&S, SND Group's growth into a reputable property developer provides a strong foundation for our own advancement. However, in recent years our percentage of contracted GFA for SND Group's property development projects has decreased, while our percentage of contracted GFA for property development projects by third-party property developers has increased. This demonstrates that while we are able to enjoy the support of an affiliate, we are also capable of searching for and taking advantage of market opportunities independently. In 2021, we ranked first in the property management service market and the city service market in Suzhou in terms of total revenue and our revenue from city services in Suzhou, and also ranked third and fifth in terms of our revenue from city services in Jiangsu Province and our revenue from non-residential property management services in Jiangsu Province, respectively, according to F&S. We have been recognized as one of the Top 100 Property Management Companies of China for seven consecutive years since 2016 by CIA in terms of overall strength.

We believe that we are able to continue competing with other industry players due to our competitive strengths. Moreover, new market entrants are faced with entry barriers such as brand value, capital requirements, quality of management and availability of talent and technical expertise, all of which we believe we have and will continue to overcome. See "Industry Overview" and "Risk Factors—Risks Relating to our Business and Industry—We operate a highly competitive business and may not compete successfully against existing and new competitors."

SOCIAL, HEALTH, SAFETY AND ENVIRONMENTAL MATTERS

We are subject to PRC laws in relation to labor, safety and environment protection matters. During the Track Record Period, we conducted our operations in accordance with standards represented by our GB/T 28001-2011/OHSAS 18001: 2007 certification, which we first obtained from Universal Certification Centre Co., Ltd. (深圳環通認證中心有限公司) in 2011. Our current certification is valid from September 30, 2011 through August 3, 2023. We train our employees on how to react during selected emergencies. See "—Employees." During the Track Record Period and as of the Latest Practicable Date, we did not experience any material accidents involving personal injury or property damage. Our Directors confirm that there were no material labor disputes or labor-related legal proceedings against us during the Track Record Period.

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 are committed to environmental protection and have adopted and implemented measures to ensure that we meet the standards represented by our ISO14001: 2007 certification, which we first obtained from the Universal Certification Centre Co., Ltd. (深圳市環通認證中心有限公司) in 2007. Our current certification is valid from July 29, 2021 to July 28, 2024. Given the nature of our operations, we do not believe that we are subject to material risks in relation to environmental issues. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material fines or penalties for non-compliance of PRC environmental laws, nor were we subject to any material administrative penalties in relation to violations of PRC environmental laws.

Environmental, Social and Governance and Climate-related Risks and Opportunities

Our Governance and Policies regarding Environmental, Social and Governance and Climate-related Risks and Opportunities

Our Directors believe that the establishment and implementation of sound environmental, social and governance ("ESG") principles and practices will help increase our investment value and provide long-term returns to our stakeholders. To ensure the effectiveness of our ESG measures, our Board will be responsible for overseeing our ESG governance. The principal duties of the Broad include developing our overall ESG vision, direction and strategy, formulating explicit procedures for ESG and climate-related risks management, and reviewing our ESG performance so as to ensure it is align with our initiatives. We believe that the concerted effort from the Board is essential to the establishment of a sound and effective ESG management system. We also plan to establish an ESG Development Committee as a sub-committee of the Board, which will be led by our chief executive officer. The ESG Development Committee's responsibilities are to formulate and review climate-related strategies and management approaches, coordinate climate-related efforts, assess, manage and monitor climate-related issues to provide analysis, recommendations and updates for Board discussion, report to the Board, take appropriate corrective measures in a timely manner when problems are identified, and communicate with different working groups on a regular basis to ensure relevant committees are aware of the latest climate-related issues affecting our business operations. As of the Latest Practicable Date, the responsibilities of the ESG Development Committee are deputized by our Auditing Committee.

Our ESG policies are designed to identify and discover ESG and climate-related risks in advance so that we could take necessary prevention measures in advance to mitigate risks and reduce losses. For the risks that have occurred, we will first seek to control their scale and the number of personnel or assets impacted, and then use compensatory measures to contain losses arising from such risks. Our ESG and climate-related risk management follows the procedure of risk assessment, risk monitoring, risks reporting and early warning, crisis handling, and ex-post improvement.

Impact of Environmental, Social and Climate-related Issues and Opportunities

We acknowledge that environmental, social and climate-related issues pose a certain level of threat to us. As our operations are primarily in the Yangtze River Delta region, we have identified three major environmental, social and climate-related issues that would have potential impact on our business, strategy and financial performance:

- *Flood*. Our business operations in the Yangtze River Delta region is susceptible to floods due to their proximity to coasts and rivers. In the unexpected case of flooding, the health and safety of our personnel would be at risk and our equipment and infrastructure would be subject to water damage. As a result, we might face increases in our labor and insurance costs, capital expenditures and operating expenses, and our services might be disrupted, reducing our revenue.

- *Tropical storm*. Tropical storms, including cyclones and typhoons, is one of the common natural disasters in the Yangtze River Delta region. The severity of such hazards depends on the maximum wind speed. When tropical storms land, our personnel's safety would be at risk and our equipment and infrastructure might be directly damaged or collaterally damaged by the collapse of trees, transmission towers or utility poles. As a result, we might face increases in our labor and insurance costs, capital expenditures and operating expenses, and our services might be disrupted, reducing our revenue.

- *Carbon neutrality and emission peak*. To comply with carbon neutrality and emission peak regulations, we plan to procure more environmentally friendly materials and resources, which might lead to an increase in our capital expenditures and operating expenses. In case of noncompliance, we might also be subject to penalties.

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, with our employees working around the clock to safeguard the health and safety of property owners, residents and tenants. We have adopted a set of hygiene and precautionary measure across the properties under our management since January 2020, including communication with the relevant government authorities, entrance management, disinfection, garbage disposal, property owner, resident and tenant education and on-site inspection. See "—Effects of the COVID-19 Pandemic—Our Response to the COVID-19 Pandemic" for more details.

- *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, residents and tenants to participate in efforts to save energy and improve the environment. For example, we have been introducing energy-saving LED lights in several properties under our management and online approval system to save paper. We have also actively promoted waste recycling in various commercial properties and residential communities and increased our efforts in introducing professional subcontractors to recycle and separate waste from the properties under our management.

- *Employee benefit.* We truly appreciate the services of our employees, and care about their wellbeing. To that end, we offer employee benefits to members of our labor union such as meal subsidies and birthday gifts. We have organized various recreational events where our employees can explore their personal interests. We also offer targeted financial assistance to employees in serous financial needs.

We established the quality and environmental manual, which provides pollution control procedures, hazardous chemicals management procedures, procedures for environmental impact imposed by related parties, solid waste pollution control procedures, environmental impact procedures for new, renovation and expansion projects and environmental performance monitoring and control procedures, so as to strengthen the management of waste water, waste gas, noise, solid waste and light pollution. Our principle on pollution control is to adopt clean production technologies and to use environmentally friendly raw materials or substances as much as possible to keep environmental emissions and pollution to the minimum.

As to waste water, waste gas, solid and polluted waste and other domestic waste generated, they shall be recycled by qualified institutions and must not be disposed of at will. We generally compress domestic waste and transfer it to a third party, and undergo leachate treatment process to meet the municipal drainage and plumbing standards for the landfill leachate produced in the process. The Operation Department will conduct qualification review of suppliers and contractors, and require suppliers to provide products of greater environmentally friendliness and safety that have no adverse effects on the environment, and correctly handle various gas, liquid, and solid wastes generated in the course of production and transportation. We encourage and/or require suppliers to adopt clean production technologies, or to eliminate the use of hazardous raw materials in the production process as far as possible. The Operation Department is also responsible for investigating the environmental conditions of related suppliers or service contractors, and conducting necessary information exchange and communication, thus exerting influence and control on their environmental and safety related behaviors. The environmental survey results of the suppliers' and the service contractors' will be archived for annual review.

Identification, Assessment and Management of Environmental, Social and Climate-related Risks and Opportunities

Through the judgment of our management, the analysis of materiality maps provided by well-known external institutions, including the ESG Industry Materiality Map and the SASB Materiality Map by MSCI and Sustainability Accounting Standards Board (SASB) respectively, as well as the assistance from third-party ESG consultants, we have identified material environmental, social and climate-related issues highly related to our business. These environmental, social and climate-related issues may result in a wide range of risks and opportunities for us.

Material Issues	Potential Risks, Opportunities and Impacts
Impact of Extreme Weather	Climate change will likely result in increasingly frequent extreme weather conditions such as floods and tropical storms. These extreme weathers are likely to induce potential physical impacts and risks including damage in equipment and facilities such as vehicles and lift, difficulty in transport and delayed project lead times, which may ultimately lead to an increase in operational costs for property management. But they also present an opportunity for us to enhance our damage control and emergency response capabilities.
Transition to Green Building	As a property management service provider, we are vastly aware of the opportunities brought by green building development. In the future, we will continue to introduce more energy-efficient and environment-friendly equipment and facilities such as greener irrigation equipment. Although this is likely to incur the purchase cost in the short term and an increased operational cost, our environmental performance may be improved in the long term.
Human Capital Development	Due to our business nature, our operation highly depends on our manpower. Human capital development refers to our ability to attract, retain, and develop a highly skilled workforce. Employees lacking experience or training may expose us to the risk of the violation of contracts or non-compliance with relevant laws and regulations, which in turn may result in potential increased compliance costs and fines. Meanwhile, strong human capital development may lead to a stronger employee base and a lower turnover rate which lessens recruiting costs and increases productivity among employees.

Material Issues	Potential Risks, Opportunities and Impacts
Product Design and Lifecycle Management	Good city services and property management may enhance our reputation and have positive impacts on environment and the communities' living standards, while properties which required frequent maintenance and repairs may put us at risk of increased operation costs and negative brand image.
Business Ethics	Regulatory risks brought by the failure to maintain good business ethics and ethical conduct may cause compliance based impacts and loss of our credibility, thereby damaging our reputation.

To mitigate the potential risks and impacts from climate change, we have adopted a series of measures. For instance, we have launched an energy-saving initiative, for which we have been replacing regular lamps with LED lights. Increase the green area in the management area. We also plan to increase the greening areas in the areas under our management by approximately 10% by the end of 2022 to enhance the living standards and achieve carbon neutrality.

Metrics and Targets on Environmental, Social and Climate-related Risks

We have taken into account the quantitative information that reflect our management for environmental, social and climate-related risks, which includes greenhouse gas emissions and resource consumption. Greenhouse emissions consist of Scope 1 and Scope 2 emissions. Scope 1 direct emissions include the greenhouse gas emissions from stationary combustion sources and vehicles. Scope 2 energy indirect emissions include the greenhouse gas emissions from usage of purchased electricity. We have taken eight subsidiaries with the most significant revenue into consideration for quantitative information calculation.

Emissions	2019	2020	2021
Greenhouse gas emissions (tons CO2 equivalent)	1,561.4	1,314.2	2,078.2
Scope 1 (direct emissions) (tons CO2 equivalent)	N/A	581.5	1,319.0
Scope 2 (indirect emissions) (tons CO2 equivalent)	1,561.4	732.7	759.2
Intensity of greenhouse gas emissions (tons CO2 equivalent/million RMB revenue)	0.24	0.19	0.31

Resource Consumption	2019	2020	2021
Direct energy consumption			
Diesel (liter)	N/A	35,092	112,283
Gasoline (liter)	N/A	211.7	423.4
Natural gas (sq.m.)	N/A	N/A	18,260.0
Intensity of direct energy consumption (tons/'000 sq.m. GFA)	N/A	0.08	0.20
Indirect energy consumption Electricity (MWh)	1,561.4	1,200.9	1,309.0
Intensity of indirect energy consumption (MWh/'000 sq.m. GFA)	0.20	0.17	0.24
Water consumption (m^3)	711,231	655,556	688,889
Intensity (m^3/million RMB revenue)	0.11	0.09	0.10

To assess and manage environmental, social and climate-related risks, we set our quantifiable targets with reference to various benchmarks using different calculation methods.

For greenhouse gas emissions, we set our targets primarily with reference to the Kyoto Protocol and we quantify greenhouse gas emissions primarily with reference to the Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions for Public Building Operators (Trial) (《公共建築運營企業溫室氣體排放核算方法和報告指南(試行)》) (the "Guidelines"), the ISO 14064-1 which specifies principles and requirements at the organization level for quantification and reporting of greenhouse gas emissions and removals, the national grid average emission factor and the Intergovernmental Panel on Climate Change Fifth Assessment Report. For resources consumption, we calculate resources consumption primarily with reference to the Guidelines.

In addition, after reviewing the latest Climate Vision 2050 (《氣候願景2050》) published by CLP Group, our Board has set a goal to (i) reduce greenhouse gas emissions to approximately 1,662 tons by the end of 2030 and achieve zero emissions by the end of 2050; and (ii) recycle at least 28,416 tons and at least 47,360 tons of renewable resources, respectively, by the end of 2030 and 2050.

EMPLOYEES

We believe that the expertise, experience and professional development of our employees contributes to our growth. We proactively recruit skilled and qualified personnel with relevant working experience in property management to support the sustainable growth of our business. We provide various training programs to our employees to improve their satisfaction.

In compliance with the relevant PRC laws and regulations, we entered into employment contracts with our employees to cover matters such as wages, benefits and grounds for termination. The remuneration package of our employees includes salary and bonus, which are generally based on their qualifications, industry experience, position and performance. We consider the remuneration package of our employees to be competitive among our domestic competitors.

As of April 30, 2022, we had a total of 1,600 full-time employees in China. The following table sets forth the number and breakdown of our full-time employees by function:

	Number of employees	% of total
Senior Management	7	0.4
Financial Staff	15	1.0
Engineer	5	0.3
Marketing Staff	12	0.8
Human resources and administrative staff	39	2.4
Property management and city service personnel on site	1,522	95.1
Total	**1,600**	**100.0**

The following table sets forth a breakdown of our full-time employees by geographic location as of April 30, 2022:

	Number of employees	% of total
Yangtze River Delta Region	**1,599**	**99.9**
– Suzhou	1,570	98.1
– Yangzhou	29	1.8
Other Region	**1**	**0.1**
– Tongren	1	0.1
Total	**1,600**	**100.0**

As of the Latest Practicable Date, our employees formed labor unions. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material strikes, accident relating to work safety or labor disputes with our employees, or got involved in any material accidents in relation to work safety, nor did we receive any complaints, notices or orders from relevant government authorities or third parties.

Social Insurance and Housing Provident Fund Contributions

According to the relevant PRC laws and regulations, we are required to make contributions to social insurance fund (including pension fund, medical insurance, unemployment insurance, work-related injury insurance, and maternity insurance) and housing provident fund for the benefit of our employees in China. During the Track Record Period, we did not make full contributions to social insurance and housing provident funds for certain employees, primarily because some of our employees requested us to make contributions to social insurance and housing provident funds for them based on a lower standard instead of their actual salaries, as they did not want to bear the full amount of their portion of the relevant contribution based on actual salaries. As of April 30, 2022, our outstanding social insurance and housing provident funds amounted to RMB0.6 million.

As advised by our PRC Legal Advisors, according to the relevant PRC laws and regulations relating to social insurance contributions, if we do not pay the full amount of social insurance contributions as required, the relevant authorities may demand us to pay the outstanding social insurance contributions within the deadline stipulated by them, and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay. We may be liable to a fine of one to three times the amount of the outstanding contributions if we fail to make such payments within the deadlines stipulated. Under the Regulations on Administration of Housing Provident Fund (《住房公積金管理條例》), for housing provident fund contributions that we fail to pay within the prescribed deadlines, we may be ordered by the housing provident fund management center to deposit the underpaid fund within a time frame; if we fail to deposit such fund within the time frame, the housing provident fund management center may apply to the people's court to enforce collection. We made provisions in the amounts of RMB0.9 million, RMB0.8 million, RMB0.8 million, RMB0.4 million and RMB0.3 million with respect to the potential liabilities arising from shortfalls in social insurance and housing provident fund contributions in 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, respectively.

For our PRC subsidiaries and branch offices, except for subsidiaries and branch offices where no staff is actually employed during the Track Record Period, we have obtained written confirmations from local social insurance and housing provident fund authorities, each stating that no relevant subsidiary or branch office has been subject to any administrative penalty. Our PRC Legal Advisors are of the opinion that the relevant written confirmations are addressed by competent authorities.

As of the Latest Practicable Date, we had not received any notification from the relevant PRC authorities alleging that we had not fully contributed to housing provident funds and demanding payment of the same before a stipulated deadline. We were also not aware of any material employee's complaints or demands for payment of housing provident fund contributions, nor had we received any material legal documentation from the labor arbitration tribunals or the PRC courts regarding disputes in this regard. Our Directors are of the view that it will not have a material adverse effect on our business operations, nor will such events constitute a material legal obstacle for the [**REDACTED**].

In addition, as of the Latest Practicable Date, we have established various internal policies and procedures to ensure that we make full contributions in relation to social insurance and housing provident funds. These internal policies and procedures include (i) formulating our calculation and payment methods in compliance with the relevant laws and regulations; (ii) regularly consulting outside counsel to understand whether we are at risk of non-compliance with the relevant laws and regulations; (iii) regularly preparing reports regarding our contribution amounts for review by our senior management; and (iv) conducting internal trainings for our Directors, members of senior management and certain employees on the relevant laws and regulations. We have also formulated a contribution plan for those employees on behalf of whom we did not make full contributions to housing provident fund contributions in December 2020 and ensured that we have made full contributions to housing provident funds for all of our employees since then.

As of the Latest Practicable Date, (i) 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) we had not been subject to any administrative penalties, material litigations and legal proceedings, nor were we aware of any material employee complaints or material labor disputes with our employees with respect to social insurance and housing provident funds; (iii) we had obtained confirmations from competent local government authorities which confirmed that no penalties had been imposed on us or our subsidiaries that have substantive operations and hire employees with respect to social insurance and housing provident funds during the Track Record Period; (iv) we had made proper provisions for social insurance and housing provident funds in case of underpayment; and (v) we had made contribution to the social insurance and housing provident funds for all of our employees as required by relevant PRC laws and regulations. Based on the foregoing, our PRC Legal Advisors are of the view that the risk that we would be subject to material administrative penalties by relevant authorities is low. As such, our Directors believe that our failure to fully contribute to social insurance and housing provident funds during the Track Record Period and up to the Latest Practicable Date would not have any material adverse effect on our business operations or results of operations.

Recruiting

We are committed to attracting the best and brightest to our talent pool. In addition to experienced professionals, we recruit fresh graduates under our "SND Group Young Talent Program." As part of our efforts to recruit the best of our industry, we have established detailed sets of internal policies and procedures to guide each stage of our efforts.

We also evaluate our recruitment procedures and job descriptions regularly. While we have determined the qualifications and traits desirable in ideal candidates for various management levels and positions, we strive to recruit candidates that are compatible with us in terms of work ethic and corporate culture as well. Our recruitment process primarily includes the following stages:

- *Issue job posting.* Departments in need will apply to recruit for their vacancies. Our recruitment personnel in the human resources department will then issue job postings with descriptions of our required qualifications on various external platforms.

- *Review resumes.* Our human resources department and the department(s) in need will review applications and resumes with reference to our internal guidelines.

- *Interviews.* We will select applicants from the pool of resumes for interviews. We conduct a first interview by our human resources department, and interview candidates who progress to the second round by the head of relevant department.

- *Internal evaluation.* Once we select our candidates, we set their salaries with a view to our budget and their individual qualifications. We also begin internal review and approval procedures by relevant levels of management for hiring new employees. We will conduct background searches for candidates competing for managerial or higher positions.

- *Hiring.* We will issue offer letters and assist candidates who accept with the necessary paperwork and orientation procedures.

Training and Development

We perceive our employees as key to our service quality and customer experience. As part of our long-term efforts to retain and motivate talent, we offer our employees career advancement prospects and training in professional skills necessary to our business.

Additionally, we provide training programs regularly and across management levels, in compatible with practical needs. Each year we draw up course curriculums for our employees covering key areas in our business operations, including but not limited to our corporate culture and policies, technical knowledge required for certain positions, leadership skills and general knowledge about the nature of our services. We have developed up to 18 courses for our employees in 2020, which are provided through online and offline platforms. Our courses are given by managers and other industry experts under our employment and third-party lecturers to enhance our training programs from time to time.

Our Training Program

We have a comprehensive training program for different levels of employment to support and encourage our employees to continue to upskill their operation, execution and management capabilities. We organize our property management personnel and managers to sit for the examination for relevant professional certificates and provide them with access to various courses. Our human resource department also from time to time delivers internal trainings according to updates on internal policies, procedures and software systems for our daily operation. We also draw up external training plans and cooperate with relevant institutions to provide diverse training programs in accordance with the needs of each department and each property management service center.

We have woven into our training program mentorship, assessment, feedback and evaluation procedures for our employees to facilitate their growth and development. We believe that our comprehensive training programs, combined with on-the-job learning, will facilitate advancement for our employees

OUR CASH MANAGEMENT POLICY

We have a bank account and cash management system to manage our cash inflows and outflows, applicable to all of our subsidiaries and branch offices in their ordinary course of business. Generally, we encourage our subsidiaries and branch offices to settle their transactions through bank transfers to lower the risks in relation to managing cash. Our employees are expressly forbidden from removing and/or using our cash for private or other purposes not in line with our ordinary course of business.

Cash flow transactions	Cash handling policies and internal control measures
Cash inflow in relation to payments of property management fees, deposits, rent or service fees from our customers	We have cashiers or customer service personnel specifically responsible for cash collection. They will verify that the cash collected is the correct amount prior to issuing receipts. We require that all cash collections be recorded within one day.
Cash outflow in relation to refunding deposits or service fees to our customers	We issue remittance requests to customers entitled to refunds. Such customers will present their refund bills to our cashiers or customer service personnel, who will verify their authenticity before issuing the refund. Customers who lose their refund bills may file the loss by completing forms and undergoing identity verification procedures.

Cash flow transactions	Cash handling policies and internal control measures
	We allow customers to authorize a representative to collect the refund for them if they cannot do so in person. Authorized representatives are required to undergo identity verification procedures. Prior to processing any refund bills our cashiers and customer service personnel must sign and confirm, and record all reasons for making refunds.
Cash inventory and deposits	We require that excess amounts be deposited into the bank accounts of our subsidiaries and branch offices within the day they are received. Our employees are expected to check cash balances in inventory on a daily basis, and we will assign accounting personnel to check cash balances and relevant records from time to time at unexpected moments. Our accounting personnel will report, analyze and resolve discrepancies or other issues they discover and record the results of their findings.
Cash transfers to our centralized bank account or the bank accounts of our subsidiaries and branch offices	We receive cash through methods such as checks, credit or debit card payments or bank transfers. Our employees are required to verify that key payment and other details of check received are in good order. They are also required to timely file all proofs of payment. In cases such as bounced checks, failed credit and debit card payments and unsuccessful bank transfers, our employees are required to follow up on and take steps to resolve such issues immediately.
Cash transfers out of our centralized bank account or the bank accounts of our subsidiaries and branch offices	We make cash payments generally through bank transfers or issuing checks. We designate specific personnel to keep blank check books and issue checks for our business. They are required to report any missing check books or single checks with our banks as soon as possible, and to keep detailed records of issued checks including details such as issuing times, check numbers, amounts and payment reasons. It is also our policy to keep records of unissued checks, including those on which our personnel have made clerical errors.

Cash flow transactions	Cash handling policies and internal control measures
Opening of and managing bank accounts of our subsidiaries and branch offices	Our subsidiaries and branch offices must adhere to our internal policies and procedures in relation to the opening of bank accounts. They are required to complete an application form before opening any bank accounts. Our subsidiaries and branch offices are required to reconcile and check bank balances on a monthly basis.

INSURANCE

During the Track Record Period, we purchased employee accident insurance and third-party employer liability insurance for our operating staff. We expressly require our subcontractors to form employment relationships with their own employees, and our subcontractors are responsible for compensating their own employees who suffer damages to person or property in the course of providing their services.

We also maintain liability insurance for property damage or personal injury suffered by third parties arising out of or related to our business operations. Consistent with customary practice in China, we do not carry any business interruption insurance or litigation insurance. Our Directors believe that our existing insurance coverage is in line with the industry norm and sufficient for our present operations. However, there is no assurance that the insurance policies we maintain are sufficient to cover all of our operational risks. See "Risk Factors—Risks Relating to our Business and Industry—Our insurance coverage may not sufficiently cover the risks related to our business."

CERTIFICATES, LICENSES AND PERMITS

We are required to obtain and maintain various certificates, licenses and permits in relation to our operations. As advised by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we had obtained the certificates, permits licenses or approvals that are essential to our business operations, and all of such material certificates, permits licenses or approvals were within their respective validity years. We are required to renew such certificates, licenses and permits from time to time and we plan to renew all the material licenses and permits upon their expiration. We did not experience any material difficulties in obtaining, making, or renewing such licenses, permits, approvals, certificates and filings during the Track Record Period.

The following table sets forth the key licenses and permits required to operate our business during the Track Record Period.

Type of license or permit	Holder	Effective date	Expiration date
Self-recruiting security guard unit record Certificate (自行招用保安員單位備證)	Our Company	August 6, 2018	N/A
Self-recruiting security guard unit record Certificate (自行招用保安員單位備證)	Suzhou Golden Lion	May 25, 2021	N/A
Self-recruiting security guard unit record Certificate (自行招用保安員單位備證)	Keshang Property Service	November 1, 2019	N/A
Self-recruiting security guard unit record Certificate (自行招用保安員單位備證)	Kejin Property Service	May 14, 2021	N/A

PROPERTIES

As of the Latest Practicable Date, we owned 60 properties in China with an aggregate GFA of approximately 0.1 million sq.m., mainly used as office premises and for leasing purposes and for the operation of waste collection centers. As of the Latest Practicable Date, we had obtained title certificates for 58 properties and were in the process of acquiring title certificates for one property. To the best knowledge of our Directors, we expect to receive the title certificates for such property by July 2022. For the remaining one property, which was one unit in Golden Lion Building and developed by our Group, we had entered into a sales and purchase agreement with the independent third-party buyers at a consideration of RMB0.4 million in April 2004 and are awaiting the buyers to complete all necessary administrative procedures in registering the title certificate with the local housing administration authorities. As the buyers had never completed such administrative procedures and could not be reached thereafter, we were not able to legally transfer the title of such property to the buyers up to the Latest Practicable Date, which was beyond our control. We plan to continue to reach out to the independent third-party buyers via email, phone calls and social media to complete the transaction, and will cooperate with title transfer in accordance with relevant laws and regulations when we reconnect with the independent third-party buyers.

LEGAL PROCEEDINGS AND COMPLIANCE

We may from time to time be involved in legal, arbitration or administrative proceedings in the ordinary course of our business. As of the Latest Practicable Date, there were no legal, arbitration or administrative proceedings pending or threatened against us or any of our Directors which could have a material adverse effect on our financial condition or results of operations.

During the Track Record Period, we advanced certain loans that we obtained from banks to SND Group for SND Group's coordinately use prior to the Reorganization as part of SND Group's centralized internal fund management. Such non-trade amounts due from related parties were fully settled by the end of 2020. The funds advanced to SND Group by us were charged with the same interest rates as those of the loans that we obtained.

As advised by our PRC Legal Advisors, we had not been subject to fines or legal action involving non-compliance with any PRC laws or regulations relating to our business which could have a material adverse effect on our business and our Directors confirmed that we had complied with all relevant laws and regulations in the PRC in all material respects during the Track Record Period and up to the Latest Practicable Date.

See "—Employees—Social Insurance and Housing Provident Fund Contributions" for further discussions on contributions to housing provident funds, "—Properties" for lease agreement registration and "Financial Information—Related Party Transactions and Balances—Other transactions with related parties" for advances of loans to SND Group and the subsequent use of such loans.

RISK MANAGEMENT AND INTERNAL CONTROL

We are exposed to various risks during our operations. See "Risk Factors" in this document for more information. We have established risk management systems with relevant policies and procedures that we believe are appropriate for our business operations. Our key risk management objectives include: (i) identifying the different risks relevant to our operations; (ii) assessing and prioritizing the identified risks; (iii) developing appropriate risk management strategies for different risks; (iv) monitoring and managing risks and our risk tolerance level; and (v) executing measures to respond to those risks.

Our Board oversees and manages the risks associated with our business. We have established an audit committee to review and supervise our financial reporting process and internal control system. The audit committee consists of three members, namely Ms. Xin Zhu, who serves as chairman of the committee, Mr. Liu Xin and Mr. Cai Jinchun. See "Directors, Supervisors and Senior Management."

In order to improve our corporate governance, we have adopted, or expect to adopt before [**REDACTED**], a series of internal control policies, procedures and programs designed to provide reasonable assurance for achieving objectives such as effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Highlights of our internal control system include the following:

- Our Directors and senior management attended a training session on June 10, 2021 in relation to the relevant requirements of the Listing Rules and duties of directors of companies [**REDACTED**] in Hong Kong;

- We have appointed Ms. Xie Xiaoning as our chief financial officer and Ms. Yang Lingbo and Mr. Cheng Ching Kit as our joint company secretary to ensure our compliance with relevant laws and regulations. See "Directors and Senior Management" in this document for their biographical details;

- We have appointed Dongxing Securities (Hong Kong) Company Limited as our compliance advisor to advise us on compliance with the Listing Rules; and

- We have adopted various policies to ensure compliance with the Listing Rules, including those in relation to risk management, continuing connected transactions and information disclosure.

Specifically, to combat fraudulent activities and corruption, we have adopted and implemented "Anti-bribery Policy (反舞弊管理制度)" and "Employees' Professional Ethics Policy (員工職業道德管理制度)," which stipulate that, among other things:

1. all of our directors, management and employees are strictly prohibited from accepting or offering bribes, rebates, kickbacks or other authorized payments and any other kind of bribery or corruption acts;

2. anti-bribery policies and procedures are incorporated in the employees' handbook and relevant professional ethics trainings are provided to all new and existing employees;

3. our internal audit department is responsible for assessing and identifying risks arising from fraud and corruption at the company, department and account level, respectively, at the beginning of each year. The scope should cover false financial reporting, misappropriation of company assets and unauthorized or inappropriate income or expenditure. The internal audit department is also responsible for establishing control mechanisms to the reduce risks arising from fraud and corruption. Such control mechanisms may take different forms, such as (i) the division of power for approval, authorization and verification of budgets or spendings; (ii) detection of fraudulent accounting on information technology systems; and (iii) the adoption of the whistle-blowing policy, under which the internal audit department's investigation and reporting of relevant incidents would be subject to the Board's oversight; and

4. all employees committing fraudulent acts would receive disciplinary actions as advised by our internal audit department according to the relevant regulations and be reported to the judicial authority as appropriate.

For more information, see "Risk Factors—Risks Relating to Our Business and Industry—We are exposed to risks associated with failing to detect and prevent fraud, negligence or other misconduct (accidental or otherwise) committed by our employees, sub-contractors or third parties."

In preparation for the [**REDACTED**], we engaged an independent internal control consultant to review our internal control system, based on an agreed scope covering controls and procedures in the following aspects: our provision of services, management of subcontractors, cash and treasury management, salary payments, finance and accounting, tax payments, management of our informational technology systems, purchase of insurance policies, occupational health and safety, intellectual property protection and other general control measures. Our internal control consultant recommended various rectification and improvement measures in our internal control system based on its findings. Accordingly, we have commenced implementation of rectification and improvement measures in response to these findings and recommendations. Our internal control consultant has also followed up on the actions we took in relation to our internal control system, and we did not receive any additional recommendations from the internal control consultant as of the Latest Practicable Date. Taking into consideration of the above, our Directors are of the view that our enhanced internal control measures are adequate and effective for our current business environment.

OVERVIEW

Immediately following the [**REDACTED**] (without taking into account the exercise of the [**REDACTED**]), our Company will be owned (i) as to approximately [**REDACTED**] by SND Company, which is in turn owned as to 90% by the People's Government of Huqiu District, Suzhou City and 10% by Department of Finance of Jiangsu Province, and (ii) approximately [**REDACTED**] by SND Chengjian, a wholly-owned subsidiary of SND Company. Accordingly, SND Company and SND Chengjian will be our Controlling Shareholders under the Listing Rules.

DELINEATION OF BUSINESS

Our Group is principally engaged in the provision of city services, commercial property management services and residential property management services ("Core Business"). In addition to our Core Business, we also lease out unused properties owned by us or sublease properties leased by us from SND Group to obtain rental income.

Apart from our business, our Controlling Shareholders have invested in businesses mainly including (i) city development (including construction of government infrastructure projects, urban redevelopment and development and operation of industrial parks), commercial and residential property development and commercial property operations; (ii) water supply and sewage treatment services; and (iii) financial related services such as the equity investment and financial leasing services (the "Other Businesses").

It has been our Group's strategy to focus on the Core Business. The Other Businesses held by our Controlling Shareholders are separate and distinct from our Core Business. The Other Businesses were not injected into our Group as our Directors are of the view that the Other Businesses neither form part of our Core Business nor are in line with our strategy to become a comprehensive city service and property management service provider.

Water Supply Services

The water supply services provided by a subsidiary of SND Company, Gaoxin Water, which is a licensed municipal water supply company, mainly include supplying tap water in Huqiu District, Suzhou, whereas the city services for the water supply network provided by our Group merely include the cleaning, maintenance and regular inspection and refurbishment services to the water supply network of Gaoxin Water which essentially consists of reservoirs, pipes, pumps and valves. Given the business scope and business nature are different, our Directors consider that there is a clear delineation between the water supply services provided by our Controlling Shareholders and the city services for the water supply network provided by our Group.

Commercial Property Operations

The commercial property operations of the Other Businesses are different from our Group's property leasing business and there is a clear business delineation due to the following reasons:

(i) *different business nature* – the commercial property operations of the Other Businesses mainly focus on the commercial operation of the industrial parks developed by SND Group and leasing of certain manufacturing plants within the industrial parks, as well as certain high-end office units developed and held by SND Group for investment purpose. In addition, other than tenants sourcing, the commercial property operations conducted by SND Group also include market positioning, event planning and market promotion as well as operational activities for industrial parks, including marketing, industry investment incubation, industry policy consultation and provision of supporting facilities. SND Group aims to improve the results of the operations of commercial properties. On the other hand, Our Group's property leasing business mainly focuses on leasing out our unused properties such as the office units and service apartments in Golden Lion Building (金獅大廈) and Jinlin Apartment (金鄰公寓), two commercial properties, to optimize our assets retained, as well as subleasing the service apartment leased by us from SND Group, to tenants for rental income; and

(ii) *different types of properties involved* – the properties leased out by our Group mainly include service apartments and a few office units, while the commercial properties operated by SND Group mainly include industrial parks, plants and high-end office units. SND Group does not hold and does not plan to hold service apartments for investment purpose.

Moreover, from a strategic perspective, property investment neither forms part of our Core Business nor is in line with our business development direction. We hold the investment properties due to historical reasons. Among the properties held by us, the office units in Golden Lion Building leased out were developed in 1992 by Suzhou Golden Lion, our wholly-owned subsidiary, which ceased to carry out property development in 1997 after the completion of the development of Gold Lion Building. Other than the office units in Golden Lion Building, Jinlin Apartment, the service apartment held by us, was acquired from a then subsidiary of SND Group in October 2012 and we lease the apartment units out as staff dormitories. We have not acquired any property for investment purpose since 2012. Taking into account of our experience in managing the service apartment, SND Group approached us for the management of Meilin Apartment, a commercial property developed by it. During the Track Record Period, we leased the entire service apartment complex in Meilin Apartment from SND Group and subleased to enterprise customers. Meilin Apartment was substantially demolished in January 2020. For the three years ended December 31, 2021 and the four months ended April 30, 2022, the revenue generated from subleasing of Meilin Apartment amounted to RMB10.8 million, RMB8.7 million, RMB1.1 million and RMB0.2 million, respectively, accounting for approximately 2.5%, 2.0%, 0.2% and 0.1% of the total revenue of our Group, respectively. We will cease to lease the remaining ancillary facilities of Meilin Apartment when the existing tenancy agreements expire in July 2025.

During the Track Record Period, approximately 1.6%, 2.2%, nil and nil, respectively, of the total rental income from Golden Lion Building was derived from our connected persons while approximately 0.5%, 0.2%, nil and 0.9%, respectively, of the total rental income from Jinlin Apartment was derived from our connected persons. Having considered (i) the tenancy agreements entered into by our Group with independent tenants and our connected tenants and the view of our industry consultant on the terms in such agreements, and (ii) our pricing policy as well as the rent valuation reports issued by an independent valuer for property leasing in Golden Lion Building and Jinlin Apartment, our Directors are of view, and the Sole Sponsor concurs with, that tenancy agreements entered into by our Group with independent tenants and our connected tenants of Golden Lion Building and Jinlin Apartment were on normal commercial terms.

Our revenue derived from the property leasing services only accounted for approximately 6.5%, 6.4%, 6.0% and 4.7% of the total revenue of our Group for the three years ended December 31, 2021 and the four months ended April 30, 2022, respectively. Our Group has no intention to expand our property leasing services or further acquire more properties for investment purpose. Our Group's property leasing business is mainly for the purpose of optimizing our assets and increasing our Group's revenue.

Taking into account the differences between the Other Businesses held by our Controlling Shareholders and the business operations of our Group, our Directors are of the view that there is a clear business delineation between our business and the Other Businesses. As a result, none of the business of the companies controlled by our Controlling Shareholders and their close associates would compete or is expected to compete, directly or indirectly, with the business of our Group which would require disclosure under Rule 8.10 of the Listing Rules. As of the Latest Practicable Date, none of our Controlling Shareholders, our Directors and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

To ensure that competition will not exist in the future, each of our Controlling Shareholders has entered into the Deed of Non-Competition in favor of our Company to the effect that each of them will not, and will procure each of their respective Close Associates (as defined below in the paragraph headed "—Deed of Non-Competition" in this section) not to, directly or indirectly participate in, or hold any right or interest in, or otherwise be involved in, any business which may compete with the business of our Group. For more information, please see the paragraph headed "—Deed of Non-Competition" in this section.

MUTUAL AND COMPLEMENTARY RELATIONSHIP WITH SND GROUP

Benefiting from our history and long-term cooperation relationship with SND Group, we have been providing residential property management services to SND Group since our establishment and thereafter expanded our service scope to provide commercial property management services. SND Group had never terminated any of the contracts with our Group during the Track Record Period and up to the Latest Practicable Date. We believe our on-going business relationship with SND Group is both mutually beneficial and complementary.

High-quality property management services enhance client satisfaction and add value to the market reputation of property developers for their developed properties. Thus, property developers would select and work closely with trustworthy and well-resourced property management companies which are able to provide a comprehensive range of services at higher standard. Through years of cooperation, our Group and SND Group have developed a mutual and in-depth understanding of each other's business operations and shared a similar service philosophy and geographic coverage. We believe that our ability to maintain a high bidding success rate for properties solely developed by SND Group is owed to our long-standing track record to work with SND Group and our familiarity with their needs, which enables us to reduce communication costs and provide services tailored to SND Group's stringent demands and requirements. See "Business—Competitive Strengths—Long-term and Stable Cooperation with SND Group Contributing to Continuous and Sustainable Business Growth" for more details on the business benefits from our long-standing relationship with SND Group.

As of April 30, 2022, 41 properties under our management were developed by SND Group, its joint ventures and/or associates with a total GFA of 4.2 million sq.m., representing 61.6% of our total GFA under management. In 2019, 2020 and 2021, four, three and two properties completed or under construction, which were developed by SND Group, its joint ventures and/or associates, were newly delivered for our management, representing 16.0%, 11.1% and 8.0% of the total number of properties developed by SND Group, its joint ventures and/or associates during the same years, respectively. As of December 31, 2019, 2020 and 2021, 47.3%, 47.9% and 45.2% of our total GFA under management were developed by SND Group, respectively.

We believe our close and long-term cooperative relationship with SND Group is instrumental to its success in establishing a distinguished and well-recognized brand image nationally, while enabling us to reinforce our existing market position and enhance our competitiveness in the PRC property management industry. Meanwhile, our ability to maintain high retention rate with properties under our management during the Track Record Period also demonstrated the level of client satisfaction for our high quality services, which indicates our Group's contribution to the brand image of SND Group by continuously delivering quality property management services to property owners and residents of its developed properties.

Having considered the abovementioned factors, including (a) the long standing cooperation relationship between our Group and SND Group; (b) our Group's familiarity with SND Group's specific requirements and expected deliverables, as well as our Group's capability to provide services with quality; and (c) the mutual benefits for both our Group and SND Group to maintain such reciprocal relationship, our Directors are of the view that our business relationship with SND Group is unlikely to be materially or adversely changed or terminated. Going forward, based on (i) our mutual and complementary business relationship; (ii) the amount of time and efforts required and the uncertainties involved for SND Group to secure other service providers who can possibly provide services of comparable standard and scope; (iii) our experience in managing commercial properties and residential communities and knowledge of the requirements for offering diversified city services for public infrastructure and facilities, which assists us in fulfilling SND Group's business needs; and (iv) our stable and experienced management team with a proven track record of delivering high-quality city services and property management services, our Directors are of the view that we have competitive advantage which distinguishes us from our competitors that will allow us to continue to secure future engagements from SND Group and we will not be easily replaced by other service providers. Our provision of property management services to SND Group will constitute continuing connected transactions for our Company upon [**REDACTED**]. For details, see "Connected Transactions".

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

We believe that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates (other than our Group) after the [**REDACTED**] for the following reasons:

Management Independence

Our Board comprises three executive Directors, three non-executive Directors and three independent non-executive Directors. As of the Latest Practicable Date, Mr. Cui Xiaodong, being our executive Director, served as assistant to general manager of SND Company and held positions as a legal representative and a director of Gaoxin Water, a non-wholly owned subsidiary of SND Company and a legal representative, a director and the general manager of Suzhou Gaoxin Talent Development Group Co., Ltd. (蘇州高新人才發展集團有限公司), a wholly-owned subsidiary of SND Company. All three of our non-executive Directors, namely Mr. Cai Jinchun, Mr. Tang Chunshan and Mr. Zhang Jun held management positions in SND Group. For details of their employment with SND Group, see "Directors, Supervisors and Senior Management." All these three non-executive Directors will not be involved in the day-to-day management or affairs and operations of our businesses. Other than Mr. Cui Xiaodong and the three non-executive Directors, none of our Directors or the members of our senior management team holds any position at our Controlling Shareholders or their respective close associates.

In the event that the overlapping Directors are required to abstain from any board meeting of our Company on any matter which may give rise to a potential conflict of interest, the remaining Directors, including two executive Directors and three independent non-executive Directors, will have sufficient expertise and experience to fully consider any such matter. Despite of having overlapping Directors, our Directors, including the independent non-executive Directors, are of the view that our Board is able to manage our business independently from our Controlling Shareholders for the following reasons:

(a) none of the businesses of the companies owned by our Controlling Shareholders and their close associates competes, or is likely to compete, with our business and with the corporate governance measures in place to manage existing and potential conflicts of interest, therefore, the dual roles assumed by the overlapping Directors in most cases will not affect the requisite degree of impartiality of our Directors in discharging their fiduciary duties owed to our Company;

(b) we have three independent non-executive Directors, and certain matters of our Company, including continuing connected transactions and other matters referred to in the Deed of Non-competition, details of which are set out in the paragraph headed "—Deed of Non-Competition" below, must always be referred to the independent non-executive Directors for review and they will confirm in our annual report that our continuing connected transactions have been entered into in our ordinary and usual course of business, are on normal commercial terms or better and on terms that are fair and reasonable and in the interests of our Shareholders as a whole; and

(c) each of our Directors is aware of his or her fiduciary duties as a director which require, among other things, that he or she must act for the benefit of and in the best interests of our Company and not allow any conflict between his duties as a Director and his or her personal interests. The Directors shall not vote in any Board resolution approving any contract or arrangement or any other proposal in which he or she or any of his or her close associates has a personal material interest and shall not be counted in the quorum present at the particular Board meeting. Therefore, in the event of conflict of interests, the relevant Director(s) will abstain from voting and will be excluded from deliberation by our Board. Hence, no Director will be able to influence our Board in making decisions on matters in which he or she is, or may be interested. We believe our Directors with no overlapping directorships have the requisite qualifications, integrity and experience to maintain an effective board and observe their fiduciary duties in the event of conflict of interests. Please see "Directors, Supervisors and Senior Management—Board of Directors" in this document for the relevant experience and qualifications of our Directors.

Operational Independence

The business operations of our Group are carried out separately from the business operated by our Controlling Shareholders. We have full rights, hold and enjoy the benefit of all relevant licenses, have sufficient capital and employees necessary to make all decisions on, and to carry out, our own business operation independent from our Controlling Shareholders and their respective close associates and will continue to do so after the [**REDACTED**].

In addition, at the pre-sale and pre-delivery stage, our preliminary property management service agreements for projects developed by SND Group, its joint ventures and/or associates were secured primarily through a standard tender and bidding process, in which tender bids would be evaluated by a tender evaluation committee organized under the Interim Measures for Tender and Bidding Management for Preliminary Property Management (《前期物業管理招標投標管理暫行辦法》). The tendering process is a well-established, competitive and fairly structured process where neither SND Group, its joint ventures and/or associates nor our Group is able to exert influence on the selection process. Our Group will not be automatically awarded property management service agreements simply due to our relationship with SND Group, its joint ventures and/or associates, and our tender bids are considered on the same basis with the tender bids submitted by other property management service providers during the tender process. A numbers of factors were considered in the selection process of the property management service provider for a specific project, including the property management fee, quality and scope of services, relevant experience and capability to meet the service requirements and standards. The fees to be charged by us for the provision of property management services were determined on an arm's length basis and were tailored and reviewed by our market development department taking into account the factors such as the size and location of the projects, the scope and requirements of the services, the anticipated operation costs, the reasonable profit margin and the service fees we charged for similar projects which are developed by independent third party property developers and terms. We undergo the same tender process to secure preliminary property management service agreements with respect to residential property projects developed by independent third-party property developers. For details in relation to the tender process, see "Business—Portfolio of Properties under Management—Tender Process" in this document. Prior to the execution of the property management service agreements, our general manager, market development department and internal control department will review the terms of the property management service agreements and make sure the respective terms provided in the agreements are on normal commercial terms that are fair and reasonable.

We have been able to maintain a diversified customer base. The majority of our revenue is from customers who are governments and public authorities, third-party property owners and/or residents, and third-party property developers independent from our Controlling Shareholders or their respective close associates.

The following table sets forth a breakdown of our revenue by business line and by paying customer for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2019		2020		2021		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
City services	**134,791**	**30.9**	**141,036**	**32.3**	**169,353**	**36.7**	**51,794**	**34.0**	**73,212**	**45.3**
– SND Group	5,205	1.2	5,237	1.2	10,114	2.2	1,781	1.2	5,245	3.2
– Joint ventures and/or associates of SND Group	–	–	–	–	–	–	–	–	–	–
– Independent Third Parties	129,586	29.7	135,799	31.1	159,239	34.5	50,013	32.8	67,967	42.1
Commercial property management services	**197,875**	**45.4**	**196,305**	**44.9**	**204,378**	**44.2**	**69,240**	**45.4**	**58,937**	**36.4**
– SND Group	18,368	4.2	21,760	5.0	20,650	4.5	7,504	4.9	6,599	4.1
– Joint ventures and/or associates of SND Group	7,760	1.8	6,748	1.5	14,430	3.1	6,915	4.5	3,409	2.1
– Independent Third Parties	171,747	39.4	167,797	38.4	169,298	36.6	54,821	36.0	48,929	30.2
Residential property management services	**75,016**	**17.2**	**71,558**	**16.4**	**60,550**	**13.1**	**21,867**	**14.3**	**21,794**	**13.5**
– SND Group	2,387	0.5	90	0.0	1,654	0.3	384	0.3	69	0.04
– Joint ventures and/or associates of SND Group	4,551	1.0	2,479	0.6	1,739	0.4	867	0.6	410	0.3
– Independent Third Parties	68,078	15.7	68,989	15.8	57,157	12.4	20,616	13.4	21,315	13.2
Property leasing	**28,196**	**6.5**	**27,871**	**6.4**	**27,700**	**6.0**	**9,625**	**6.3**	**7,633**	**4.8**
– SND Group	379	0.1	90	0.0	–	–	–	–	–	–
– Joint ventures and/or associates of SND Group	686	0.2	686	0.2	686	0.1	229	0.2	285	0.2
– Independent Third Parties	27,131	6.2	27,095	6.2	27,014	5.9	9,396	6.1	7,348	4.6
Total	**435,878**	**100.0**	**436,770**	**100.0**	**461,981**	**100.0**	**152,526**	**100.0**	**161,576**	**100.0**

The following table sets forth a breakdown of our total number of projects, GFA under management and the revenue generated from public facility management services, basic commercial property management services and basic residential property management services by the type of property developer for the periods indicated:

	As of or for the period ended December 31,												As of or for the four months ended April 30,			
	2019				2020				2021				2022			
	Number of projects	GFA under management	Revenue		Number of projects	GFA under management	Revenue		Number of projects[5]	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)*	*(%)*
													(unaudited)			
Public facility management services																
SND Group[1]	2	177	3,052	1.1	2	177	3,293	1.3	4	362	11,764	4.0	4	362	19,575	20.6
Joint ventures and/or associates of SND Group[2]	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Independent Third Parties[3]	13	705	35,725	13.6	15	914	52,121	18.6	14	931	57,661	19.9	15	1,131	7,529	7.8
Basic commercial property management services																
SND Group[1][4]	12	704	68,981	26.2	15	1,036	70,086	25.1	14	845	66,633	22.9	14	845	14,777	15.5
Joint ventures and/or associates of SND Group[2]	7	417	22,293	8.5	7	417	24,170	8.6	7	363	28,664	9.9	7	363	10,197	10.7
Independent Third Parties[3]	15	976	79,464	30.2	15	976	79,498	28.4	16	1,047	83,040	28.6	15	915	27,433	28.8
Basic residential property management services																
SND Group[1]	12	2,159	31,834	12.1	12	2,159	26,055	9.3	11	1,829	21,322	7.3	11	1,828	7,388	7.7
Joint ventures and/or associates of SND Group[2]	6	899	13,315	5.1	5	799	14,931	5.3	5	799	12,264	4.2	5	799	4,310	4.5
Independent Third Parties[3]	6	386	8,417	3.2	6	566	9,413	3.4	5	548	9,305	3.2	6	548	4,188	4.4
Total	**73**	**6,423**	**263,081**	**100.0**	**77**	**7,045**	**279,567**	**100.0**	**76**	**6,721**	**290,653**	**100.0**	**77**	**6,791**	**95,397**	**100.0**

(1) Refers to properties solely developed by SND Group or jointly developed by SND Group and independent third-party property developers in which project SND Group held a controlling interest.

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

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

(4) Includes (i) Golden Lion Building (金獅大廈), a commercial property located in Suzhou, Jiangsu Province, which was solely developed by our Group and (ii) Jinlin Apartment (金鄰公寓), a commercial property located in Suzhou, Jiangsu Province, which was developed by and acquired from a then subsidiary of SND Group by our Group in October 2012.

(5) In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, we ceased to provide property management services for seven, one, seven, three and three public facilities, commercial properties and residential communities, respectively, with a total GFA under our management of approximately 0.8 million sq.m., 0.1 million sq.m., 0.5 million sq.m., 0.4 million sq.m. and 0.2 million sq.m., respectively, which contributed a total revenue of RMB9.1 million, RMB2.6 million, RMB20.1 million, RMB2.5 million and nil, respectively, primarily because we did not renew certain property management service agreements upon expiration as we reallocated our resources to more profitable engagements in an effort to optimize our property management portfolio.

Our Directors consider that the reliance of our Group on SND Group is not heavy, having considered that (i) a majority of our Group's customers are Independent Third Parties and they contributed approximately 91.0%, 91.5%, 89.3% and 90.1% of the total revenue of our Group for the year ended December 31, 2019, 2020 and 2021 and the four months ended April 30, 2022, respectively; (ii) revenue generated from the properties developed by Independent Third Parties accounted for approximately 53.4%, 54.8%, 57.0% and 62.5% of the total revenue of our Group for the year ended December 31, 2019, 2020 and 2021 and the four months ended April 30, 2022, respectively; and (iii) revenue generated from the residential property management services only accounted for approximately 17.2%, 16.4%, 13.1% and 13.5% of the total revenue of our Group for the year ended December 31, 2019, 2020 and 2021 and the four months ended April 30, 2022, respectively, and among which, only 9.3%, 3.6%, 5.6% and 2.2% were generated from the residential property management services provided to SND Group and its joint venture and associates. The initial engagement of our Group to provide preliminary 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.

We have been proactively sourcing property management projects from independent customers. For instance, through our Group's continued efforts in exploring business opportunities with governments and administrations, the percentage of revenue generated from city services against our total revenue increased from approximately 32.3% for the year ended December 31, 2020 to approximately 36.7% for the year ended December 31, 2021, and further increase to approximately 45.3% for the four months ended April 30, 2022. Among our total revenue generated from the city services, the independent third-party customers contributed to approximately 96.1%, 96.3%, 94.0% and 92.8% for the year ended December 31, 2019, 2020 and 2021 and the four months ended April 30, 2022, respectively. In addition, subsequent to the Track Record Period and up to the Latest Practicable Date, we had obtained three additional projects and been contracted to provide public facility management services and residential property management services to the properties developed by independent third-party property developers with a total contracted GFA of 620,519.61 sq.m.. Moreover, as detailed in "Future Plans and Use of Proceeds", we plan to pursue selective acquisitions of other property management companies and investment in companies providing operational and management services to waste collection centers. We believe that the aforesaid strategic cooperation and acquisitions will further solidify our market position, contribute to our enlarged scale and increased variety of managed properties and help enhance our market development capabilities for obtaining service engagements from different sources.

We believe that, with our strong business development capabilities and market reputation as a quality city services and property management service provider, the revenue contribution attributable to governments and public authorities as well as independent third-party property owners and/or residents and independent third-party property developers as compared to our total revenue will continue to increase due to the increment in revenue derived from (i) governments and public authorities due to our Group's continued efforts in exploring business opportunities with governments and public authorities; (ii) independent third-party property owners of the projects currently under development by SND Group which we have been engaged for providing property management services; and (iii) independent third-party property developers as a result of our Group's increased efforts in participating in the selection or tender process conducted by other property developers and potential customers which are Independent Third Parties and acquisitions of property management projects.

Licenses required for operation

We hold and enjoy the benefit of all relevant licenses and permits material to the operation of our business.

Access to customers/suppliers/business partners

We have a large and diversified base of customers that are unrelated to our Controlling Shareholders and/or their respective close associates. The majority of the customers of our Group are governments and public authorities as well as property owners and residents who are independent from the companies controlled by our Controlling Shareholders. See "Business—Customers" for details. We have independent access to such customers, our suppliers and our other business partners as well.

Operational facilities

All the properties, facilities and equipment necessary to our business operations are independent from our Controlling Shareholders and their respective close associates.

Employees

We have our own employee headcount for our operations and our own management of human resources, accounting and financing. As of the Latest Practicable Date, all of our full-time employees were recruited independently and primarily through recruitment websites, on-campus recruitment programs, recruiting firms and internal referrals.

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 respective associates which will continue after [**REDACTED**]. All such transactions are determined after arm's-length negotiations and on normal commercial terms. In determining the fees for services between our Group and our Controlling Shareholders or their respective associates, factors such as location and condition of the project, the service scope, labor and other costs are taken into consideration where applicable. The fees are then determined with reference to prevailing market rates.

As such, we expect that we will be able to maintain the aggregate amounts of the continuing connected transactions with our Controlling Shareholders and their respective associates at a reasonable percentage to our total revenues after [**REDACTED**]. Accordingly, such continuing connected transactions are not expected to affect our operational independence as a whole.

Financial Independence

As of the Latest Practicable Date, all loans, advances and balances due to or from the Controlling Shareholders or their respective close associates which did not arise out of the ordinary course of business had been fully repaid or settled. As of the Latest Practicable Date, we did not have any share pledges or 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.

In addition, we have our own internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payment and independent access to third party financing. Accordingly, we believe we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

DEED OF NON-COMPETITION

Each of our Controlling Shareholders [has] entered into a Deed of Non-competition in favor of our Company, pursuant to which each of them has unconditionally and irrevocably undertaken to our Company that it will not, and will procure its close associates (save for members of our Group) not to directly or indirectly be involved in, interested in or undertake any business that directly or indirectly competes, or may compete, with our business which includes the provision of city services, commercial property management services and residential property management services (collectively referred to as the "Restricted Businesses"), or hold shares or interest in any company or business that competes or may compete directly or indirectly with the business engaged by us from time to time, or conduct any Restricted Businesses, except where our Controlling Shareholders and their close associates hold less than 30% of interest of any company, which is engaged in any business that is or may be in competition with any business engaged by any member of our Group and they do not possess the right to control the board of directors of such company.

Further, each of our Controlling Shareholders has undertaken that if any new business investment/other business opportunity relating to the Restricted Businesses (the "Competing Business Opportunity") is identified by/made available to it or any of its close associates, it shall, and shall procure that its close associates shall, refer such Competing Business Opportunity to our Company on a timely basis by giving written notice (the "Offer Notice") within 30 business days of identifying the target company (if relevant), the nature of the Competing Business Opportunity, the investment or acquisition costs and all other details reasonably necessary for our Company to consider whether to pursue such Competing Business Opportunity.

Upon receiving the Offer Notice, we shall seek approval from a board committee who does not have an interest in the Competing Business Opportunity (the "Independent Board") as to whether to pursue or decline the Competing Business Opportunity. Any Director who has actual or potential interest in the Competing Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the Independent Board) and voting at, and shall not be counted in the quorum for, any meeting convened to consider such Competing Business Opportunity. The Independent Board shall consider the financial impact of pursuing the Competing Business Opportunity offered, whether the nature of the Competing Business Opportunity is consistent with our strategies and development plans and the general market conditions of our business. If appropriate, the Independent Board may appoint independent financial advisors and legal advisors to assist in the decision making process in relation to such Competing Business Opportunity. The Independent Board shall, within 30 business days of receipt of the Offer Notice, inform our Controlling Shareholders in writing, on behalf of us, its decision whether to pursue or decline the Competing Business Opportunity.

The relevant Controlling Shareholders shall be entitled but not obliged to pursue such Competing Business Opportunity if it has received a notice from the Independent Board declining such Competing Business Opportunity or if the Independent Board failed to respond within such 30 business days' period mentioned above. If there is any material change in the nature, terms or conditions of such Competing Business Opportunity pursued by the relevant Controlling Shareholders, it shall refer such revised Competing Business Opportunity to us as if it were a new Competing Business Opportunity.

The Deed of Non-Competition will lapse automatically if our Controlling Shareholders together ceases to control, whether directly or indirectly, 30% or above of our Shares with voting rights or our H Shares cease to be [**REDACTED**] on the Stock Exchange.

Each of our Controlling Shareholders has further undertaken to us that it will provide and procure its close associates to provide on best endeavor basis, all information necessary for the annual review by our independent non-executive Directors for the enforcement of the Deed of Non-Competition. It will make an annual declaration in our annual report on the compliance with the Deed of Non-Competition in accordance with the principle of voluntary disclosure in the corporate governance report.

In order to promote good corporate governance practices and to improve transparency, the Deed of Non-Competition includes the following provisions:

- our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-Competition by our Controlling Shareholders;

- we will disclose the decisions on matters reviewed by our independent non-executive Directors (including the reasons for not taking up the Competing Business Opportunity referred to our Company) and the review by our independent non-executive Directors on the compliance with, and the enforcement of, the Deed of Non-Competition in our annual report or by way of announcement to the public in compliance with the requirements of the Listing Rules; and

- in the event that any of our Directors and/or their respective close associates has material interests in any matter to be deliberated by our Board in relation to the compliance and enforcement of the Deed of Non-Competition, he/she may not vote on the resolutions of our Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles of Association.

CORPORATE GOVERNANCE MEASURES

Each of our Controlling Shareholders and its respective close associates may not compete with us as provided in the Deed of Non-Competition. Each of our Controlling Shareholders has confirmed that it fully comprehends 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 associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

(b) a Director with material interests shall make full disclosure in respect of matters that may have conflict or potentially conflict with any of our interest and abstain from the board meetings on matters in which such Director or his/her associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;

(c) we are committed that our Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors. We have appointed independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free 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. Details of our independent non-executive Directors, see "Directors and Senior Management—Board of Directors—Independent non-executive Directors" in this document;

(d) we have appointed Dongxing Securities (Hong Kong) Company Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to Directors' duties and corporate governance;

(e) as required by the Listing Rules, our independent non-executive Directors shall review any connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole; and

(f) on an annual basis, our independent non-executive Directors will review the non-compete undertakings provided by our Controlling Shareholders and their compliance with such undertakings.

Our Group has entered into a number of agreements with parties who will, upon completion of the [**REDACTED**], become our connected persons, and the transactions disclosed in this section will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon [**REDACTED**].

(A) CONTINUING CONNECTED TRANSACTION SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS BUT EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

1. Master Water Supply Agreement

On [●], our Company entered into a master water supply agreement (the "Master Water Supply Agreement") with Gaoxin Water, pursuant to which our Group will purchase water from Gaoxin Water for use in our operation and services. Gaoxin Water is a licensed municipal water supply company responsible for supply of tap water in Huqiu District, Suzhou. The Master Water Supply Agreement has a term commencing from the [**REDACTED**] to December 31, 2024, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

For each of the three years ended December 31, 2021 and the four months ended April 30, 2022, the total amount of water charges payable by our Group for the purchase of water from Gaoxin Water amounted to approximately RMB6.4 million, RMB5.9 million, RMB6.2 million and RMB0.9 million, respectively.

The decrease in the transaction amount for the water charges in 2020 was primarily due to the waiver of RMB0.22 of water charges per cubic meter provided by the government in Suzhou in 2020 due to the outbreak of COVID-19. The decrease in the transaction amount for the water charges for the four months ended April 30, 2022 was primarily due to the decrease in the demand of water supply as a result of the work from home arrangement adopted by certain enterprises due to the COVID-19 pandemic during the corresponding period.

The purchase price payable by our Group shall be determined on the basis of the water charges and adjustment (if any) as promulgated by the relevant local regulatory authorities which apply to all users in Huqiu District, Suzhou. The water charges payable by our Group for the purchase of water from Gaoxin Water are calculated by multiplying the volume of water in demand and the unit purchase price.

Our Directors estimate that the maximum annual amount payable by our Group under the Master Water Supply Agreement for each of the three years ending December 31, 2024 will not exceed RMB6.3 million, RMB6.3 million and RMB6.4 million, respectively.

In arriving at the above annual caps, our Directors have considered the following reasonable factors:

- the historical transaction amounts during the Track Record Period; and

- the estimated demand of our Group for the water supply taking into account (i) the expected demand for the water supply for our city services or other municipal services based on our business development plan; and (ii) the expected number of properties to be managed by our Group for the three years ending December 31, 2024.

Gaoxin Water is a subsidiary of SND Company. SND Company is our Controlling Shareholder and Gaoxin Water is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Water Supply Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [**REDACTED**].

As each of the applicable percentage ratios under the Listing Rules in respect of the annual caps under the Master Water Supply Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Master Water Supply Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

(B) CONTINUING CONNECTED TRANSACTION SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1. Master Property Management Services Agreement

On [●], our Company entered into a master property management services agreement (the "Master Property Management Services Agreement") with SND Company, pursuant to which our Group agreed to provide property management services to SND Group and its associates, including but not limited to (i) city services including but not limited to municipal infrastructure services and public facility management services; (ii) property management services for the commercial and residential properties owned or used by SND Group and its associates; (iii) value-added services including but not limited to carpark space management services, customized cleaning, maintenance and security services (the "Property Management Services"). The Master Property Management Services Agreement has a term commencing from the [**REDACTED**] to December 31, 2024, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

For each of the three years ended December 31, 2021 and the four months ended April 30, 2022, the total amount of fees payable to our Group for provision of the Property Management Services amounted to approximately RMB31.6 million, RMB33.1 million, RMB46.4 million and RMB14.9 million, respectively.

The fees to be charged for the Property Management Services shall be determined on arm's length basis with reference to (i) the size, location and positioning of the properties; (ii) the type, scope, standards and requirements of the services; (iii) the anticipated operation costs (including but not limited to labor costs, administration costs and costs of materials); (iv) the fees for similar services and similar types of projects in the market; and (v) the prices charged by us for providing comparable services to Independent Third Parties. The service fees for the city services and property management services to SND Group and its associates are calculated mainly based on the total GFA of properties owned or used by SND Group and its associates under our management multiplying the service fee per square meters, which shall not be higher than the government guidance prices (if applicable).

Our Directors estimate that the maximum annual amount payable by SND Group and its associates in relation to the Property Management Services to be provided by our Group under the Master Property Management Services Agreement for each of the three years ending December 31, 2024 will not exceed RMB48.9 million, RMB61.1 million and RMB66.8 million, respectively.

In arriving at the above annual caps, our Directors have considered the following reasonable factors:

- the historical transaction amounts during the Track Record Period;

- the estimated transaction amounts in relation to the Property Management Services for the three years ending December 31, 2024 based on the existing signed contracts with SND Group and its associates. As of April 30, 2022, we had provided property management services to 29 properties developed by SND Group and its associates with GFA under management of approximately 3.0 million sq.m..

- the estimated GFA and number of properties to be delivered by SND Group and its associates for the three years ending December 31, 2024, which will require the Property Management Services. We have entered into a property management agreement with an associate of SND Company to provide the Property Management Services to a city square located in Suzhou with an estimated total GFA of approximately 0.8 million sq.m. (approximately 0.14 million sq.m. of which had been delivered as of April 30, 2022 and the rest is expected to be delivered in the first half of 2023). It is anticipated that we may be engaged by SND Group and its associates to provide the Property Management Services for 29, 28 and 28 projects, with an expected GFA under our management of approximately 3.0 million sq.m., 3.6 million sq.m. and 3.6 million sq.m., respectively, for each of the three years ending December 31, 2024.

- the estimated management fee to be charged in respect of properties and facilities owned or used by SND Group and its associates;

- the estimated service fee to be charged in respect of our value-added services to be provided to SND Group and its associates; and

- the estimated year-on-year increase of approximately 1-2% in costs to be incurred for the Property Management Services including labor costs, administration costs and material costs.

The significant increase in the annual caps for the three years ending December 31, 2024 is primarily due to the expected increase in the demand of the Property Management Services, having taken into account the delivery schedule of the new public facilities, commercial and residential properties under development by SND Group and its associates we may be engaged to provide the Property Management Services.

SND Company is our Controlling Shareholder and SND Company is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Property Management Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [**REDACTED**].

As each of the applicable percentage ratios under the Listing Rules in respect of the annual caps under the Master Property Management Services Agreement is expected to be more than 5% on an annual basis, the transactions under the Master Property Management Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(C) APPLICATION FOR WAIVER

The transactions described in "—(A) Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but exempt from the Independent Shareholders' Approval Requirement" in this section constitute our continuing connected transactions under the Listing Rules, which are exempt from the independent Shareholders' approval requirement but subject to the reporting, annual review and announcement requirements of the Listing Rules.

The transactions described in "—(B) Continuing Connected Transaction subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements" in this section constitute our continuing connected transactions under the Listing Rules, which are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements of the Listing Rules.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange [has granted], waivers exempting our Group from strict compliance with (i) the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transaction as disclosed in "—(A) Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but exempt from the Independent Shareholders' Approval Requirement" in this section; and (ii) the announcement and independent Shareholders' approval requirements in respect of the continuing connected transactions as disclosed in "—(B) Continuing Connected Transaction subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements" in this section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above). Apart from the above waivers sought on the strict compliance of the announcement and independent Shareholders' approval requirements, we will comply with the relevant requirements under Chapter 14A of the Listing Rules.

If any terms of the transactions contemplated under the agreements mentioned above are altered or if we enter into any new agreements with any connected person in the future, we will fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless we apply for and obtain a separate waiver from the Stock Exchange.

(D) DIRECTORS' VIEWS

Our Directors (including our independent non-executive Directors) consider that all the continuing connected transactions described in "—(A) Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but exempt from the Independent Shareholders' Approval Requirement" and "—(B) Continuing Connected Transaction subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements" in this section have been and will be carried out (i) in 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 "—(A) Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but exempt from the Independent Shareholders' Approval Requirement" and "—(B) Continuing Connected Transaction subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements" in this section are fair and reasonable and are in the interests of our Shareholders as a whole.

(E) SOLE SPONSOR'S VIEW

The Sole Sponsor is of the view (i) that the continuing connected transactions described in "—(A) Continuing Connected Transactions subject to the Reporting, Annual Review and Announcement Requirements but exempt from the Independent Shareholders' Approval Requirement" and "—(B) Continuing Connected Transaction subject to the Reporting, Annual review, Announcement and Independent Shareholders' Approval Requirements" in this section have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms or better, that are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and (ii) that the proposed annual caps (where applicable) of such continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

The detailed information of our Directors, Supervisors and senior management are listed below. None of the following Directors, Supervisors or senior management has any relationship with any other Directors, Supervisors or senior management.

BOARD OF DIRECTORS

Our Board which is responsible for the management and conduct of our business consists of nine Directors including three executive Directors, three non-executive Directors and three independent non-executive Directors.

Name	Age	Time of joining our Group	Position(s) in our Group	Date of appointment as Director	Key responsibilities	Relationship with other Director(s) and Senior Management	Relationship with SND Group
Executive Directors							
Mr. Cui Xiaodong (崔曉冬)	43	August 2004	Chairman of our Board, executive Director and general manager	March, 14, 2018	Responsible for the overall operation and management of our Group	N/A	Assistant to general manager of SND Company, chairman of the board, director and general manager of Gaoxin Water, and director and general manager of Suzhou Gaoxin Talent Development Group Co., Ltd. (蘇州高新人才發展集團有限公司), a subsidiary of SND Company
Mr. Zhou Jun (周軍)	54	April 2003	Executive Director and deputy general manager	April 16, 2021	Responsible for the overall management of projects and customer service	N/A	N/A
Ms. Zhou Lijuan (周麗娟)	43	June 2005	Executive Director and board secretary	April 16, 2021	Responsible for the operations of Suzhou Golden Lion and board matters of our Group	N/A	N/A
Non-executive Directors							
Mr. Cai Jinchun (蔡金春)	48	April 2021	Non-executive Director	January 4, 2021	Responsible for the provision of guidance for the overall development of our Group	N/A	Assistant of the general manager at SND Gaoxin Tech and director of Gaoxin Water

Name	Age	Time of joining our Group	Position(s) in our Group	Date of appointment as Director	Key responsibilities	Relationship with other Director(s) and Senior Management	Relationship with SND Group
Mr. Tang Chunshan (唐春杉)	42	April 2021	Non-executive Director	December 17, 2020	Responsible for the provision of guidance for the overall development of our Group	N/A	Director and general manager of SND Urban Renewal Co., Ltd. (蘇州蘇高新城市更新有限公司), a subsidiary of SND Company
Mr. Zhang Jun (張俊) (formerly known as 張俊峰)	36	April 2021	Non-executive Director	April 16, 2021	Responsible for the provision of guidance for the overall development of our Group	N/A	Deputy director of the investment management department at SND Company
Independent Non-executive Directors							
Ms. Zhou Yun (周雲)	59	April 2021	Independent non-executive Director	April 16, 2021	Responsible for the provision of independent advice to our Board	N/A	N/A
Ms. Xin Zhu (辛珠)	53	April 2021	Independent non-executive Director	April 16, 2021	Responsible for the provision of independent advice to our Board	N/A	N/A
Mr. Liu Xin (劉昕)	52	April 2021	Independent non-executive Director	April 16, 2021	Responsible for the provision of independent advice to our Board	N/A	N/A

Executive Directors

Mr. Cui Xiaodong (崔曉冬), aged 43, was appointed as our Director on March 14, 2018, chairman of our Board on December 17, 2020 and re-designated as our executive Director on April 16, 2021. Mr. Cui is primarily responsible for the overall operation and management of our Group. Mr. Cui has served as general manager of our Company since October 2016. Mr. Cui has also served as assistant to the general manager of SND Company since November 2020, director of Gaoxin Water since December 2020 and general manager of Gaoxin Water since April 2020. Since April 2022, Mr. Cui has served as a director and general manager of Suzhou Gaoxin Talent Development Group Co., Ltd. (蘇州高新人才發展集團有限公司), a subsidiary of SND Company.

Mr. Cui joined our Group in August 2004 and successively served as manager of the marketing department, project manager and assistant to the general manager at our Company from August 2004 to June 2013, where he was responsible for marketing and project management. From June 2013 to November 2014, he served as deputy general manager at Suzhou Xinjingtian Commercial Real Estate Co., Ltd (蘇州新景天商務地產有限公司), a real estate company, where he was responsible for operations and management. From November 2014 to October 2016, he rejoined our Company as branch party secretary and deputy general manager.

Mr. Cui obtained his bachelor's degree in tourism management from the Suzhou Institute of Science and Technology (蘇州科技學院) in the PRC in June 2002 and obtained his master's degree in architecture and civil engineering from the Suzhou University of Science and Technology (蘇州科技大學) in the PRC in June 2017.

Mr. Cui was awarded as Pacemaker in the Property Management Industry (物業服務行業標兵) by the Jiangsu Real Estate Association (江蘇省房地產業協會) in December 2011. He was elected as a member of the Suzhou City Preliminary Property Management Bidding and Bidding Evaluation Expert Committee (蘇州市區前期物業管理招投標評標專家委員會) by the Suzhou Housing and Urban-Rural Development Bureau (蘇州市住房和城鄉建設辦公室) in December 2018 and a member of the Suzhou Province Property Management Expert (江蘇省物業管理專家庫成員) by the Jiangsu Real Estate Association (江蘇省房地產業協會) in August 2019. He was awarded the 2020 China Property Service Brand Contributors (2020中國房地產服務品牌貢獻人物) by China Index Academy (中國指數研究院) in September 2020. He obtained the senior economist qualification issued by the Human Resources and Social Security Department of Jiangsu Province (江蘇省人力資源和社會保障廳) in December 2020.

Mr. Zhou Jun (周軍), aged 54, was appointed as deputy general manager of our Company in September 2014 and our executive Director on April 16, 2021. Mr. Zhou is primarily responsible for the overall management of projects and customer service.

Mr. Zhou joined our Group in April 2003 and successively served as project director, project manager and assistant to the general manager at our Company from April 2003 to September 2014, where he was responsible for project management.

Mr. Zhou obtained his bachelor's degree in hotel management from Shanghai Institute of Tourism (上海旅遊高等專科學校) in the PRC in January 1991. He obtained the level one project manager certificate (一級項目經理證) issued by the Suzhou Property Management Association (蘇州市物業管理協會) in December 2008.

Ms. Zhou Lijuan (周麗娟), aged 43, was appointed as deputy general manager of Suzhou Golden Lion in September 2019 and our executive Director and the secretary of the Board on April 16, 2021. Ms. Zhou is primarily responsible for the operations of Suzhou Golden Lion and Board matters of our Group.

Ms. Zhou joined our Group in June 2005 and successively served as back office staff, deputy director (副主任) and director (主任) at our Company, manager of the general department (綜合部) and assistant to general manager of Suzhou Golden Lion and from June 2005 to September 2019, where she was responsible for the day-to-day operations of property projects of our Company and general administration and human resource affairs of Suzhou Golden Lion.

Ms. Zhou obtained her bachelor's degree in business management via online education from Beihang University (北京航空航天大學) in the PRC in July 2016. Ms. Zhou obtained the assistant accountant qualification issued by the Suzhou Human Resources and Social Security Bureau (蘇州市人力資源和社會保障局) (formerly known as Suzhou Personnel Bureau (蘇州市人事局)) in May 2007, the certified property manager qualification jointly issued by the Ministry of Human Resources and Social Security of the PRC (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 of the PRC (中華人民共和國住房和城鄉建設部) in January 2015 and the intermediate economist qualification issued by the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) in November 2017.

Non-executive Directors

Mr. Cai Jinchun (蔡金春), aged 48, was appointed as our Director on January 4, 2021 and re-designated as our non-executive Director on April 16, 2021. Mr. Cai is primarily responsible for provision of guidance for the overall development of our Group. Mr. Cai has also been a director of Gaoxin Water since April 2021 and the assistant of the general manager at SND Gaoxin Tech since March 2022.

Mr. Cai joined SND Group in September 2009. From September 2009 to December 2013, he served as manager of the general department (綜合部) and finance department and finance manager at Suzhou Xinshi Redevelopment Co., Ltd (蘇州新獅重建發展有限公司), a subsidiary of SND Company. From May 2019 to March 2022, he served as director (主任) of the financial planning and settlement department of our Company, where he was responsible for financial management.

Mr. Cai obtained his diploma degree in accounting from Central China Normal University (華中師範大學) in the PRC in January 2016 via online education. Mr. Cai was accredited as an accountant by the Suzhou Finance Bureau (蘇州市財政局) in May 2002 and obtained senior accountant qualification issued by the Ministry of Human Resources and Social Security in Jiangsu Province (江蘇省人力資源和社會保障廳) in August 2015.

Mr. Tang Chunshan (唐春杉), aged 42, was appointed as our Director on December 17, 2020 and re-designated as our non-executive Director on April 16, 2021. Mr. Tang is primarily responsible for provision of guidance for the overall development of our Group. Mr. Tang has also been a director and general manager of SND Urban Renewal Co., Ltd. (蘇州蘇高新城市更新有限公司), a subsidiary of SND Company, since September 2021.

The following table shows the relevant experience of Mr. Tang:

Period of time	Name of entity	Position(s)	Principle business activities	Responsibilities
September 2002 to July 2006	Suzhou Agriculture, Industry and Commerce Real Estate Development Co., Ltd. (蘇州市農工商房地產開發有限公司)	Accountant and deputy finance manager	Property development	Financial management
July 2006 to August 2009	Suzhou Huaye Baifu Real Estate Co., Ltd. (蘇州市華業百福置地有限公司)	Finance manager	Property development	Financial management
September 2009 – April 2010	Suzhou Junzhidi Real Estate Co., Ltd. (蘇州君之地置業有限公司)	Finance manager	Property development	Financial management
May 2010 to September 2017	Suzhou Xinhu Investment Development Co., Ltd. (蘇州新滸投資發展有限公司)	Deputy finance manager, finance manager and finance director	Property development	Financial management

Mr. Tang joined SND Company in September 2017. From September 2017 to January 2020, he served as a deputy director of the investment management department at SND Company. From January 2020 to October 2021, he served as a director of the investment management department at SND Company, where he is responsible for asset and investment management. From October 2018 to October 2021, Mr. Tang served as a director of Gaoxin Water.

Mr. Tang obtained a diploma in accounting from the Xuzhou Institute of Architectural Technology (徐州建築職業技術學院) in the PRC in July 2002 and completed the undergraduate curriculum in accounting from the China Central Radio and TV University (中央廣播電視大學) in the PRC in January 2011. Mr. Tang obtained the senior accountant qualification issued by the Ministry of Human Resources and Social Security in Jiangsu Province (江蘇省人力資源和社會保障廳) in August 2015.

Mr. Zhang Jun (張俊), aged 36, was appointed as our non-executive Director on April 16, 2021. Mr. Zhang is primarily responsible for provision of guidance for the overall development of our Group.

Mr. Zhang joined SND Company in July 2012 and has since held various investment and strategy roles within the SND Company, including general manager at SND Technology Industrial Development (Liyang) Co., Ltd. (蘇高新科技產業發展(溧陽)有限公司), a subsidiary of SND Company and deputy director (副主任) of the strategic merchants department at SND Company. From January 2021 to March 2022, Mr. Zhang served as the deputy general manager of Zhongshan Suxin Development Co., Ltd (鐘山蘇新發展有限公司), a subsidiary of SND Company, where he was responsible for presiding over the work of the company. Mr. Zhang currently serves as the deputy director of the investment management department at SND Company, where he is primarily responsible for overseeing the daily operations of the department.

Mr. Zhang obtained his master's degree in economics with a major at finance from Zhongnan University of Economics and Law (中南財經政法大學) in the PRC in June 2012. Mr. Zhang obtained the economist qualification issued by the Human Resources and Social Security Department of Jiangsu Province (江蘇省人力資源和社會保障廳) in February 2014.

Independent Non-executive Directors

Ms. Zhou Yun (周雲), aged 59, was appointed as our independent non-executive Director on April 16, 2021. Ms. Zhou is primarily responsible for the provision of independent advice to our Board.

From September 1984 to February 1996, Ms. Zhou successively served as teaching assistant and lecturer in the geography department of Xinjiang Normal University (新疆師範大學). From March 1996 to August 2001, Ms. Zhou served as deputy director and associate professor in the urban management department of Suzhou Urban Construction and Environmental Protection Institute (蘇州城建環保學院). Since September 2001, Ms. Zhou successively held numerous roles at the Suzhou University of Science and Technology (蘇州科技大學). From September 2001 to June 2006, she served as associate professor at the management science and engineering department. From July 2006 to July 2007, she served as deputy dean and party branch secretary of the faculty of management. From August 2007 to December 2012, she served as professor and party branch secretary of the faculty of civil engineering. From January 2013 to May 2016, she served as head of human affairs (人事處) and head of the office of high level personnel (高層次人才工作辦公室). From June 2016 to September 2018, she served as head of the higher education research institute (高教研究所). Since October 2018, she has been professor of the faculty of civil engineering and head of the research institute for real estate (房地產研究所).

Ms. Zhou has been a member of the Second Suzhou Property Management Tender Evaluation Panel (蘇州市第二屆物業管理招投標評標專家庫) since October 2005, a committee member of the Engineering Management Professional Committee (工程管理專業委員會委員) of the Seventh Council of Jiangsu Civil Engineering and Architectural Society (江蘇省土木建築學會第七屆理事會) since October 2005, a committee member of the Engineering Management Professional Committee of the Eighth Council of the Jiangsu Civil and Architectural Society and the deputy head (副主任委員) of the Construction and Real Estate Economic Professional Committee (建築與房地產經濟專業委員會) of the Eighth Council of the Jiangsu Civil and Architectural Society (江蘇省土木建築學會第八屆理事會) since September 2009. Since January 2015, Ms. Zhou has been serving as the deputy head of the Construction and Real Estate Economics Professional Committee (建築與房地產經濟專業委員會副主任委員) of the Ninth Council of Jiangsu Civil and Architectural Society (江蘇省土木建築學會第九屆理事會). Since December 2018, Ms. Zhou has been the deputy head (副主任委員) of the Suzhou City Preliminary Property Management Bidding and Bidding Evaluation Expert Committee (蘇州市區前期物業管理招投標評標專家委員會). Ms. Zhou served as a director (理事) of the seventh council of the China Architectural Society Economy Branch (中國建築學會建築經濟分會第七屆理事) and a committee member of the seventh Real Estate Economy Professional Committee of China Architectural Society Economy Branch (中國建築學會建築經濟分會第七屆房地經濟專業委員會) from March 2014 to 2018.

Ms. Zhou obtained her bachelor's degree in geography from China Xinjiang University (中國新疆大學) in the PRC in July 1984.

Ms. Xin Zhu (辛珠), aged 53, was appointed as our independent non-executive Director on April 16, 2021. Ms. Xin is primarily responsible for the provision of independent advice to our Board.

Ms. Xin has over 20 years of experience in the accounting industry as well as executive management in public companies. From December 2002 to February 2005, Ms. Xin served as a financial director of Shenzhen Kingway Brewery Holdings Limited (former Hong Kong stock code: 0124), a subsidiary of Guangdong Holdings Limited (廣東粵海集團), where she was responsible for the financial management. From February 2005 to December 2005, Ms. Xin served as a deputy general manager of finance department of Guangdong Holdings Limited (廣東粵海集團), a state-owned enterprise of the Government of Guangdong Province, where she was responsible for the financial management of the group. From April 2006 to July 2008, she worked in Hopson Development Holdings Limited (合生創展集團有限公司) (a company listed on the Main Board of the Stock Exchange, stock code: 754), a property developer, where she last served as a group accounting controller, and was primarily responsible for financial management. From July 2008 to June 2014, she worked in China Aoyuan Group Limited (中國奧園集團股份有限公司) (previously known as China Aoyuan Property Group Limited (中國奧園地產集團股份有限公司)), a company listed on the Main Board of the Stock Exchange, stock code: 3883), a property developer, with her last concurrent positions held as an executive director and executive vice president, and was primarily responsible for financial management. She was also involved in review, discussion and decisions making of land acquisition when she worked at China Aoyuan Group Limited. From July 2014 to March 2015, she served as the chief financial officer of Logan Property Holdings Company Limited (龍光地產控股有限公司) (a company listed on the Main Board of the Stock Exchange, stock code: 3380).

Since June 2018, Ms. Xin has been an independent non-executive director of CanSino Biologics Inc. (康希諾生物股份公司) (a company listed on the Main Board of the Stock Exchange, stock code: 6185), a company engaging in the development, manufacturing and sales of vaccines. Since April 2020, she has been an independent non-executive director of Central China New Life Limited (建業新生活有限公司) (a company listed on the Main Board of the Stock Exchange, stock code: 9983), a property management service provider. Since November 2020, she has been an independent non-executive director of Datang Group Holdings Limited (大唐集團控股有限公司) (a company listed on the Main Board of the Stock Exchange, stock code: 2117), a real estate company.

Ms. Xin obtained a bachelor's degree in accounting from Renmin University of China (中國人民大學) in the PRC in July 1990 and a master's degree in business administration from Auckland Institute of Studies in New Zealand in December 1999. Ms. Xin became a member of the Chinese Institute of Certified Public Accountant of the PRC in January 1996 and a member of the CPA Australia in January 2010.

Mr. Liu Xin (劉昕), aged 52, was appointed as our independent non-executive Director on April 16, 2021. Ms. Liu is primarily responsible for the provision of independent advice to our Board.

Mr. Liu has served successively as an associate professor, professor and a doctoral supervisor of the School of Public Administration and Policy in Renmin University of China (中國人民大學公共管理學院) since February 2001. He is also a researcher at the National Academy of Development and Strategy in Renmin University of China (中國人民大學國家發展與戰略研究院) in the PRC. He has been teaching in Renmin University of China since 1997 and served successively as a lecturer and an associate professor of the School of Labor and Human Resources from June 1997 to February 2001. From August 1998 to July 1999, Mr. Liu served as a visiting scholar at Ghent University in Belgium. From August 2009 to July 2010, Mr. Liu served as a senior visiting scholar of the Fulbright Program at Harvard University in the United States. From September 2011 to December 2011, Mr. Liu served as a visiting professor of Gerald R. Ford School of Public Policy, University of Michigan in the United States. From May 2003 to October 2013, he served as a chief expert and senior partner of Beijing Boom HR Consulting Co., Ltd (北京博目企業管理顧問有限公司) and participated in the management and operation of the company.

Mr. Liu has been serving as an independent non-executive director of Beijing Capital Land Ltd. (首創置業股份有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 2868), since December 2017. He has been serving as an independent non-executive director of Sinic Holdings (Group) Company Limited (新力控股(集 團)有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 2103), since November 2019. Since August 2020, he has also been serving as an independent non-executive director of Beijing Yangde Environmental Energy Technology Co., Ltd. (北京揚德環保能源科技股份有限公司), a company listed on the National Equities Exchange and Quotations System (stock code: 833755).

Mr. Liu obtained a bachelor's degree, a master's degree and a doctorate degree in Labor Economics from the Renmin University of China in the PRC in July 1991, June 1994 and June 1997, respectively.

Save as disclosed above, none of our Directors has any other directorships in listed companies during the three years immediately prior to the date of this document.

Save as disclosed above, each of our Directors has confirmed that there are no other matters relating to his/her appointment as a Director that need to be brought to the attention of our Shareholders and there is no other information in relation to his/her appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

SUPERVISORS

In accordance with the Company Law of the PRC, all joint stock companies are required to establish a supervisory committee, responsible for supervising the board of directors and senior management on fulfilling their respective duties, financial performance, internal control management and risk management of the corporation. The Supervisory Committee consists of three members comprising one employee representative Supervisor, and two Supervisors representing SND Company.

The detailed information of our Supervisors are listed below.

Name	Age	Time of joining our Group	Existing position in our Group	Date of appointment as Supervisors	Responsibilities
Mr. Feng Jingen (馮金根)	57	May 2016	President of the Supervisory Committee and Supervisor representing SND Company	April 16, 2021	Responsible for presiding the work of the Supervisory Committee, supervising the Board and the senior management of our Company
Mr. Huang Wei (黃偉)	42	April 2021	Supervisor representing SND Company	April 16, 2021	Responsible for supervising the Board and the senior management of our Company
Ms. Yuan Hongjuan (袁紅娟)	40	November 2006	Employee representative Supervisor	April 16, 2021	Responsible for supervising the Board and the senior management of our Company

Mr. Feng Jingen (馮金根), aged 57, was appointed as our Supervisor and the president of the Supervisory Committee on April 16, 2021. Mr. Feng is primarily responsible for presiding the work of the Supervisory Committee, supervising the Board and the senior management of our Company.

Mr. Feng joined SND Company in January 2001 and successively held various financial management roles and served as finance director at SND Company and its respective subsidiaries from January 2001 to April 2009 and since March 2012. From April 2009 to March 2012, Mr. Feng served as finance director at Suzhou Gaoxin Business and Tourism Development Co., Ltd. (蘇州高新商旅發展有限公司), a company engaged in commerce. Mr. Feng has been a director of the internal control department of SND Company since June 2017.

Mr. Feng obtained his bachelor's degree (online education) in accounting from the Wuhan University of Technology (武漢理工大學) through online education in the PRC in January 2008 and an EMBA degree from Xi'an Jiaotong University (西安交通大學) in June 2012. Mr. Feng obtained the senior economist qualification issued by the Human Resources and Social Security Department of Jiangsu Province (江蘇省人力資源和社會保障廳) in November 2018.

Mr. Huang Wei (黃偉), aged 42, was appointed as our Supervisor on April 16, 2021. Mr. Huang is primarily responsible for supervising the Board and the senior management of our Company.

From October 2018 to June 2020, Mr. Huang served as a deputy general manager at Suzhou Golden Lion, where he was responsible for business and assets operations and real estate sales and leasing. Since June 2020, Mr. Huang has been deputy director (副主任) of the discipline inspection commission office of SND Company, where he is responsible for supervision of discipline at SND Company.

Mr. Huang obtained a diploma in journalism from Renmin University of China (中國人民大學) in the PRC in December 2004 and his bachelor's degree (self study) in management administration from Wuhan University (武漢大學) in the PRC in June 2012.

Ms. Yuan Hongjuan (袁紅娟), aged 40, was appointed as our Supervisor on April 16, 2021. Ms. Yuan is primarily responsible for supervising the Board and the senior management of our Company.

Ms. Yuan joined our Company in November 2006. From November 2006 to September 2020, she successively served as management staff, project director and manager of the management department at our Company. Since October 2020, she has been manager of the operations department at our Company, where she is responsible for quality and operations management.

Ms. Yuan obtained her diploma (self-study module) of human resource management from Nanjing University (南京大學) in the PRC in June 2016.

Save as disclosed above, each of our Supervisors has confirmed that there are no other matters relating to his/her appointment as a Supervisor that need to be brought to the attention of our Shareholders and there is no other information in relation to his/her appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

SENIOR MANAGEMENT

The table below shows certain information in respect of members of our senior management of our Company:

Name	Age	Time of joining our Group	Existing position in our Group	Time of appointment as senior management	Responsibilities
Mr. Wu Jinrong (吳金榮)	52	May 2017	Deputy branch secretary, deputy general manager and chairman of the labor union	May 2017	Responsible for party affairs, safety management and the labor union
Ms. Liu Ping (劉萍)	47	October 2001	Deputy general manager	September 2019	Responsible for project management and operations
Ms. Xie Xiaoning (解曉寧)	44	December 2019	Finance director	December 2019	Responsible for financial, asset and internal control management
Mr. Wang Xinfeng (王新鋒)	45	June 2002	Deputy general manager	November 2015	Responsible for project management, operations and public relations
Ms. Hong Lijuan (洪麗娟)	39	December 2014	Deputy general manager	October 2019	Responsible for project management, sales and marketing
Mr. Liu Chun (劉春)	43	September 2015	Assistant to general manager	April 2022	Responsible for project management and operations

For the biographical details of Mr. Cui Xiaodong (崔曉冬) and Mr. Zhou Jun (周軍), please refer to "—Board of Directors—Executive Directors" in this section.

Mr. Wu Jinrong (吳金榮), aged 52, was appointed as deputy branch secretary, deputy general manager and chairman of the labor union of our Company in May 2017. Mr. Wu is primarily responsible for party affairs, safety management and the labor union.

Prior to joining our Company, Mr. Wu successively served as technician, deputy operations director, deputy director (副主任) for mining operations, director of the chief engineering office and deputy chief engineer at Suzhou Xiaomaoshan Copper-Lead-Zinc Mine (蘇州市小茅山銅鉛鋅礦), a subsidiary of SND Company from August 1994 to March 2003. From March 2003 to May 2017, Mr. Wu successively served as assistant to the mine manager and deputy mine manager, where he was responsible for the production management and safety technology of the mine.

Mr. Wu joined our Company in May 2017 as deputy branch secretary, deputy general manager and chairman of the labor union at our Company where he is responsible for party affairs, safety management and labor union in our Company.

Mr. Wu obtained his bachelor's degree in mining engineering from Jiangxi University of Science and Technology (江西理工大學) (formerly known as Southern Institute of Metallurgy (南方冶金學院)) in the PRC in July 1994. He obtained the senior engineer qualification issued by the Jiangsu Province Human Resources and Social Security Bureau (江蘇省人力資源和社會保障廳) (formerly known as the Jiangsu Province Personnel Department (江蘇省人事廳)) in November 2006.

Ms. Liu Ping (劉萍), aged 47, was appointed as deputy general manager of our Company in September 2019. Ms. Liu is primarily responsible for project management and operations.

Ms. Liu joined our Company in October 2001 and successively served as back office staff, director, project manager at our Company from October 2001 to April 2014. She successively served as project manager and assistant to the general manager from 2015 to September 2019.

Ms. Liu obtained a diploma in human resources management from Suzhou University (蘇州大學) in the PRC in January 2007 and her bachelor's degree in public service management from China Agricultural University (中國農業大學) in the PRC in June 2009. She obtained the economist qualification issued by the Ministry of Human Resources and Social Security of the PRC (人力資源和社會保障廳) in May 2008 and the level one project manager certificate (一級項目經理證) issued by the Suzhou Property Management Association (蘇州市物業管理協會) in December 2008.

Ms. Xie Xiaoning (解曉寧), aged 44, was appointed as finance director of our Company in December 2019. Ms. Xie is primarily responsible for financial, asset and internal control management.

Ms. Xie has over 19 years of experience in accounting and financial management. Prior to joining our Group, Ms. Xie successively served as accountant, deputy manager and manager of the finance department in Suzhou National Environmental High Tech Industrial Park Development Co., Ltd (蘇州國家環保高新技術產業園發展有限公司), a subsidiary of SND Company, from January 2003 to March 2014. From March 2014 to December 2019, Ms. Xie served as finance director at Suzhou SND Technology Industry Development Co., Ltd. (蘇州蘇高新科技產業發展有限公司), a subsidiary of SND Company. From April 2014 to January 2017, Ms. Xie served as finance director at Suzhou Xiaomaoshan Copper-Lead-Zinc Mine (蘇州市小茅山銅鉛鋅礦), a subsidiary of SND Company. Ms. Xie joined our Company in December 2019 as finance director of our Company.

Ms. Xie obtained her bachelor's degree in accounting from Northeast Forestry University (東北林業大學) in the PRC in July 2001.

Mr. Wang Xinfeng (王新鋒), aged 45, was appointed as deputy general manager of our Company in August 2021. Mr. Wang is primarily responsible for project management, operations and public relations.

Mr. Wang joined our Company in June 2002 and successively served as administrator, deputy director (副主任), director (主任), project manager and assistant to the general manager at our Company from June 2002 to August 2021, where he was responsible for project management.

Mr. Wang obtained obtained his bachelor's degree in business administration management from Beijing Foreign Language University (北京外國語大學) in July 2016 via online education. Mr. Wang obtained the level two project manager certificate (二級項目經理證) issued by Suzhou Property Management Association (蘇州市物業管理協會) in December 2008, the certified property manager qualification (物業管理師) issued by 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) in November 2013.

Ms. Hong Lijuan (洪麗娟), aged 39, was appointed as the deputy general manager of our Company in April 2022. Ms. Hong has served as the assistant to the general manager of our Company from November 2019 to April 2022. Ms. Hong is primarily responsible for project management, sales and marketing.

Prior to joining our Company, Ms. Hong worked at Suzhou Japan-China Bridge Economic Development Co., Ltd* (蘇州日中架橋經濟發展有限公司) from 2006 to May 2010. She served as assistant to the general manager at Jiangsu Zhongke Times Electric Manufacturing Co., Ltd.* (江蘇中科時代電器製造股份有限公司) from July 2010 to March 2011. Ms. Hong joined our Company in December 2014. From December 2014 to October 2019, she successively served as deputy manager and manager of the marketing department at our Company.

Ms. Hong obtained her bachelor's degree in law from Suzhou University in the PRC in June 2005.

Mr. Liu Chun (劉春), aged 43, was appointed as the assistant to general manager of our Company in April 2022. Mr. Liu is primarily responsible for the project management and operations.

Prior to joining our Company, Mr. Liu worked at Suzhou Dongshan Hotel Co., Ltd. (蘇州東山賓館有限責任公司) from January 2001 to May 2005. From June 2005 to September 2015, Mr. Liu worked at Suzhou Tianxiang Property Management Co., Ltd. (蘇州市天翔物業管理有限公司).

Mr. Liu obtained a diploma in business management from Jiangnan University (江南大學) in the PRC in January 2015. He also obtained the certified property manager qualification issued by 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) in February 2014.

JOINT COMPANY SECRETARY

Ms. Yang Lingbo (楊淩波), aged 28, was appointed as the joint company secretary of our Group on June 10, 2021.

Ms. Yang joined our Company in July 2018. She served as an operation specialist from July 2018 to September 2019, where she was responsible for management of property value-added business, operational contracts and social media operation. From September 2019 to November 2020, she joined the Youth League Committee of Suzhou Gaoxin District (蘇州高新區團委), where she was the Assistant to the Youth League Secretary and was responsible for organizing line work and office matters of the Youth League. Ms. Yang rejoined the operations department of our Company in December 2020 and is responsible for the management of value-added businesses, business contracts and social media.

Ms. Yang obtained her bachelor of management degree majoring in business management in June 2015 and a master of management degree majoring in corporate management in April 2018, with both degrees from Nanjing University of Aeronautics and Astronautics (南京航空航天大學).

Mr. Cheng Ching Kit (鄭程傑), aged 34, was appointed as the joint company secretary of our Company on June 10, 2021. Mr. Cheng is a manager at SWCS Corporate Services Group (Hong Kong) Limited, a professional service provider specializing in corporate services. He has over 8 years of experience in the field of corporate secretarial matters.

Mr. Cheng obtained his bachelor of commerce degree in finance from the University of Queensland in Australia in December 2010. He has been an associate member of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute in the United Kingdom since June 2018.

BOARD COMMITTEES

Our Board has established the audit committee, the remuneration committee and the nomination committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group's activities.

Audit Committee

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to (i) review and supervise our financial reporting process and internal control system of our Group, risk management and internal audit; (ii) provide advice and comments to our Board and perform other duties and responsibilities as may be assigned by our Board.

The audit committee consists of three members, namely Ms. Xin Zhu, Mr. Liu Xin and Mr. Cai Jinchun . The chairman of the audit committee is Ms. Xin Zhu, who is an independent non-executive Director of our Company and has been a member of the Chinese Institute of Certified Public Accountant of the PRC in February 1996 and a member of the CPA Australia in January 2010.

Remuneration Committee

We have established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the CG Code as set out in Appendix 14 of the Listing Rules. The primary duties of the remuneration and appraisal committee are to (i) establish, review and provide advices to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determine the terms of the specific remuneration package of each executive Director and senior management; and (iii) review and approve performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time-to-time.

The remuneration committee consists of three members, namely Mr. Liu Xin, Ms. Zhou Yun and Mr. Tang Chunshan. The chairman of the remuneration committee is Mr. Liu Xin.

Nomination Committee

We have established a nomination committee with written terms of reference in compliance with paragraph A.5 of the CG Code as set out in Appendix 14 of the Listing Rules. The primary duties of the nomination committee are to (i) review the structure, size and composition of our Board on a regular basis and make recommendations to the Board regarding any proposed changes to the composition of our Board; (ii) identify, select or make recommendations to our Board on the selection of individuals nominated for directorship, and ensure the diversity of our Board members; (iii) assess the independence of our independent non-executive Directors; and (iv) make recommendations to our Board on relevant matters relating to the appointment, reappointment and removal of our Directors and succession planning for our Directors.

The nomination committee consists of three members, namely Ms. Zhou Yun, Mr. Liu Xin and Mr. Zhang Jun. The chairman of the nomination committee is Ms. Zhou Yun.

BOARD DIVERSITY POLICY

Our Board has adopted a board diversity policy which sets out the approach to achieve diversity on our Board. Our Company recognizes and embraces the benefits of having a diversed Board and sees increasing diversity at Board level as an essential element in supporting the attainment of our Company's strategic objectives and sustainable development. Our Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talents, skills, gender, age, ethnicity, experience, independence and knowledge.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, human resources, accounting and financial management, and corporate governance. They obtained degrees in various majors including accounting, marketing, financial management, business administration and law. We have three independent non-executive Directors with different industry backgrounds, representing a third of the members of our Board. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

We will continue to implement measures and steps to promote and enhance gender diversity at all levels of our Company. We will select potential Board candidates based on merit and his/her potential contribution to our Board while taking into account our board diversity policy and other factors. Our Company will also take into consideration our own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

After [**REDACTED**], the nomination committee of our Board will review the board diversity policy and its implementation from time to time to ensure its implementation and monitor its continued effectiveness, and the same will be disclosed in our corporate governance report in accordance with the Listing Rules after [**REDACTED**].

COMMUNIST PARTY BRANCH COMMITTEE

Our Company has established a branch committee of Communist Party of China (the "Branch Committee") in accordance with the Constitution of the Communist Party of China (《中國共產黨章程》). To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as of the Latest Practicable Date, there were no latest development of, and requirements on, the branch committee of Communist Party of China in the PRC. The role and scope of authority for the Branch Committee include the following:

i. to ensure and supervise our Company's implementation of routes, principles and policies, laws and regulations promulgated by the Communist Party of China and the State Council and to give full play to the role as fighting bastion of the Communist Party of China and the exemplary and vanguard role of party members;

ii. to formulate the work plan of the Committee, and support the trade union of our Company and the Communist Youth League of China to carry out their work independently;

iii. to administer party members strictly, to supervise party members to perform their duties and to protect the rights and interests of party members from infringement;

iv. to supervise party members and strictly enforce the discipline of the Communist Party of China, to work on rectifying the working style of the Communist Party and building an honest and clean government and to lead the improvement of the working style within the Communist Party and to maintain the unity of the Communist Party;

v. to educate and manage party members within our Group, ensure the well development of party members and further recruit new party members within our Group; and

vi. to participate in discussions on matters relating to the development, reform and stability of our Company and provide constructive advice.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Our Directors and Supervisors receive compensation from our Company in the form of salaries, bonuses, benefits in kind, allowances and contributions to a pension scheme.

The remuneration (including salaries, allowances, benefits in kind, performance related bonuses and contributions to a pension scheme) paid to our Directors and Supervisors in aggregate for the three years ended December 31, 2021 and the four months ended April 30, 2022 were approximately RMB2.3 million, RMB2.3 million, RMB1.6 million and RMB0.3 million, respectively.

The remuneration (including salaries, allowances, benefits in kind, performance related bonuses and contributions to a pension scheme) paid to our Group's five highest paid individuals included one, two, one and one Directors and Supervisors for the three years ended December 31, 2021 and the four months ended April 30, 2022, respectively. The remuneration payable to our Group's five highest paid individuals (who are not a director, chief executive or supervisor) for the three years ended December 31, 2021 and the four months ended April 30, 2022 were approximately RMB2.8 million, RMB2.2 million, RMB2.9 million and RMB0.6 million, respectively.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining our Company as a compensation for loss of office in respect of the year ended December 31, 2019, 2020 and 2021 and the four months ended April 30, 2022.

None of our Directors and Supervisors had waived or agreed to waive any remuneration during the Track Record Period. Under the current arrangements, the aggregate remuneration (including salaries, allowances, benefits in kind, performance related bonuses and contributions to a pension scheme) of our Directors and Supervisors for the year ending December 31, 2022 is estimated to be no more than approximately RMB1.6 million in aggregate.

Our Board will review and determine the remuneration and compensation packages of our Directors, Supervisors and senior management and will, following the [**REDACTED**], receive recommendation from our remuneration and appraisal committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and Supervisors and performance of our Group.

Save as disclosed above, no other payments had been made, or are payable, by any member of our Group to our Directors and Supervisors during the Track Record Period. For additional information on our Directors and Supervisors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to Notes 9 and 10 in the Accountant's Report set out in Appendix I to this document.

COMPLIANCE ADVISOR

Our Company has appointed Dongxing Securities (Hong Kong) Company Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. The material terms of the compliance advisor's agreement entered into between our Company and the compliance advisor are as follows:

(a) the compliance advisor shall provide our Company with services including guidance and advice as to compliance with the requirement of the Listing Rules and other applicable laws, rules, codes and guidelines, and accompany our Company to any meetings with the Stock Exchange;

(b) our Company may terminate the appointment of the compliance advisor by giving a no less than 30 days' prior written notice to the compliance advisor. Our Company will exercise such right in compliance with Rule 3A.26 of the Listing Rules. The compliance advisor will have the right to terminate its appointment as compliance advisor under certain specific circumstances and upon notification of the reason of its resignation to the Stock Exchange; and

(c) during the period of appointment, our Company must consult with, and if necessary, seek advice from the compliance advisor on a timely basis in the following circumstances:

    i. before the publication of any regulatory announcement, circular or financial report;

ii. where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

iii. where we propose to use the proceeds of the [**REDACTED**] in a manner different from that detailed in this document or where our business activities, developments or results materially deviate from any forecast, estimate, or other information in this document; and

iv. where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the [**REDACTED**] and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

CORPORATE GOVERNANCE CODE

The roles of the chairman and the chief executive officer of our Company have not been separated as required by Code Provision A.2.1 of the Corporate Governance Code. The roles of the chairman and general manager of our Company are both performed by Mr. Cui Xiaodong, an executive Director. Our Board believes that vesting the roles of both chairman and general manager in the same individual enables our Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. Cui Xiaodong's extensive industrial experience and significant role in the historical development of our Group, our Board believes that it is beneficial to the business prospects of our Group that Mr. Cui Xiaodong continues to act as the chairman and general manager of our Group following the [**REDACTED**], and that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors, non-executive directors and independent non-executive Directors.

We aim to achieve high standards of corporate governance which are crucial to our development and would safeguard the interests of our Shareholders. To accomplish this, save as the deviation from code provision A.2.1 of the Corporate Governance Code as disclosed above, we expect to comply with the Corporate Governance Code set out in Appendix 14 to the Listing Rules and the associated Listing Rules after the [**REDACTED**].

So far as our Directors are aware, as of the Latest Practicable Date and immediately prior to and following the completion of the [**REDACTED**] (without taking into account any Shares which may be issued pursuant to the exercise of the [**REDACTED**]), the following persons 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	Class of Shares	Shares held as of the Latest Practicable Date and immediately prior to the completion of the [REDACTED][1]		Shares held in the total share capital of our Company immediately following the completion of the [REDACTED][1]	
			Number	*Approximate Percentage*	*Number*	*Approximate Percentage*
SND Company[2]	Beneficial owner	Domestic Shares	[69,846,825] Shares (L)	[93.13]%	[**REDACTED**] Shares (L)	[**REDACTED**]
	Interest in a controlled corporation	Domestic Shares	[5,153,175] Shares (L)	[6.87]%	[**REDACTED**] Shares (L)	[**REDACTED**]
SND Chengjian	Beneficial Owner	Domestic Shares	[5,153,175] Shares (L)	[6.87]%	[**REDACTED**] Shares (L)	[**REDACTED**]

Notes:

(1) The letter "L" denotes a long position in our Shares.

(2) SND Chengjian is wholly owned by SND Company. By virtue of SFO, SND Company is deemed to be interested in the Shares held by SND Chengjian.

If the [**REDACTED**] is fully exercised, the interest of SND Company and SND Chengjian in our Shares will be approximately [**REDACTED**] and [**REDACTED**], respectively.

Except as disclosed above and in the section "Statutory and General Information—Further Information About Directors, Supervisors and Substantial Shareholders" in Appendix VII to this document, our Directors are not aware of any person who will, immediately following the completion of 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.

As of the Latest Practicable Date, the registered share capital of our Company was RMB75,000,000, divided into 75,000,000 Domestic Shares, with a nominal value of RMB1.00 each.

Assuming the [**REDACTED**] is not exercised, the share capital of our Company immediately after the completion of the [**REDACTED**] will be as follows:

Number of Shares	**Description of Shares**	**Percentage of total share capital**
[75,000,000]	Domestic Shares	[**REDACTED**]
[**REDACTED**]	H Shares to be issued under the [**REDACTED**]	[**REDACTED**]
[**REDACTED**]		**100%**

Assuming the [**REDACTED**] is exercised in full, the share capital of our Company immediately after the completion of the [**REDACTED**] will be as follows:

Number of Shares	**Description of Shares**	**Approximate percentage of total share capital**
[75,000,000]	Domestic Shares	[**REDACTED**]
[**REDACTED**]	H Shares to be issued under the [**REDACTED**]	[**REDACTED**]
[**REDACTED**]		**100%**

PUBLIC FLOAT REQUIREMENTS

Rule 8.08 of the Listing Rules requires there to be an open market in the securities for which listing is sought and for a sufficient public float of an issuer's listed securities to be maintained. This normally means that (i) at least 25% of the issuer's total issued shares must at all times be held by public; and (ii) where an issuer has one class of securities or more apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Stock Exchange) at the time of listing must be at least 25% of the issuer's total issued shares. However, the class of securities for which listing is sought must not be less than 15% of the issuer's total issued shares and must have an expected market capitalization at the time of listing of not less than HK$125 million.

Based on the information in the above tables, our Company will meet the public float requirement under the Listing Rules upon the completion of the [**REDACTED**] (whether or not the [**REDACTED**] is exercised in full). We will make appropriate disclosure of our public float and confirm the sufficiency of our public float in successive annual reports after [**REDACTED**].

SHARE CLASSES

Upon the completion of [**REDACTED**], the Shares of our Company will be divided into two categories: Domestic Shares and H Shares. The two classes of Shares are both ordinary shares in the share capital of our Company. H Shares may only be subscribed for and traded in Hong Kong dollars. Domestic Shares may only be subscribed for and traded in RMB. Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect, the Shenzhen-Hong Kong Stock Connect or other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. Domestic Shares, on the other hand, can be subscribed for by and traded between legal or natural persons of the PRC, qualified foreign institutional investors. We must pay all dividends in respect of H Shares in Hong Kong dollars, all dividends in respect of Domestic Shares in RMB.

Except as described above and in relation to the dispatch of notices and financial reports to our Shareholders, dispute resolution, registration of Shares in different parts of our register of Shareholders, methods of share transfer and the appointment of dividend receiving agents, which are all provided for in the Articles of Association and summarized in Appendix VI to this document, our Domestic Shares and H Shares will rank equally with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document (save for the dividends payment in RMB for Domestic Shares and in Hong Kong dollars for H Shares). However, the transfer of Domestic Shares is subject to such restrictions as PRC laws may impose from time to time. Save for the [**REDACTED**], we do not propose to carry out any public or private issue or to place securities simultaneously with the [**REDACTED**] or within the next six months from the [**REDACTED**]. We have not approved any share issue plan other than the [**REDACTED**].

CONVERSION OF OUR DOMESTIC SHARES INTO H SHARES

We have two classes of ordinary Shares, Domestic Shares and H Shares. All our Domestic Shares are not listed or traded on any stock exchange. According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Domestic Shares may be converted into H Shares, and such converted shares may be [**REDACTED**] or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares any requisite internal approval processes shall have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, shall have been obtained. In addition, such conversion, trading and [**REDACTED**] shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Approval of the Stock Exchange is required for the [**REDACTED**] of such converted Shares on the Stock Exchange. Based on the methodology and procedures for the conversion of our Domestic Shares into H Shares as described in this section, we can apply for the [**REDACTED**] of all or any portion of our Domestic Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the H Share register. As any [**REDACTED**] of additional Shares after our [**REDACTED**] on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for [**REDACTED**] at the time of our [**REDACTED**] in Hong Kong. According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (CSRC [2019] No. 22) (《H股公司境內未上市股份申請"全流通"業務指引》(中國證券監督管理委員會公告[2019]22號)), the unlisted shares of H-share companies (including (i) unlisted domestic shares held by domestic shareholders before overseas listing; (ii) unlisted domestic shares additionally issued after overseas listing; and (iii) unlisted shares held by foreign shareholders) are allowed to be listed and traded on the Stock Exchange, and it stipulates the application procedures for the full circulation of unlisted shares of H-share companies in China. On December 31, 2019, China Securities Depository and Clearing Corporation Limited and Shenzhen Stock Exchange jointly announced the Measures for Implementation of H-share "Full Circulation" Business (《H股"全流通"業務實施細則》) (the "Measures for Implementation") which stipulates the requirements for cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. in relation to the "full circulation" of the H-shares. See "Regulatory Overview—Regulations Relating to Foreign Exchange—Regulations Related to the 'Full Circulation' of H-share" in this document for more information on the details of the relevant requirements under the Measures for Implementation.

No approval by separate class meeting is required for the listing and trading of the converted shares on an overseas stock exchange. Any application for [**REDACTED**] of the converted shares on the Stock Exchange after our [**REDACTED**] is subject to prior notification by way of announcement to inform Shareholders and the public of any proposed conversion.

After all the requisite approvals have been obtained, the following procedures will need to be completed: the relevant Domestic Shares will be withdrawn from the Domestic Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on our H Share register will be on the condition that (a) our H Share Registrar lodges with the Hong Kong Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register of members and the due dispatch of H Share certificates and (b) the admission of the H Shares to [**REDACTED**] on the Hong Kong Stock Exchange will comply with the Listing Rules and the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the converted Shares are re-registered on our H Share register, such Shares would not be [**REDACTED**] as H Shares.

So far as we are aware, none of our Shareholders currently proposes to convert any of the Domestic Shares they hold into H Shares.

TRANSFER OF SHARES ISSUED PRIOR TO [REDACTED]

The Company Law provides that in relation to the public offering of a company, the shares issued prior to the public offering shall not be transferred within a period of one year from the date on which the publicly offered shares are listed on any stock exchange. Accordingly, Domestic Shares issued by our Company prior to the [**REDACTED**] shall be subject to this statutory restriction and not be transferred within a period of one year from the [**REDACTED**].

Please refer to "[**REDACTED**]" for details of the lock-up undertaking given by our Controlling Shareholders to the Stock Exchange. Please refer to "[**REDACTED**]" for details of the lock-up undertaking given by our Controlling Shareholders under the [**REDACTED**].

INCREASE IN SHARE CAPITAL

As advised by our PRC Legal Advisors, pursuant to the Articles of Association and subject to the requirements of relevant PRC laws and regulations, our Company, upon the [**REDACTED**] of our H Shares, is eligible to enlarge its share capital by issuing either new H Shares or new unlisted Domestic Shares on condition that such proposed issuance shall be approved by a special resolution of Shareholders in general meeting and by holders of Shares of that class of Shareholders whose interest is affected in a separate meeting conducted in accordance with the provisions of the Articles of Association and that such issuance complies with the Listing Rules and other relevant laws and regulations of Hong Kong. To adopt a special resolution of Shareholders at general meeting, more than the two thirds votes represented by the Shareholders (including proxies) present at the general meeting must be exercised in favor of the resolution. Resolutions of a class of Shareholders shall be passed by votes representing more than two thirds of Shareholders with voting rights attending the class Shareholders' meeting.

REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, an overseas listed company is required to register its shares that are not listed on the overseas stock exchange with China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司) within 15 Business Days upon the listing and provide a written report to the CSRC regarding the centralized registration and deposit of its unlisted shares as well as the current offering and listing of shares.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

For details of circumstances under which our Shareholders' general meeting and class Shareholders' meeting are required, please refer to "7. General Meeting" under "Appendix VI—Summary of the Articles of Association" in this document.

GENERAL MANDATE

So far our Board has not been granted to a general mandate to issue or buyback H Shares.

You should read the following discussion and analysis in conjunction with our consolidated financial information set forth in the Accountants' Report included as Appendix I to this document. Our consolidated financial information has been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. See "Risk Factors" and "Forward-looking Statements" in this document for more information.

OVERVIEW

We are a city service and property management service provider deeply rooted in the Yangtze River Delta Region, especially in Suzhou. In 2021, we ranked first in the property management service market in Suzhou in terms of both total revenue and the city service market in Suzhou in terms of revenue from city services, and also ranked third and fifth in terms of revenue from city services in Jiangsu Province and revenue from non-residential property management services in Jiangsu Province, respectively, according to F&S.

We are a property management service provider offering city services for public infrastructure and facilities, as well as basic property management services and value-added services to residential communities and commercial properties. We assist local governments and public authorities in their provision of city services to improve local residents' living experience and environment. Our city services include (i) municipal infrastructure services; (ii) public facility management services; and (iii) operation of waste collection centers. In addition, we also offer basic property management and value-added services to our managed commercial properties such as industrial parks and manufacturing plants, office buildings, apartments and commercial complexes, and residential communities. As of April 30, 2022, we were contracted to provide public facility management services, basic commercial property management services and basic residential property management services to 78 projects in China, with a total contracted GFA of 8.0 million sq.m., among which 77 projects with a total GFA of over 6.8 million sq.m. were under our management. As of the Latest Practicable Date, we had constructed and operated two waste collection centers in Suzhou with the maximum capacity to process 800 tons of household waste per day and 50 tons of bulky waste per day in aggregate. Meanwhile, we were also in the process of constructing one additional waste collection center in Suzhou which are expected to be put into operation in early 2023. Such three waste collection centers in aggregate will be capable of processing a total of 1,200 tons of household waste and 50 tons of bulk waste per day at full capacity.

Our focus on city environment and citizen wellbeing and commitment to customer satisfaction have shaped our brand image. Our customer-centric culture has guided us to forge ahead and explore new ways to better serve our customers. For example, we have implemented an intelligent city service system that utilizes information and intelligent technologies to facilitate real-time location and inspection, online interactions with staffs, and data analysis to enhance service quality, reduce reliance on manual labor and improve operating efficiency. In addition, we believe that underpinned by our close cooperation with SND Group, a leading city developer and operator in Suzhou with rich experience in city operation, comprehensive property development and industrial investment, the diverse property portfolio of SND Group provides us with a large potential pipeline of high-quality projects. We also endeavor to expand our business scale by managing more properties developed by independent third-party property developers. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, our revenue generated from property management services provided to properties solely developed by independent third-party property developers accounted for approximately 45.8%, 44.6%, 44.5%, 45.6% and 50.7% of our total commercial property management service revenue, and approximately 13.7%, 19.7%, 20.1%, 18.4% and 23.0% of our total residential property management service revenue, respectively.

Our quality services and diverse property portfolio generated robust results of operations during the Track Record Period. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, our total revenue was RMB435.9 million, RMB436.8 million, RMB462.0 million, RMB152.5 million and RMB161.6 million, respectively; our profit for the year/period amounted to RMB43.6 million, RMB48.1 million, RMB56.5 million, RMB18.7 million and RMB19.1 million, respectively.

We have been recognized as one of the Top 100 Property Management Companies of China for seven consecutive years since 2016 and were ranked 48th among the 2021 Top 100 Property Management Companies of China (2021中國物業服務百強企業) by CIA in terms of overall strength*. We were honored as one of the "Leading Smart City Services Companies" (中國智慧城市服務領先企業) by CIA in 2021 and a "Leading Brand in the PRC Property Management Industry in Specialized Operations" (中國物業服務專業化運營領先品牌企業) by CIA in 2018, 2019 and 2020. As we are headquartered in Suzhou, the Yangtze River Delta Region has always been and will continue to be our strategic development focus. The Yangtze River Delta Region, which, according to F&S, is one of the most populous and economically prosperous regions in China, and Suzhou ranked second in terms of the urban population and total GDP among all cities in the Yangtze River Delta Region and sixth in terms of total GDP among all cities in China.

* Each year the CIA publishes the Top 100 Property Management Companies in China in terms of overall strength based on the data from the previous year on key factors such as management scale, operational performance, service quality, growth potential and social responsibility of the property management companies under consideration.

BASIS OF PRESENTATION

On January 31, 2021, our Company became the holding company of the entities now comprising our Group pursuant to the Reorganization. In preparation for the [**REDACTED**], we underwent the Reorganization, as detailed in "History, Reorganization and Corporate Structure—Reorganization" in the document. Accordingly, the historical financial information has been prepared as if the Reorganization had been completed as of the beginning of the Track Record Period.

For the purpose of preparing and presenting the historic financial information, we have early adopted all IFRSs that became effective since the accounting period commencing on January 1, 2020, together with the relevant transitional provisions. The adoption of the abovementioned IFRSs does not have significant impact on our financial position and performance during the Track Record Period. See the Accountants' Report in Appendix I to this document for more information on the basis of preparation of our financial information.

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 the section titled "Risk Factors" in this document and those discussed below:

Ability to Respond to Regulatory and Market Conditions of the Property Development and Property Management Industries as well as the Change in Demand from the Government and Public Sector

Our business and results of operations are principally affected by (i) our ability to obtain new service engagements from property developers as well as government entities and agencies for their new property development projects; and (ii) our ability to renew or retain our existing engagements with our customers.

The number of new property development projects is dependent on the performance of the real estate market in the PRC, which is subject to the general economic conditions, the rate of urbanization and the demand for properties in the PRC. Any economic downturn in the PRC, particularly in the regions where we operate, could adversely affect our business, results of operations and financial position. The regulatory environment in the PRC and the policies and measures taken by the PRC government have also affected the development of the real estate market and property management service market, which in turn affect our business and results of operations. See "Risk Factors—Risks Relating to Our Business and Industry—A significant portion of our operations are concentrated in the Yangtze River Delta Region, and we are susceptible to any adverse development in government policies or business environment in this region" and "Risk Factors—Risks Relating to Doing Business in China." However, the PRC government has issued a series of favorable laws and policies to incentivize the development of the property management industry. These policies, such as a guidance issued by the Ministry of Housing and Urban Development in 2014, have encouraged property management companies like us to expand and modernize their business lines and have fostered the growth and development of the property management industry. See "Industry Overview—Market Drivers." However, we cannot guarantee you that the PRC Government will continue to issue such favorable laws, regulations and policies. Moreover, we cannot guarantee you that the PRC government will not suspend or terminate the current favorable laws, regulations and policies, or that the PRC Government will introduce laws and policies that directly or indirectly discourage the development of the property development and property management industries. Any such changes in the regulatory policies may adversely affect our business, results of operations and financial position.

The number of new property development projects, particularly government buildings, city roads and other public infrastructure and facilities, is also dependent on the demand from the government entities and public sector. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, 0.7 million sq.m., 0.9 million sq.m., 0.9 million sq.m., 0.9 million sq.m. and 1.1 million sq.m., or 79.9%, 83.8%, 72.0%, 83.7% and 75.8%, of our GFA under management for public facilities came from projects developed by independent third-party property developers, which primarily consist of government entities and agencies. In addition, demand for new property development projects from the government entities and public sector is influenced by a number of factors, which may include the macroeconomy, national and local policies, and population. These factors are subject to continuous changes. Any change in these factors may alter the demand for new property development projects from the government entities and public sector, which may in turn affect our ability to obtain new property management service agreements and hence our business and results of operation.

GFA and Length of Roads under Management

During the Track Record Period, we generated a majority of our revenue from our commercial and residential property management services, which accounted for 62.6%, 61.3%, 57.3%, 59.7% and 50.0%, respectively, of our total revenue in 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022. Since our revenue from commercial and residential property management services is directly linked to our GFA under management, our financial position and results of operations are affected by our ability to secure new and renew existing property management service agreements. During the Track Record Period, the GFA of commercial and residential properties under our management remained relatively stable at approximately 5.5 million sq.m., 6.0 million sq.m., 5.4 million sq.m. and 5.3 million sq.m., respectively, as of December 31, 2019, 2020 and 2021 and April 30, 2022. During the Track Record Period, we also generate a meaningful portion of our revenue from our public facility management services, which accounted for 8.9%, 12.7%, 15.0%, 12.8% and 16.8% respectively, of our total revenue in 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022. Accordingly, our financial position and results of operations are also affected by our ability to secure new and renew existing public facility property management service agreements. As of December 31, 2019, 2020 and 2021 and April 30, 2022, GFA of public facilities under our management was 0.9 million sq.m., 1.1 million sq.m., 1.3 million sq.m. and 1.5 million sq.m., respectively, and contracted GFA of public facilities was 0.9 million sq.m., 1.1 million sq.m., 2.0 million sq.m. and 2.2 million sq.m., respectively.

During the Track Record Period, we also generated a meaningful portion of our revenue from our municipal infrastructure services, which accounted for 21.5%, 15.9%, 15.7%, 16.2% and 16.2%, respectively, of our total revenue in 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022. Accordingly, our financial position and results of operations are also affected by our ability to maintain and increase the length of roads to which we provide municipal infrastructure services. During the Track Record Period, we provided cleaning, greening, inspection and maintenance services to city roads, tram and tram platforms and water supply network under our management with a total length of approximately 1,422 kilometers, 1,481 kilometers, 1,481 kilometers and 1,481 kilometers, respectively, as of December 31, 2019, 2020 and 2021 and April 30, 2022.

Therefore, any change in the aggregate GFA or length of roads under our management would directly affect our results of operations and financial position.

Our Brand Positioning and Pricing Ability

As we derived the majority of our revenue from our property management services provided to public facilities, commercial properties and residential communities, our results of operations and financial position are affected by our pricing ability for providing such services. We generally price our services by taking into account various factors, such as characteristics and locations of the properties, our service costs, target profit margins, customer profiles, government budgets, the scope and quality of our services and the prices charged by our competitors for comparable properties. We must also balance multiple considerations, including competitiveness, profitability as well as our ability to shape and preserve our image as a quality city service and property management service provider. Failure to effectively balance the aforementioned considerations may materially and adversely affect our business operations, financial condition and results of operations.

For illustration purposes only, we set out below a sensitivity analysis of our revenue and profit for the years/periods indicated with reference to the fluctuation of average property management fees during the Track Record Period. The following table demonstrates the impact of the hypothetical decrease in average property management fees on our revenue and profit, while all other factors remain unchanged:

	Year ended December 31,			Four months ended April 30,	
	2019	**2020**	**2021**	**2021**	**2022**
			(RMB'000)		
				(unaudited)	
Revenue	435,878	436,770	461,981	152,526	161,576
Profit for the year/period	43,554	48,103	56,517	18,713	19,143

	Year ended December 31,			Four months ended April 30,	
	2019	2020	2021	2021	2022
			(RMB'000)		
				(unaudited)	
Assuming 5% decrease in our average property management fees					
Impact on revenue	(13,154)	(13,978)	(14,533)	(4,631)	(4,770)
Impact on profit for the year/period[1]	(9,866)	(10,484)	(10,899)	(3,473)	(3,577)
Assuming 10% decrease in our average property management fees					
Impact on revenue	(26,308)	(27,957)	(29,065)	(9,262)	(9,540)
Impact on profit for the year/period[1]	(19,731)	(20,968)	(21,799)	(6,946)	(7,155)

(1) Impact on profit for the year/period was calculated assuming EIT rate of 25.0%.

Business Mix

During the Track Record Period, our business and results of operations were affected by our business mix. Our profit margins varied across our four business lines, namely, city services, commercial property management services, residential property management services, and property leasing services. Our profit margins of different business lines generally depend on the types of services provided, fee received and costs borne by us under different contractual arrangements. Any change in the structure of revenue contribution from our four business lines or change in profit margin of any business line may have a corresponding impact on our overall profit margin.

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

	Year ended December 31,												Four months ended April 30,							
	2019				2020				2021				2021				2022			
	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total 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)							
City services	134,791	30.9	29,605	22.0	141,036	32.3	32,437	23.0	169,353	36.7	40,410	23.9	51,794	34.0	12,054	23.3	73,212	45.3	17,217	23.5
Commercial property management services	197,875	45.4	32,671	16.5	196,305	44.9	33,490	17.1	204,378	44.2	37,002	18.1	69,240	45.4	12,110	17.5	58,937	36.5	10,737	18.2
Residential property management services	75,016	17.2	6,632	8.8	71,558	16.4	6,471	9.0	60,550	13.1	5,531	9.1	21,867	14.3	2,014	9.2	21,794	13.5	2,034	9.3
Property leasing services	28,196	6.5	19,513	69.2	27,871	6.4	19,670	70.6	27,700	6.0	23,282	84.1	9,625	6.3	8,111	84.3	7,633	4.7	6,366	83.4
Total	**435,878**	**100.0**	**88,421**	**20.3**	**436,770**	**100.0**	**92,068**	**21.1**	**461,981**	**100.0**	**106,225**	**23.0**	**152,526**	**100.0**	**34,289**	**22.5**	**161,576**	**100.0**	**36,354**	**22.5**

See "Business—Our Business Model" in this document and "—Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income—Gross Profit and Gross Profit Margin" in this section for detailed discussions on the changes in our overall gross profit margin during the Track Record Period. In general, the gross profit margin generated from our property leasing services is higher than those generated from our city services, commercial property management services and residential property management services, primarily because the other three business lines are more labor-intensive and typically carry higher cost of sales.

Ability to Mitigate the Impact of Rising Labor and Subcontracting Costs

Since property management is labor-intensive, labor costs and subcontracting costs which mainly related to our outsourced labor cost constitute a substantial portion of our total cost of sales. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, our labor costs amounted to RMB128.4 million, RMB124.6 million, RMB124.2 million, RMB42.2 million and RMB41.9 million, respectively; our subcontracting costs amounted to RMB54.5 million, RMB69.3 million, RMB85.0 million, RMB29.3 million and RMB32.2 million, respectively. During the same period, our labor costs and subcontracting costs together accounted for 52.6%, 56.2%, 58.8%, 60.5% and 59.2% of our total cost of sales, respectively, which were effectively controlled at a relatively stable level. In addition, labor costs also constituted a significant portion of both our selling and marketing expenses and administrative expenses. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, labor costs arising from selling and marketing amounted to RMB1.4 million, RMB1.6 million, RMB1.3 million, RMB0.5 million and RMB0.4 million, respectively, accounting for 75.3%, 68.0%, 47.1%, 52.4% and 46.6%, respectively, of our selling and marketing expenses. During the same period, labor costs arising from administrative activities amounted to RMB15.4 million, RMB20.2 million, RMB18.6 million, RMB5.2 million and RMB5.4 million, respectively, accounting for 47.5%, 55.7%, 64.1%, 56.9% and 72.5%, respectively, of our administrative expenses.

To cope with rising labor costs and subcontracting costs, we implemented a number of cost-saving measures, such as the application of automated tools to reduce our reliance on manual labor, the application of advanced technology for internal management and interactions with customers, the standardization of procedures and the provision of professional training to our employees, to effectively manage our labor costs and subcontracting costs while ensuring consistent service quality. See "Business—Business Strategies—Increase Investment in Our Technologies and Intelligent Operations to Enhance Customer Experience and Operational Efficiency."

For illustration purposes only, we set out below a sensitivity analysis of our revenue and profit for the years/periods indicated with reference to the fluctuation of labor costs during the Track Record Period. The following table demonstrates the impact of the hypothetical increase in average labor costs on our revenue and profit, while all other factors remain unchanged:

	Year ended December 31,			Four months ended April 30,	
	2019	2020	2021	2021	2022
			(RMB'000)		
				(unaudited)	
Cost of sales	347,457	344,702	355,756	118,237	125,222
Profit for the year/period	43,554	48,103	56,517	18,713	19,143
Assuming 5% increase in our labor costs					
Impact on cost of sales	6,419	6,229	6,209	2,108	2,096
Impact on profit for the year/period(1)	(5,444)	(5,490)	(5,402)	(1,793)	(1,790)
Assuming 10% increase in our labor costs					
Impact on cost of sales	12,838	12,458	12,417	4,217	4,192
Impact on profit for the year/period(1)	(10,888)	(10,981)	(10,803)	(3,586)	(3,579)

(1) Impact on profit for the year/period was calculated assuming EIT rate of 25.0%.

Ability to Implement Our Acquisition Strategy

We intend to continue to solidify our well-established market position in Suzhou and the Yangtze River Delta Region through acquisitions of targets that offer property management and city services as well as related companies along the property management and city service industry value chains. However, we may not be able to achieve desired strategic objectives or the expected return from such acquisitions. 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 or improve our results of operations as expected. See "Risk Factors—Risks Relating to Our Business and Industry—Our future acquisitions may not be successful."

Competition

The property management industry in the PRC is highly competitive and fragmented with numerous market participants. Our city and property management services primarily compete with large national, regional and local property management companies. We believe that we are able to continue competing with other industry players due to our competitive strengths. Moreover, new market entrants are faced with entry barriers such as brand value, capital requirements, quality of management and availability of talent and technical expertise, all of which we believe we have and will continue to overcome. See "Industry Overview" and "Risk Factors—Risks Relating to our Business and Industry—We operate a highly competitive business and may not compete successfully against existing and new competitors."

CRITICAL SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

When reviewing our consolidated financial statements, you should consider (i) our accounting policies that are significant to the preparation of our consolidated financial statements; (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. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. We set forth below certain accounting policies and estimates that we believe involve significant estimates and judgments used in the preparation of our financial statements. Our significant accounting policies, judgments and estimates, which are important for understanding our financial condition and results of operations, are set out in further details in note 3 and note 4 to the Accountants' Report in Appendix I to this document.

Revenue Recognition

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. During the Track Record Period, we generated our revenue from four business lines: (i) city services; (ii) commercial property management services; (iii) residential property management services; and (iv) property leasing services.

(a) *City services*. City services primarily include municipal infrastructure services, public facility management services and operation of waste collection centers. Revenue from city services is recognized when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by us.

(b) *Commercial property management services*. Under the commercial property management and operational service segment, we provide (i) basic commercial property management services, such as security, cleaning, greening and gardening, and common area facility repair and maintenance services; and (ii) value-added services, such as carpark space management, resource management, property agency and additional customized services.

For basic commercial property management services, we charge property management fees in respect of basic commercial property management services on either a lump sum basis or a commission basis. On a lump-sum basis, we recognize as revenue the full amount of property management fees we charged to the property owners and property developers. On a commission basis, we only recognize as revenue the predetermined property management fees on a straight-line basis over the specified contract period.

For value-added services, revenue is recognized over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by us. Revenue from the value-added services is recognized when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by us.

(c) *Residential property management services*. Under the residential property management, our Group provide (i) basic residential property management services, such as security, cleaning, greening and gardening, and common area facility repair and maintenance services; and (ii) value-added services, such as carpark space management, resource management, property agency and additional customized services.

Similar to basic commercial property management, for basic residential property management services, we charge property management fees in respect of basic commercial property management services on either a lump-sum basis or a commission basis. On a lump-sum basis, we recognize as revenue the full amount of property management fees we charged to the property owners and property developers. On a commission basis, we only recognize as revenue the predetermined property management fees on a straight-line basis over the specified contract period.

For value-added services, revenue is recognized as over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by us. Revenue from the value-added services is recognized when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by us.

(d) *Property leasing services*. Our revenue from property leasing services is recognized on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are incurred.

Fair Value Measurement

We measure the fair value of our investment properties and financial instruments at the end of each reporting period using the following fair value hierarchy that reflects the sufficiency and observability of inputs in making the measurements:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly;

- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

During the Track Record Period, our financial assets measured at fair value using level 3 inputs primarily included our unlisted equity interests in Suzhou Huirong Business Travel Development Co., Ltd. (蘇州匯融商旅發展有限公司) and Suzhou Xinjingtian Business Land Development Co., Ltd. (蘇州新景天商務地產發展有限公司), amounting to RMB94.0 million, RMB94.8 million, RMB92.4 million and RMB88.8 million, respectively, as of December 31, 2019, 2020 and 2021 and April 30, 2022. As these financial assets are not traded in an active market, their fair values have been determined based on the market approach and asset-based approach. Please see Note 37 to the Accountants' Report in Appendix I for more details.

Our Valuation Process

Our financial assets are valued by Cushman & Wakefield ("**Cushwake**"), an independent valuer, based on a combination of market data and valuation models. The above valuation results often require a considerable number of inputs. According to Cushwake, valuation models established by the valuer make the maximum use of market inputs and rely as little as possible on our own specific data. However, it should be noted that for level 3 financial instruments, some of the inputs, including fair value of our unlisted equity investments and discount for liquidity and lack of marketability, are unobservable and cannot be obtained from readily available data from liquid markets. Therefore, we determine the comparable public companies (peers) and select the price multiple to make estimates about the discount for liquidity and size differences under the market approach and asset-based approach to measure the fair value of the unlisted equity investments. Management estimates and assumptions are reviewed periodically and are adjusted as necessary. Should any of the estimates and assumptions change, it might lead to a change in the fair value of the other financial assets measured at fair value through profit or loss.

Our general manager holds conferences evaluating and recommending investment opportunities, and investment decisions made on the conferences are subject to the approval of our Board. Our Company has approved and will implement procedures in relation to the valuation of level 3 financial instruments. According to the procedures, our general manager, based on the professional advise received, will (i) engage an independent business valuer, provide necessary financial and non-financial information so as to enable the valuer to perform valuation procedures and discuss with the valuer on relevant assumptions; (ii) carefully consider all information especially those non-market related information input, such as fair value of our unlisted equity investments and discount for liquidity and lack of marketability, which require management assessments and estimates, and determine if the fair value estimation of level 3 financial assets is in accordance with the applicable IFRS; (iii) review and approve the valuation working papers and results prepared by the valuer; and (iv) discuss with our Board twice a year about the valuation process and results for purpose of interim and annual financial reporting. Upon making an investment, our investment team closely monitors the performance of the investment and assesses the fair value of level 3 financial assets at least once during the reporting period or when necessary for our Directors' review and approval.

We also established internal policies to ensure the reasonableness of the value measurement of our financial assets:

(i) for financial assets held at fair value through profit or loss and financial instruments held for sale, we assess the appropriateness of the adopted valuation method as well as the reasonableness of the criteria and assumptions in the valuation, and measure and record their value at fair value;

(ii) for financial assets held to maturity, such as loans and trade receivables, we measure and record their value using the real interest method;

(iii) for financial assets without transparent market prices or whose fair value is not readily calculable, we measure and record their value using the historic cost method; and

(iv) in addition, at the end of each financial period, we check the book value of its financial assets other than those whose value is measured and recorded at fair value. If there is objective evidence indicating that a financial asset has depreciated, we will record the impairment loss and make provision for impairment.

Based on the above procedures, our Directors are of the view that the valuation analysis performed by the valuer is fair and reasonable, and the financial statements of our Group are properly prepared.

Reporting Accountants' Work Performed

Details of the fair value measurement of financial assets, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, the sensitivity of fair value to the inputs and reconciliation of level 3 measurements are disclosed in Note 37 to the Accountants' Report in Appendix I to this document.

The Reporting Accountants opined on our historical financial information for the Track Record Period as a whole is set out on page I-2-A of the Accountants' Report in Appendix I to this document.

Sole Sponsor's Independent Due Diligence

The Sole Sponsor has conducted the following independent due diligence works in relation to the valuation analysis performed by our management on the equity investments designated at fair value through other comprehensive income:

(i) reviewed the engagement letter of Cushwake in particular the work scope and duties and responsibilities of Cushwake as our valuer;

(ii) conducted a professional party interview with Cushwake and obtained and reviewed the credentials of its team members to ascertain their qualification and experience;

(iii) discussed with us and Cushwake to understand the valuation procedures and methodologies;

(iv) reviewed the financial statements of Suzhou Huirong and Suzhou Xinjingtian for the years ended December 31, 2019, 2020 and 2021 and the four months ended April 30, 2022;

(v) discussed with us and Cushwake about key assumptions for the valuation of equity investments designated at fair value through other comprehensive income and assessed their reasonableness;

(vi) discussed with us and Cushwake about selection of valuation approach. As advised by Cushwake, market approach was commonly adopted when a company held small shareholding and had limited access to information of the investee. However, since Suzhou Xinjingtian recorded a net liability position as of December 31, 2019, 2020 and 2021 and the four months ended April 30, 2022, market approach might not accurately and fully reflect its value and therefore asset-based approach was adopted for its valuation;

(vii) regarding the valuation of equity investments in Suzhou Huirong using market approach, obtained the valuation model and discussed with us and Cushwake on the selection of comparable companies of Suzhou Huirong and price multiples;

(viii) regarding the valuation of the equity investments in Suzhou Xinjingtian using asset-based approach, obtained the valuation model, checked data source against (without limitation) the financial statements of Suzhou Xinjingtian and list of properties held by Suzhou Xinjingtian and reviewed the valuation calculation; and

(ix) verified the data source as well as reviewed the valuation calculations and results prepared by our management.

Having considered the results of the above independent due diligence works, nothing has come to the Sole Sponsor's attention to cast doubt on the valuation analysis performed by our management on the equity investments designated at fair value through other comprehensive income during the Track Record Period.

Impairment of Financial Assets

We recognize an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that we expect to receive, discounted at an approximation of the original effective interest rate.

For trade receivables that do not contain a significant financing component or when we apply the practical expedient of not adjusting the effect of a significant financing component, we apply the simplified approach in calculating ECLs. Under the simplified approach, we do not track changes in credit risk, but instead recognize a loss allowance based on lifetime ECLs at each reporting date. We have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Income Tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the country where we operate.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each Track Record Period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilized.

PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	Year ended December 31,			Four months ended April 30,	
	2019	**2020**	**2021**	**2021**	**2022**
			(RMB'000)		
				(unaudited)	
Revenue	435,878	436,770	461,981	152,526	161,576
Cost of sales	(347,457)	(344,702)	(355,756)	(118,237)	(125,222)
Gross profit	**88,421**	**92,068**	**106,225**	**34,289**	**36,354**
Other income and gains	27,333	35,262	9,681	3,170	2,123
Selling and marketing expenses	(1,874)	(2,410)	(2,762)	(929)	(952)
Administrative expenses	(32,337)	(36,225)	(29,001)	9,068	(7,398)
Other Expenses	(177)	(387)	(714)	(29)	(631)
Finance costs	(23,221)	(24,057)	(3,867)	(1,180)	(2,875)
Share of loss of an associate	–	–	(3,009)	(957)	(779)
Profit before tax	58,145	64,251	76,553	25,296	25,842
Income tax expenses	(14,591)	(16,148)	(20,036)	(6,583)	(6,699)
Profit for the year/period	**43,554**	**48,103**	**56,517**	**18,713**	**19,143**
Profit attributable to:					
Owners of the parent	42,522	47,339	55,465	18,429	18,669
Non-controlling interests	1,032	764	1,052	284	474
	43,554	48,103	56,517	18,713	19,143

Our adjusted gearing ratio after adjusting for the amounts due from SND Group is 64.9%, 61.2%, 54.5% and 53.0%, respectively, in 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022.(1)

Revenue

During the Track Record Period, we derived our revenue primarily from four business lines, namely, city services, commercial property management services, residential property management service and property leasing services.

Note:

(1) Adjusted gearing ratio is calculated based on dividing total bank borrowings and other liabilities less the amounts due from SND Group by total equity as of the end of that year/period, multiplied by 100%.

The following table sets forth a breakdown of our revenue by business line for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2019		2020		2021		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
City services	**134,791**	**30.9**	**141,036**	**32.3**	**169,353**	**36.7**	**51,794**	**34.0**	**73,212**	**45.3**
– Municipal infrastructure services	93,860	21.5	69,311	15.9	72,301	15.7	24,664	16.2	26,168	16.2
– Public facility management services	38,777	8.9	55,414	12.7	69,425	15.0	19,536	12.8	27,104	16.8
– Operation of waste collection centers	2,154	0.5	16,311	3.7	27,627	6.0	7,594	5.0	19,940	12.3
Commercial property management services	**197,875**	**45.4**	**196,305**	**44.9**	**204,378**	**44.2**	**69,240**	**45.4**	**58,937**	**36.5**
– Basic property management services	170,738	39.2	173,754	39.7	178,337	38.6	57,767	37.9	52,407	32.5
– Value-added services	27,137	6.2	22,551	5.2	26,041	5.6	11,473	7.5	6,530	4.0
Residential property management services	**75,016**	**17.2**	**71,558**	**16.4**	**60,550**	**13.1**	**21,867**	**14.3**	**21,794**	**13.5**
– Basic property management services	53,566	12.3	50,399	11.6	42,891	9.3	15,312	10.0	15,886	9.8
– Value-added services	21,450	4.9	21,159	4.8	17,659	3.8	6,555	4.3	5,908	3.7
Property leasing	**28,196**	**6.5**	**27,871**	**6.4**	**27,700**	**6.0**	**9,625**	**6.3**	**7,633**	**4.7**
Total	**435,878**	**100.0**	**436,770**	**100.0**	**461,981**	**100.0**	**152,526**	**100.0**	**161,576**	**100.0**

The table below sets forth a breakdown of our revenue by type of properties for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2019		2020		2021		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Municipal infrastructure and public facility	131,345	30.1	122,934	28.2	139,648	30.4	43,643	28.6	52,422	32.4
Office buildings	81,484	18.7	77,305	17.7	85,805	18.5	30,011	19.7	30,203	18.7
Industrial parks and manufacturing plants	47,038	10.8	51,220	11.7	55,411	12.0	16,241	10.6	19,638	12.2
Apartments and commercial complexes	98,764	22.7	97,347	22.3	92,796	20.0	33,122	21.7	17,568	10.9
Residential communities	75,093	17.2	71,653	16.4	60,694	13.1	21,915	14.4	21,805	13.5
Waste collection centers	2,154	0.5	16,311	3.7	27,627	6.0	7,594	5.0	19,940	12.3
Total	**435,878**	**100.0**	**436,770**	**100.0**	**461,981**	**100.0**	**152,526**	**100.0**	**161,576**	**100.0**

Revenue from City Services

During the Track Record Period, we generated a meaningful portion of our revenue from the city services that we assisted local governments to provide to improve local residents' living experience. Our city services primarily include (i) municipal infrastructure services, where we provide cleaning, greening, maintenance, regular inspection and refurbishment services to city roads, external walls of buildings along main city roads, street lamps, water supply network, as well as tram and tram platforms; (ii) public facility management services, where we typically provide cleaning, security, gardening and landscaping, as well as repair and maintenance services to public facilities such as public museums, libraries, art and sports centers, city parks and office buildings for public authorities; and (iii) waste collection center operation services, where we mainly generated revenue from operating waste collection centers and processing bulky solid waste. Our revenue generated from city services amounted to RMB134.8 million, RMB141.0 million, RMB169.4 million, RMB51.8 million and RMB73.2 million, respectively, accounting for 30.9%, 32.3%, 36.7%, 34.0% and 45.3%, respectively, of our total revenue in 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022.

Our revenue from city services increased slightly from RMB134.8 million in 2019 to RMB141.0 million in 2020, mainly attributable to the increases in revenue from (i) our public facility management services, which was primarily due to our fee model of one project switching from commission basis, under which we recognize a percentage of the total amount of property management fees that our customers pay as revenue, to lump sum basis, under which we recognize the total amount of predetermined property management fees as revenue; and (ii) our bulky waste processing services which continued to expand in 2020, partially offset by the decrease in revenue from municipal infrastructure services as a result of the one-off renovation project for the facade of the buildings along the main roads in the Suzhou Gaoxin District that primarily took place in 2019. Our revenue from city services increased by 20.1% from RMB141.0 million in 2020 to RMB169.4 million in 2021, mainly attributable to (i) a waste collection center that we began to operate and the expansion of our bulky waste processing services in the second half of 2020; (ii) the expansion of our public facility management services as we began to manage the service center of a cultural and sports facility at the end of 2020; and (iii) we were contracted to provide additional services in the second half of 2020, such as the daily cleaning of central barriers, the replacement and maintenance of plants, and the operation and management of outdoor electronic displays. Our revenue from city services increased from RMB51.8 million for the four months ended April 30, 2021 to RMB73.2 million for the four months ended April 30, 2022, primarily due to the expansion of our public facility management services as we began to manage a newly constructed museum building and a city park, among others.

During the Track Record Period, a majority of our revenue from city services was generated by our municipal infrastructure services.

Revenue from Commercial Property Management Services

During the Track Record Period, our revenue generated from commercial property management services amounted to RMB197.9 million, RMB196.3 million, RMB204.4 million, RMB69.2 million and RMB58.9 million, respectively, accounting for 45.4%, 44.9%, 44.2%, 45.4% and 36.5%, respectively, of our total revenue in 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022.

During the Track Record Period, we experienced growth in our GFA under management from commercial properties, which was 2.1 million sq.m., 2.4 million sq.m., 2.3 million sq.m. and 2.1 million sq.m. as of December 31, 2019, 2020 and 2021 and April 30, 2022, respectively. Our average commercial property management fee, calculated by dividing annual revenue from basic commercial property management services by the weighted GFA under management from commercial properties as of the end of the same period, decreased by 11.4% from RMB7.0 per sq.m. per month in 2019 to RMB6.2 per sq.m per month in 2020, and remained relatively stable at RMB6.3 per sq.m. and RMB6.2 per sq.m. in 2021 and the four months ended April 30, 2022. The decrease in 2020 was primarily because we managed several new industrial parks developed by SND Group, such as a medical device accelerator, to which we typically charged relatively low average property management fees due to their relatively large GFA under management in comparison to other commercial properties such as commercial complexes and office buildings.

In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, we derived substantially all of our revenue for our basic commercial property management services from the Yangtze River Delta Region, which amounted to RMB170.7 million, RMB173.0 million, RMB177.6 million, RMB57.5 million and RMB52.2 million, respectively, accounting for 100.0%, 99.6%, 99.6%, 99.6% and 99.5%, respectively, of our revenue for basic commercial property management services. We also derived RMB0.8 million, RMB0.3 million and RMB0.3 million, or 0.4%, 0.4% and 0.5%, of revenue for our basic commercial property management services from Guizhou Province in 2021 and the four months ended April 30, 2021 and 2022.

The table below sets forth a breakdown of our total GFA under management from commercial properties and the number of projects to which we provided basic commercial property management services as of the dates indicated, and the total revenue generated from basic commercial property management services for the periods indicated, by type of property developers:—

	As of and/or for the year ended December 31,															As of and/or for the four months ended April 30,									
	2019					2020					2021					2021					2022				
	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		Number of projects
	(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)*	*(%)*	
Independent Third Parties[1]	976	46.5	79,464	46.5	15	976	40.2	79,498	45.8	15	1,046.5	46.4	83,040	46.6	16	976	42.4	28,743	49.8	16	939	43.7	27,433	52.3	15
SND Group[2][4]	705	33.6	68,981	40.4	12	1,036	42.7	70,086	40.3	15	844.5	37.5	66,633	37.3	14	966	41.9	18,756	32.5	15	845	39.4	14,777	28.2	14
Joint ventures and/or associates of SND Group[3]	417	19.9	22,293	13.1	7	417	17.2	24,170	13.9	7	362.6	16.1	28,664	16.1	7	362	15.7	10,268	17.8	7	362	16.9	10,197	19.5	7
Total	**2,098**	**100.0**	**170,738**	**100.0**	**34**	**2,429**	**100.0**	**173,754**	**100.0**	**37**	**2,253.6**	**100.0**	**178,337**	**100.0**	**37**	**2,304**	**100.0**	**57,767**	**100.0**	**38**	**2,146**	**100.0**	**52,407**	**100.0**	**36**

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

(2) Refers to properties solely developed by SND Group or jointly developed by SND Group and independent third-party property developers in which project SND Group held a controlling interest.

(3) Refers to properties jointly developed by SND Group and independent third-party property developers in which project SND Group did not hold a controlling interest.

(4) Includes (i) Golden Lion Building (金獅大廈) located at Suzhou, Jiangsu Province, which was solely developed by our Group; and (ii) Jinlin Apartment (金鄰公寓) located at Suzhou, Jiangsu Province, which was developed by and acquired from a then subsidiary of SND Group by our Group in October 2012 and in which project we held 100% interest as of the Latest Practicable Date.

During the Track Record Period, we derived a substantial portion of our revenue from basic commercial property management services by providing such services to properties developed by third-party property developers. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, revenue from providing basic commercial property management services to properties developed by third-party developers amounted to RMB79.5 million, RMB79.5 million, RMB83.0 million, RMB28.7 million and RMB27.4 million, respectively, accounting for 46.5%, 45.8%, 46.6%, 49.8% and 52.3%, respectively, of our total revenue derived from basic commercial property management services for the same periods.

The following table sets forth our average commercial property management fee by type of property developer for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2019	**2020**	**2021**	**2021**	**2022**
	(RMB per sq.m. per month)				
SND Group[(1)(2)]	8.4	6.1	5.7	4.9	4.4
Joint ventures and/or associates of SND Group[(3)]	4.9	4.8	6.1	7.1	7.0
Independent Third Parties[(4)]	6.7	6.8	6.9	7.4	8.0
Overall	**7.0**	**6.2**	**6.3**	**6.3**	**6.2**

(1) Refers to properties solely developed by SND Group or jointly developed by SND Group and independent third-party property developers in which project SND Group held a controlling interest.

(2) Includes (i) Golden Lion Building (金獅大廈) located at Suzhou, Jiangsu Province, which was solely developed by our Group and (ii) Jinlin Apartment (金鄰公寓) located at Suzhou, Jiangsu Province, which was developed by and acquired from a then subsidiary of SND Group by our Group in October 2012 and in which project we held 100% interest.

(3) Refers to properties jointly developed by SND Group and independent third-party property developers in which project SND Group did not hold a controlling interest.

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

During the Track Record Period, the average commercial property management fee charged on commercial properties developed by joint ventures and/or associates of SND Group was lower than those of commercial properties developed by SND Group and independent third-party property developers, mainly because a large portion of commercial properties developed by joint ventures and/or associates of SND Group were industrial parks for which we charged relatively low property management fees.

The average commercial property management fee that we charged on projects developed by SND Group was higher than that of Independent Third Parties and that of joint ventures and/or associates of SND Group in 2019, primarily because in 2019 commercial complexes and office buildings with relatively high average property management fees accounted for a larger portion of the commercial properties developed by SND Group which we managed.

The average commercial property management fee that we charged on projects developed by SND Group decreased in 2020, primarily because a medical device accelerator, which is a new industrial park developed by SND Group, was delivered to us for management in 2020, to which we charged relatively low average property management fee due to their relatively large GFA under management. Despite the relatively low average property management fee, property management services that we provided to industry parks nevertheless typically yield decent gross profit margins, primarily because the operating costs per sq.m. arising from our management of industrial parks are typically low considering their large GFA and low labor density.

The average commercial property management fee charged on projects developed by joint ventures and/or associates of SND Group decreased from RMB4.9 per sq.m. per month in 2019 to RMB4.8 per sq.m. per month in 2020, primarily because we began managing a science and technology park developed by a joint venture of SND Group in 2019, which carry relatively low average property management fee in comparison to other types of commercial properties such as commercial complexes and office buildings. The average commercial property management fee charged on projects developed joint ventures and/or associates of SND Group increased from RMB4.8 per sq.m. per month in 2020 to RMB6.1 per sq.m. per month in 2021, primarily because the occupancy rate of an office building developed by a joint venture of SND Group increased in 2021, leading to an increase in revenue from our commercial property management services provided to joint ventures and/or associates of SND Group, while the GFA under management of such office building remained unchanged.

The average commercial property management fee charged on projects developed by Independent Third Parties increased from RMB7.4 per sq.m. for the four months ended April 30, 2021 to RMB8.0 per sq.m. for the four months ended April 30, 2022, primarily because we entered into supplemental agreements in relation to two commercial properties in 2022 to charge higher property management fees.

During the Track Record Period, we charged basic commercial property management fees on the lump-sum basis for substantially all of the properties we managed, with the remainder charged on the commission basis. The following table sets forth a breakdown of our total GFA under management from commercial properties as of the dates and revenue from basic commercial property management services by revenue model for the periods indicated:

	As of and/or for the year ended December 31,									**As of and/or for the four months ended April 30,**					
	2019			**2020**			**2021**			**2021**			**2022**		
	GFA	**Revenue**		**GFA**	**Revenue**		**GFA**	**Revenue**		**GFA**	**Revenue**		**GFA**	**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	1,686	159,980	93.7	1,733	160,935	92.6	1,558	162,793	91.3	1,608	55,212	95.6	1,450	50,114	95.6
Commission basis	412	10,758	6.3	696	12,819	7.4	696	15,544	8.7	696	2,555	4.4	696	2,293	4.4
Total	**2,098**	**170,738**	**100.0**	**2,429**	**173,754**	**100.0**	**2,254**	**178,337**	**100.0**	**2,304**	**57,767**	**100**	**2,146**	**52,407**	**100.0**

During the Track Record Period, we also offered a wide spectrum of value-added services to property developers, property owners and tenants of the commercial properties under our management, which primarily include (a) carpark space management services, where we charge parking space management fees from property owners and tenants or parking fees from temporary visitors based on the duration of parking; (b) resource management services, where we assist property developers and property owners in managing electric vehicle charging stations or renting out leasable facilities and sites in the common areas of properties under our management, such as basements, elevators and outer walls, to third parties such as vendors seeking a place to operate or promote their businesses; (c) property agency services, where we assist property developers and property owners in selling and renting out their properties; and (d) other customized services, such as customized cleaning and maintenance services, maintenance services, and business support or assistance to customers in leasing printing machines according to specific customer demands.

Our value-added services to property developers, property owners and tenants at our managed commercial properties amounted to RMB27.1 million, RMB22.6 million, RMB26.0 million, RMB11.5 million and RMB6.5 million, respectively, accounting for 6.2%, 5.2%, 5.6%, 7.5% and 4.1%, respectively, of our total revenue in 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022. Our revenue from such value-added services decreased by 16.9% to RMB22.6 million in 2020, primarily attributable to a decrease in revenue from our carpark space management and property agency services, which was primarily due to less visitors, tenants and property buyers during the COVID-19 pandemic as a result of the lockdowns, traffic controls and quarantines enforced by the governments. Our revenue from such value-added services increased by 15.0% from RMB22.6 million in 2020 to RMB26.0 million in 2021, mainly attributable to the additional value-added services that we began to provide to a service center under our management in the second half of 2020. Our revenue from such value-added services decreased by 43.1% from RMB11.5 million for the four months ended April 30, 2021 to RMB6.5 million for the four months ended April 30, 2022, mainly because we did not renew our value-added service agreements relating to two commercial properties under our management after their expiration as (i) the gross profit margin of our value-added services at one of the two commercial properties was relatively low; and (ii) we incurred relatively high administrative expense for our value-added services provided at the other commercial property due to the large number of projects we engaged in at that property while the average service fee for each project was relatively low.

Revenue from Residential Property Management Services

During the Track Record Period, we generated a meaningful portion our revenue from our residential property management services. Our revenue generated from residential property management services amounted to RMB75.0 million, RMB71.6 million, RMB60.6 million, RMB21.9 million and RMB21.8 million, respectively, accounting for 17.2%, 16.4%, 13.1%, 14.3% and 13.5%, respectively, of our total revenue in 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022.

Headquartered in Suzhou, Jiangsu Province, we have a well-established market position in Suzhou through development. Cities in which we provided residential property management services to properties in the Yangtze River Delta Region include Suzhou and Yangzhou. During the Track Record Period, we derived our revenue from residential property management services solely from the Yangtze River Delta Region. As of December 31, 2019, 2020 and 2021 and April 30, 2022, our total GFA under management for public facility, commercial and residential projects in the Yangtze River Delta Region was 6.4 million sq.m., 7.0 million sq.m., 6.7 million sq.m. and 6.8 million sq.m., respectively.

Revenue from residential property management services in 2019, 2020 and 2021, primarily because our GFA under management from residential properties decreased during the Track Record Period as we strategically withdrew from certain residential projects with relatively low gross profit margins.

The table below sets forth a breakdown of our total GFA under management from residential properties and the number of projects to which we provided basic residential property management services as of the dates indicated, and the total revenue generated from basic residential property management services for the periods indicated, by type of property developers:

	As of and/or for the year ended December 31,															As of and/or for the four months ended April 30,									
	2019					2020					2021					2021					2022				
	GFA		Revenue		Number of projects	GFA		Revenue		Number of projects	GFA		Revenue		Number of projects	GFA		Revenue		Number of projects	GFA		Revenue		Number of projects
	(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)*	*(%)*	
Independent Third Parties[1]	386	11.2	8,417	15.7	6	566	16.1	9,413	18.7	6	547.7	17.2	9,305	21.7	5	566	17.7	3,121	20.4	6	548	17.3	4,188	26.4	6
SND Group[2]	2,158	62.7	31,834	59.4	12	2,158	61.2	26,055	51.7	12	1,828.6	57.6	21,322	49.7	11	1,829	57.2	7,951	51.9	11	1,829	57.6	7,388	46.5	11
Joint ventures and/or associates of SND Group[3]	899	26.1	13,315	24.9	6	799	22.7	14,931	29.6	5	799.3	25.2	12,264	28.6	5	799	25.1	4,240	27.7	5	799	25.1	4,310	27.1	5
Total	**3,443**	**100.0**	**53,566**	**100.0**	**24**	**3,524**	**100.0**	**50,399**	**100.0**	**23**	**3,175.6**	**100.0**	**42,891**	**100.0**	**21**	**3,194**	**100.0**	**15,312**	**100.0**	**22**	**3,176**	**100.0**	**15,886**	**100.0**	**22**

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

(2) Refers to properties solely developed by SND Group or jointly developed by SND Group and independent third-party property developers in which project SND Group held a controlling interest.

(3) Refers to properties jointly developed by SND Group and independent third-party property developers in which project SND Group did not hold a controlling interest.

During the Track Record Period, we derived a majority of our revenue from basic residential property management services by providing such services to properties developed by SND Group. In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, revenue from providing basic residential property management services to properties developed by SND Group amounted to RMB31.8 million, RMB26.1 million, RMB21.3 million, RMB8.0 million and RMB7.4 million, respectively, accounting for 59.4%, 51.7%, 49.7%, 51.9% and 46.5%, respectively, of our total revenue derived from basic residential property management services for the same periods.

The following table sets forth our average residential property management fee by type of property developer for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2019	**2020**	**2021**	**2021**	**2022**
	(RMB per sq.m. per month)				
SND Group[(1)]	1.1	1.0	0.9	0.9	1.0
Joint ventures and/or associates of SND Group[(2)]	1.3	1.4	1.3	1.3	1.3
Independent Third Parties[(3)]	1.8	1.7	1.4	1.4	1.9
Overall	**1.2**	**1.2**	**1.1**	**1.1**	**1.3**

(1) Refers to properties solely developed by SND Group or jointly developed by SND Group and independent third-party property developers in which project SND Group held a controlling interest.

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

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

The relatively low average residential property management fee we charged on projects developed by SND Group during the Track Record Period as compared to those of residential properties developed by joint ventures and/or associates of SND Group and independent third-party property developers was primarily because we managed certain old residential communities developed by SND Group, to which we charged relatively low property management fees, which was in line with the market price at the time we entered into property management service agreements with respect to these old residential communities.

In 2019, the average residential property management fee that we charged to projects developed by Independent Third Parties was relatively high, primarily because in 2019 a new and high-quality residential project developed by a third-party property developer in Suzhou with relatively high property management fee was delivered to us for management. Such project accounted for approximately 46.0% of the GFA of residential properties developed by Independent Third Parties under our management in 2019, driving up the average residential property management fee that we charged to projects developed by Independent Third Parties. The average residential property management fee we charged to projects developed by Independent Third Parties increased from RMB1.4 per sq.m. for the four months ended April 30, 2021 to RMB1.9 per sq.m. for the four months ended April 30, 2022, primarily because a high-end residential property in Suzhou developed by a third-party property developer with relatively high property management fee was delivered in instalment to us for management in 2021 and early 2022. The project accounted for approximately 65.5% of the GFA of residential properties developed by Independent Third Parties under our management for the four months ended April 30, 2022, raising the average residential property management fee for properties developed by Independent Third Parties.

During the Track Record Period, we charged basic residential property management fees on the lump-sum basis for substantially all of the properties we managed, with the remainder charged on the commission basis. The following table sets forth a breakdown of our total GFA under management from residential properties as of the dates and revenue from basic residential property management services by revenue model for the periods indicated:

	As of and/or for the year ended December 31,									As of and/or for the four months ended April 30,					
	2019			2020			2021			2021			2022		
	GFA	Revenue		GFA	Revenue		GFA	Revenue		GFA	Revenue		GFA	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	3,371	53,239	99.4	3,452	50,120	99.4	3,103	42,664	99.5	3,122	15,285	99.8	3,104	15,729	99.0
Commission basis	72	327	0.6	72	279	0.6	72	227	0.5	72	27	0.2	72	157	1.0
Total	**3,443**	**53,566**	**100.0**	**3,524**	**50,399**	**100.0**	**3,176**	**42,891**	**100.0**	**3,194**	**15,312**	**100.0**	**3,176**	**15,886**	**100.0**

During the Track Record Period, we also offered a wide spectrum of value-added services to property owners and residents of the residential properties under our management, which primarily include (a) carpark space management services, where we charge parking space management fees from property owners or parking fees from temporary visitors based on the duration of parking; (b) resource management services, where we assist property owners in managing self-service lockers and electric vehicle charging stations or renting out leasable facilities and sites in the common areas of properties under our management, such as basements, elevators and outer walls, to third parties such as vendors seeking a place to operate or promote their businesses; (c) property agency services, where we assist property owners in selling and renting out their properties; and (d) other customized services, such as customized cleaning and maintenance services.

Our revenue for value-added services to property owners and residents at our managed residential communities remained relatively stable during the Track Record Period at RMB21.5 million, RMB21.2 million, RMB17.7 million, RMB6.6 million and RMB5.9 million, respectively, accounting for 4.9%, 4.8%, 3.8%, 4.3% and 3.6%, respectively, of our total revenue in 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022.

Property Leasing Services

During the Track Record Period, we generated a small portion of our revenue from our property leasing services. Our revenue generated from property leasing services amounted to RMB28.2 million, RMB27.9 million, RMB27.7 million, RMB9.6 million and RMB7.6 million, respectively, accounting for 6.5%, 6.4%, 6.0%, 6.3% and 4.7%, respectively, of our total revenue in 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022.

Cost of Sales

Our cost of sales consist of (i) labor costs, (ii) subcontracting costs, (iii) utilities expenses; (iv) maintenance expenses, (v) cleaning and security expenses, (vi) greening and gardening expenses, (vii) office and communication expenses; and (viii) other expenses.

The slight decrease in cost of sales from RMB347.5 million in 2019 to RMB344.7 million in 2020 was primarily due to (i) the deduction or exemption of payment of social insurance contributions as a result of the regulatory supportive policies issued by the local governments in response to the COVID-19 pandemic; and (ii) the slight decreases in our labor costs, utilities expenses, maintenance expenses and office and communication expenses, mainly as a result of our effective cost control, such as outsourcing certain services with low-profit margins to third-party subcontractors and the reduced demands of our daily services in early 2020 because of temporary lockdown measures implemented by PRC government due to the outbreak of COVID-19. Our cost of sales in 2021 increased to RMB355.8 million, primarily attributable to an increase in the number of projects under our management as a result of our business expansion. Our cost of sales increased from RMB118.2 million for the four months ended April 30, 2021 to RMB125.2 million for the four months ended April 30, 2022, primarily due to the increase in our subcontracting costs, utilities expenses and maintenance expenses.

The table below sets forth a breakdown of our cost of sales by cost component for the periods indicated:

	For the years ended December 31,			For the four months ended April 30,	
	2019	2020	2021	2021	2022
			(RMB'000)		
				(unaudited)	
Labor costs	128,384	124,576	124,173	42,169	41,915
Subcontracting costs	54,475	69,310	85,008	29,292	32,239
Utilities expenses	64,429	58,759	58,526	20,658	22,261
Maintenance expenses	57,552	47,358	41,391	13,090	14,285
Cleaning and security expenses	15,171	16,010	16,179	5,621	6,391
Greening and gardening expenses	8,947	9,095	9,272	3,296	3,560
Office and communication expenses	4,331	3,551	3,723	799	875
Other expenses	14,168	16,043	17,484	3,312	3,696
Total	**347,457**	**344,702**	**355,756**	**118,237**	**125,222**

Our labor costs decreased slightly from RMB128.4 million in 2019 to RMB124.6 million in 2020, primarily due to our efforts to optimize our cost structure and improve our cost efficiency in response to the rising cost of labor through outsourcing. Our labor costs decreased slightly from RMB124.6 million in 2020 to RMB124.2 million in 2021, primarily due to our continuous effort to outsource certain basic property management services, such as cleaning and greening services, to third-party subcontractors. See "—Key Factors Affecting Our Results of Operations—Ability to Mitigate the Impact of Rising Labor Costs" and "Business—Business Strategies—Increase Investment in Our Technologies and Intelligent Operations to Enhance Customer Experience and Operational Efficiency" for further discussion on our cost-saving measures.

Subcontracting costs mainly include the fees paid for the services outsourced to subcontractors, which mainly consist of labor costs arising from the maintenance and cleaning of certain public facilities, gardening and waste cleaning. There was a general increase in subcontracting costs over the Track Record Period as we continued to optimize our cost structure and improve our cost efficiency by outsourcing certain services with low gross profit margins to third-party subcontractors. Our subcontracting costs increased from RMB54.5 million in 2019 to RMB69.3 million in 2020, and further to RMB85.0 million in 2021, as well as increased from RMB29.3 million for the four months ended April 30, 2021 to RMB32.2 million for the four months ended April 30, 2022, primarily due to (i) our continuous effort to outsource certain services with relatively low profit margins to third-party subcontractors to optimize our cost structure; and (ii) the increases in minimum wages in the region where our third-party subcontractors operate.

Maintenance expenses primarily represent costs for the maintenance of public facilities, elevators, fire extinguishment equipment, air conditioning, water pumps and vehicles. Our maintenance expenses decreased from RMB57.6 million in 2019 to RMB47.4 million in 2020, and further decreased to RMB41.4 million in 2021. The fluctuation was primarily due to the additional maintenance costs arising from the one-off renovation project for the facade of the buildings along the main roads in the Suzhou Gaoxin District that primarily took place in 2019. Our maintenance expenses increased from RMB13.1 million for the four months ended April 30, 2021 to RMB14.3 million for the four months ended April 30, 2022, primarily due to (i) maintenance costs arising from renovation projects for certain commercial and residential properties under our management; and (ii) the new properties we undertook to manage in the second half of 2021, including a museum building and a city square, among others.

Utilities expenses decreased from RMB64.4 million in 2019 to RMB58.8 million in 2020, primarily due to the waiver of part of water expenses adopted by the government in Suzhou in 2020 as a relief measure in response to the COVID-19 pandemic. Our utilities expenses remained relatively stable between 2020 and 2021, and was RMB58.8 million and RMB58.5 million, respectively. Our utility expenses increased from RMB20.7 million for the four months ended April 30, 2021 to RMB22.3 million for the four months ended April 30, 2022, primarily due to (i) the increase in utilities costs arising from the production expansion of a manufacture plant under our management in early 2022; and (ii) the increase in energy fee as we began to operate a solid waste disposal project in early 2022.

Our greening and gardening expenses increased slightly from RMB9.1 million in 2020 to RMB9.3 million in 2021, primarily attributable to our expansion in city services which led to an increase in the demand for landscaping and plant maintenance.

Other expenses primarily represent office and related expenses, taxes and surcharges and community activities expenses. Our utility expenses increased from RMB3.3 million for the four months ended April 30, 2021 to RMB3.7 million for the fourth months ended April 30, 2022, primarily due to the increase in our expenditure relating to tackling the COVID-19 pandemic, such as the purchase of masks, disinfectants and testing toolkits.

The following table sets forth the breakdown of our cost of sales by business line for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2019		2020		2021		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
City services	105,186	30.3	108,599	31.5	128,943	36.3	39,740	33.6	55,995	44.7
Commercial property management services	165,204	47.5	162,815	47.2	167,376	47.0	57,130	48.3	48,200	38.5
Residential property management services	68,384	19.7	65,087	18.9	55,019	15.5	19,853	16.8	19,760	15.8
Property leasing services	8,683	2.5	8,201	2.4	4,418	1.2	1,514	1.3	1,267	1.0
Total	**347,457**	**100.0**	**344,702**	**100.0**	**355,756**	**100.0**	**118,237**	**100.0**	**125,222**	**100.0**

Gross Profit and Gross Profit Margin

Our overall gross profit margin in 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022 was 20.3%, 21.1%, 23.0%, 22.5% and 22.5%, respectively. Our overall gross profit margin is affected by gross profit margins for each of our business lines as well as fluctuations in our business mix. The increases in our overall gross profit margin during the Track Record Period were the consolidated effect of the increases in the gross profit margin for each of our business lines as well as the different contributions from our business lines.

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

	Year ended December 31,						Four months ended April 30,			
	2019		2020		2021		2021		2022	
	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)*	*(%)*
City services	29,605	22.0	32,437	23.0	40,410	23.9	12,054	23.3	17,217	23.5
Commercial property management services	32,671	16.5	33,490	17.1	37,002	18.1	12,110	17.5	10,737	18.2
Residential property management services	6,632	8.8	6,471	9.0	5,531	9.1	2,014	9.2	2,034	9.3
Property leasing services	19,513	69.2	19,670	70.6	23,282	84.1	8,111	84.3	6,366	83.4
Total	**88,421**	**20.3**	**92,068**	**21.1**	**106,225**	**23.0**	**34,289**	**22.5**	**36,354**	**22.5**

City Services

Gross profit of our city services increased by 9.6% from RMB29.6 million in 2019 to RMB32.4 million in 2020, and by 24.7% to RMB40.4 million in 2021. Gross profit of our city services increased by 42.8% from RMB12.1 million for the four months ended April 30, 2021 to RMB17.2 million for the four months ended April 30, 2022. Such increases generally corresponded to our overall business growth. Our gross profit margin remained relatively stable at 22.0%, 23.0%, 23.9%, 23.3% and 23.5%, respectively, in 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022. The table below sets forth a breakdown of our gross profit and gross profit margin from city services by service line for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2019		2020		2021		2021		2022	
	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)*	*(%)*
Municipal infrastructure services	19,825	21.1	18,163	26.2	21,563	29.8	6,750	27.4	8,281	31.6
Public facility management services	9,609	24.8	13,074	23.6	16,899	24.3	4,790	24.5	6,485	23.9
Operation of waste collection centers	171	7.9	1,200	7.4	1,948	7.1	514	6.8	2,451	12.3
Total	**29,605**	**22.0**	**32,437**	**23.0**	**40,410**	**23.9**	**12,054**	**23.3**	**17,217**	**23.5**

Commercial Property Management Services

Gross profit margin for our commercial property management services is affected by the consolidated effect of the gross profit margins for our basic commercial property management services and value-added services to property developers, property owners and tenants. Our gross profit margin for our basic commercial property management services is largely affected by the average fee per sq.m. per month we charge for our commercial property management services and our cost of sales per sq.m. per month for providing such services. The average commercial property management fees that we charge for commercial property management services was RMB7.0 per sq.m., RMB6.2 per sq.m., RMB6.3 per sq.m. and RMB6.2 per sq.m., respectively, during the Track Record Period.

Our gross profit margin for commercial property management services increased from 16.5% in 2019 to 17.1% in 2020, primarily due to two new projects with relatively high gross profit margins that came under our management in 2020. Our gross profit margin for commercial property management services increased to 18.1% in 2021, primarily due to the steadily increasing occupancy rate of the science and technology parks under our management, which led to an increase in both revenue and gross profit for commercial property management services. Our gross profit margin for commercial property management services increased from 17.5% for the four months ended April 30, 2021 to 18.2% for or the four months ended April 30, 2022, primarily because we increased our property management fee for certain commercial properties under our management while the cost of sales of our property management services remained relatively stable.

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

	Year ended December 31,						Four months ended April 30,			
	2019		2020		2021		2021		2022	
	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)*	*(%)*
SND Group[(1)(4)]	11,869	14.8	12,629	15.7	11,840	15.8	3,474	15.4	2,915	16.7
Joint ventures and/or associates of SND Group[(2)]	5,839	21.4	6,142	21.6	9,727	25.4	3,593	23.8	2,714	23.6
Independent Third Parties[(3)]	14,963	16.5	14,719	16.8	15,435	17.0	5,043	16.0	5,108	17.1
Subtotal/Overall	**32,671**	**16.5**	**33,490**	**17.1**	**37,002**	**18.1**	**12,110**	**17.5**	**10,737**	**18.2**

(1) Refers to properties solely developed by SND Group or jointly developed by SND Group and independent third-party property developers in which project SND Group held a controlling interest.

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

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

(4) Includes (i) Golden Lion Building (金獅大廈) located at Suzhou, Jiangsu Province, which was solely developed by our Group and (ii) Jinlin Apartment (金鄰公寓) located at Suzhou, Jiangsu Province, which was developed by and acquired from a then subsidiary of SND Group by our Group in October 2012 and in which project we held 100% interest.

Our gross profit from commercial property management services provided to properties developed by SND Group decreased from RMB12.6 million in 2020 to RMB11.8 million in 2021, primarily because Meilin Apartment was substantially expropriated and demolished by the government in 2020 and we ceased to lease Meilin Apartment to new customers since then.

Our gross profit from commercial property management services provided to properties developed by Independent Third Parties decreased from RMB15.0 million in 2019 to RMB14.7 million in 2020, primarily because we concluded our property management services to the leasing office of a finance street, with which we subsequently entered into a comprehensive commercial property management service agreement.

The gross profit margin of commercial property management services relating to properties developed by joint ventures and/or associates of SND Group during the Track Record Period was relatively high as compared to those of properties developed by SND Group and Independent Third Parties, primarily because the majority of the properties developed by joint ventures and/or associates of SND Group were office buildings and industrial parks, which carry relatively high gross profit margins.

The gross profit margin of commercial property management services provided to properties developed by SND Group in 2020 was higher than that in 2019, primarily because in 2020 we began providing commercial property management services to a commercial complex and a commercial office building, both of which were new projects with relatively high gross profit margins.

Residential Property Management Services

Gross profit margin for our residential property management services is affected by the consolidated effect of the gross profit margins for our basic residential property management services and value-added services to property owners and residents. Our gross profit margin for our basic residential property management services is largely affected by the average fee per sq.m. per month we charge for our residential property management services and our cost of sales per sq.m. per month for providing such services. The average residential property management fees that we charge for residential property management services remained relatively stable and was RMB1.2 per sq.m., RMB1.2 per sq.m., RMB1.1 per sq.m. and RMB1.3 per sq,m,, respectively, during the Track Record Period.

Our gross profit margin for residential property management services increased from 8.8% in 2019 to 9.0% in 2020, primarily due to the newly delivered residential projects, which carry relatively high gross profit margins, that we undertook during the Track Record Period. Our gross profit margin for residential property management services remained relatively stable and was 9.0% and 9.1%, respectively, in 2020 and 2021. Our gross profit margin for residential property management services remained relatively stable at 9.2% and 9.3% for the four months ended April 30, 2021 and 2022, respectively.

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

	Year ended December 31,						Four months ended April 30,			
	2019		2020		2021		2021		2022	
	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)*	*(%)*
SND Group[(1)]	2,414	5.2	821	2.2	(204)	(0.6)	361	2.9	(152)	(1.4)
Joint ventures and/or associates of SND Group[(2)]	2,609	14.2	3,295	16.6	3,380	20.8	1,039	20.1	1,187	21.4
Independent Third Parties[(3)]	1,609	15.6	2,355	16.8	2,355	19.3	614	15.2	999	20.0
Subtotal/Overall	**6,632**	**8.8**	**6,471**	**9.0**	**5,531**	**9.1**	**2,014**	**9.2**	**2,034**	**9.3**

(1) Refers to properties solely developed by SND Group or jointly developed by SND Group and independent third-party property developers in which project SND Group held a controlling interest.

(2) Refers to properties jointly developed by SND Group and independent third-party property developers in which project SND Group did not hold a controlling interest. Such joint ventures were not consolidated entities of SND Group.

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

The gross profit margin for residential property management services provided to projects developed by SND Group decreased during the Track Record Period and was lower than that of joint ventures and/or associates of SND Group and that of Independent Third Parties, primarily because the majority of residential projects developed by SND Group to which we provided residential property management services were old residential communities with relatively low residential property management fees, which was in line with the market price at the time; whereas the majority of residential projects developed by joint ventures and/or associates of SND Group and Independent Third Parties were developed within the past five years and carry relatively high gross profit margins. In addition, in 2019, (i) the property owners' association of one project developed by SND Group with relatively high gross profit margin as compared to gross profit margin of our other residential property management projects terminated the property management service agreement with us and chose another property management service provider with lower property management fee; and (ii) we voluntarily chose not to renew the property management service agreement of the other project upon expiration as the GFA of that project as of January 1, 2019 was less than 0.3% of our total GFA under management as of January 1, 2019 and the revenue of that project in 2019 represented less than 0.1% of our total revenue from property management service in 2019 and we intended to centralize our management and administration of residential property management projects in Gaoxin District of Suzhou at the material time so as to optimize operating efficiency by reducing repair and maintenance costs and to increase customers' satisfaction by providing timely services. The gross profit margin of such project was generally in line with that of our other residential property management projects.

The gross profit margin for residential property management services provided to projects developed by SND Group decreased from 2.2% in 2020 to a gross loss of 0.6% in 2021, primarily because (i) the property owners' association of one project developed by SND Group, whose property management service agreement expired in September 2020 and whose gross profit margin was slightly high as compared to gross profit margin of our other residential property management projects, chose another property management service provider with national presence, whose rank on Top 100 Property Management Companies in China as published by CIA was higher than ours; and (ii) the property owners' association of another project developed by SND Group, whose property management service agreement expired in March 2021 and whose gross profit margin was relatively high as compared to gross profit margin of our other residential property management projects, chose another property management service provider with lower property management fee. The gross profit margin for residential property management services provided to projects developed by SND Group decreased from 2.9% in the four months ended April 30, 2021 to a gross loss of 1.4% in the four months ended April 30, 2022, also primarily because we did not renew the one residential property management service agreement that expired in March 2021.

The gross profit margin for property management services provided to joint ventures and/or associates of SND Group increased during the Track Record Period, primarily because in the second half of 2019 we undertook a new residential project with relatively high gross profit margin. The gross profit margin for property management services provided to joint ventures and/or associates of SND Group increased from 16.6% in 2020 to 20.8% in 2021, primarily because (i) the proportion of revenue that we derived from residential and temporary parking increased in 2021 as the economy and social activities revived after the COVID-19 pandemic became under control; and (ii) in 2020 several projects under our management incurred large amounts of public construction expenditures, such as repair of concrete structure.

The gross profit margin for property management services provided to Independent Third Parties increased from 15.2% in the four months ended April 30, 2021 to 20.0% in the four months ended April 30, 2022, primarily because a high-end residential property in Suzhou developed by a third-party property developer, which had relatively high gross profit margin, was delivered in installment to us for management throughout 2021 and in early 2022.

Property Leasing Services

Gross profit of our property leasing services increased slightly from RMB19.5 million in 2019 to RMB19.7 million in 2020. Gross profit margin for our property leasing services increased from 69.2% in 2019 to 70.6% in 2020, primarily due to the increases in the average leasing fee per sq.m. from RMB22.1 in 2019 to RMB25.5 in 2020, primarily driven by growing market demand in Suzhou. Our gross profit margin for property leasing services increased from 70.6% in 2020 to 84.1% in 2021, primarily due to the discontinuation of our reduction and waiver of RMB4.4 million of rent for our tenants as a relief measure against the COVID-19 pandemic in 2021. Gross profit margin of our property leasing services decreased slightly from 84.3% for the four months ended April 30, 2021 to 83.4% for the four months ended April 30, 2022, primarily due to we complied with local government's rent relief policy in response to the COVID-19 pandemic and reduced or waived part of the rents due from our tenants in early 2022. The gross profit margins for our property leasing services were higher than those for city services, commercial property management services and residential property management services, primarily because the other three business lines are more labor-intensive and typically carry higher cost of sales, particularly labor and subcontracting costs.

Other Income and Gains

Our other income and gains include (i) interest income; (ii) government grants; (iii) fair value gains on investment properties; and (iv) others, which primarily include community incentive payments for installing electronic charging stations. Our interest income primarily arose from advances we made to SND Group of RMB19.7 million, RMB20.0 million and nil, respectively in 2019, 2020 and 2021. The following table sets forth the components of our other income and gains for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2019	**2020**	**2021**	**2021**	**2022**
			(RMB'000)		
				(unaudited)	
Interest income	21,840	24,355	1,485	489	408
Government grants	3,296	9,256	2,878	1,230	1,035
Fair value gains on investment properties	2,011	357	4,563	849	–
Others	186	1,294	755	602	680
Total	**27,333**	**35,262**	**9,681**	**3,170**	**2,123**

Government grants mainly comprise government subsidies to support local corporate and economic development and to encourage our effort of stabilizing employment and providing high standard property management services. Our government grants increased significantly from RMB3.3 million in 2019 to RMB9.3 million in 2020. The significant increase was primarily due to the government subsidies for rental cost and property management industry as a result of regulatory supportive policies issued by the local governments in response to the outbreak of COVID-19. Our government grants decreased by 68.8% from RMB9.3 million in 2020 to RMB2.9 million in 2021, primarily due to the deduction or exemption of payment for rental cost and property management industry as a result of the regulatory supportive policies issued by the local governments in response to the COVID-19 pandemic in 2020 was discontinued in 2021. Our government grants decreased from RMB1.2 million for the four months ended April 30, 2021 to RMB1.0 million for the four months ended April 30, 2022, primarily due to the decrease in the additional deduction of value-added tax as a result of the decrease in our constructing activities in early 2022.

Fair value gains on investment properties primarily represent the net increase in the fair value of our investment properties due to the appreciation of their property value. Our fair value gains on investment properties decreased from RMB2.0 million in 2019 to RMB0.4 million in 2020, primarily due to a decrease in the property value of Golden Lion Building (金獅大廈) in 2020. Our fair value gains on investment properties decreased from RMB0.8 million for the four months ended April 30, 2021 to fair value loss of RMB0.4 million for the four months ended April 30, 2022, primarily due to the decrease in rents on average as a result of the recent waves of COVID-19 pandemic in early 2022, which in turn affected the value appreciation of our investment properties, according to Cushwake. Please see Note 15 to the Accountants' Report in Appendix I.

Selling and Marketing Expenses

Our selling and marketing expenses consist of (i) labor costs; and (ii) advertising expenses, which was mainly incurred to facilitate our brand promotion and business expansion. The increase in our selling and marketing expenses during the Track Record Period was mainly a result of our overall business expansion.

The following table sets forth the components of our selling and marketing expenses for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2019		2020		2021		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Labor costs	1,412	75.3	1,639	68.0	1,300	47.1	487	52.4	444	46.6
Advertising expenses	462	24.7	771	32.0	1,462	52.9	442	47.6	508	53.4
Total	**1,874**	**100.0**	**2,410**	**100.0**	**2,762**	**100.0**	**929**	**100.0**	**952**	**100.0**

Our labor costs decreased from RMB1.6 million in 2020 to RMB1.3 million in 2021, primarily due to a decrease in the demand for selling and marketing staff as Meilin Apartment was substantially expropriated and demolished by the government in 2020 and we ceased to lease Meilin Apartment to new customers since then. Our labor costs remained relatively stable for the four months ended April 30, 2021 and 2022.

Our advertising expenses as a percentage of our selling and marketing expenses increased from 32.0% in 2020 to 52.9% in 2021 primarily because, in order to reach a larger group of customers and lease more properties under our property leasing services, we launched more advertisements, broadened our marketing channels, and spread out leasing information on various media platforms in 2021. Our advertising expense as a percentage of our selling and marketing expenses increased from 47.6% for the four months ended April 30, 2021 to 53.4% for the four months ended April 30, 2022, primarily because we invested more in advertisements for our property leasing services.

Administrative Expenses

Our administrative expenses mainly consist of (i) labor costs; (ii) tax expenses; (iii) impairment loss on trade receivables; (iv) depreciation and amortization; (v) office expenses; (vi) consulting expenses, which primarily include evaluation, consultation, auditing and litigation fees incurred during our ordinary course of business; and (vii) other administrative expenses, which primarily include traveling expenses and team building event expenses. Our administrative expenses increased by 12.0% from RMB32.3 million in 2019 to RMB36.2 million in 2020, primarily due to increases in (i) the number of senior managers and other employees; and (ii) our average salary level. Our administrative expenses decreased by 18.4% from RMB9.1 million for the four months ended April 30, 2021 to RMB7.4 million for the four months ended April 30, 2022, primarily due to the decrease in our impairment loss on trade receivables.

The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2019		2020		2021		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Labor costs	15,375	47.5	20,192	55.7	18,573	64.1	5,158	56.9	5,365	72.5
Tax expenses	4,328	13.4	4,807	13.3	4,860	16.8	1,728	19.1	2,042	27.6
Impairment loss on trade receivables	6,220	19.2	4,740	13.1	(1,379)	(4.8)	(229)	(2.5)	(2,436)	(32.9)
Depreciation and amortization	2,416	7.5	1,937	5.3	1,645	5.7	624	6.9	575	7.8
Office expenses	1,864	5.8	2,120	5.8	1,749	6.0	660	7.3	528	7.1
Consulting expenses	1,211	3.7	1,588	4.4	2,705	9.3	958	10.6	983	13.3
Others	923	2.9	841	2.4	848	2.9	169	1.9	341	4.6
Total	**32,337**	**100.0**	**36,225**	**100.0**	**29,001**	**100.0**	**9,068**	**100.0**	**7,398**	**100.0**

The major component of our administrative expenses was labor costs. Our labor costs increased by 31.3% from RMB15.4 million in 2019 to RMB20.2 million in 2020, primarily due to an increase in (i) the number of senior managers and other employees; and (ii) our average salary level. Our labor costs then decreased by 8.0% to RMB18.6 million in 2021, primarily because certain of our senior managers lateraled to other departments or retired. Our labor costs increased by 4.0% from RMB5.2 million for the four months ended April 30, 2021 to RMB5.4 million for the four months ended April 30, 2022, primarily due to the increase in average salary level of our employees.

Our impairment loss on trade receivables decreased by 23.8% from RMB6.2 million in 2019 to RMB4.7 million in 2020, generally corresponding to the balances of trade receivables as of December 31, 2019 and 2020, respectively. Our impairment gain on trade receivables increased significantly from RMB0.2 million for the four months ended April 30, 2021 to RMB2.4 million for the four months ended April 30, 2022 primarily due to our collective settlement of long-aging trade receivables due from independent third-party customers. See Note 21 to the Accountants' Report in Appendix I for more information.

Our consulting expenses increased significantly from RMB1.6 million in 2020 to RMB2.7 million in 2021, primarily due to (i) increases in evaluation and auditing fees relating to shareholding system reform in preparation for the [**REDACTED**]; and (ii) an increase in the one-off service fee charged by one of the third-party consulting companies that we engaged for research of the property management industry in the PRC and our performance evaluation.

Finance Costs

Our finance costs mainly consist of interest expense on interest-bearing borrowings and other liabilities. We have recorded interest expense on interest-bearing bank borrowings and other liabilities of RMB31.4 million, RMB40.9 million, RMB16.0 million, RMB1.2 million and RMB2.9 million, respectively, in 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, with an annual interest rate of 4.35%-5.7%, 3.9%-5.7%, 4.9%, 4.9% and 4.9%. See "—Indebtedness and Contingent Liabilities—Bank Borrowings and Other Liabilities."

The following table sets forth the components of our finance costs for the periods indicated:

	Year ended December 31,						**Four months ended April 30,**			
	2019		**2020**		**2021**		**2021**		**2022**	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Interest on bank and other liabilities	31,407	135.2	40,873	169.9	16,035	414.6	5,350	453.4	5,355	186.3
Interest on lease liabilities	111	0.5	24	0.1	3	0.1	2	0.2	–	–
– *Less*: Interest capitalized(1)	(8,297)	(35.7)	(16,840)	(70.0)	(12,171)	(314.7)	(4,172)	(353.6)	(2,480)	(86.3)
Total	**23,221**	**100.0**	**24,057**	**100.0**	**3,867**	**100.0**	**1,180**	**100.0**	**2,875**	**100.0**

(1) Relating to borrowing costs directly attributable to the construction of waste collection centers. The capitalization of borrowing costs ceases when the assets are substantially ready for their intended use or sale.

Income Tax Expense

Income tax comprises current tax and movements in deferred tax assets and liabilities. Current tax represents the estimated tax payable on the taxable income for the reporting period, using tax rates enacted as of the end of such reporting period, plus any adjustment to tax payable in respect of previous reporting years. See notes 11 and 28 to the Accountants' Report in Appendix I to this document for more information on the deferred tax assets and liabilities.

	Year ended December 31,			Four months ended April 30,	
	2019	**2020**	**2021**	**2021**	**2022**
			(RMB'000)		
				(unaudited)	
Current income tax	15,208	18,038	17,879	9,663	8,215
Deferred income tax	(617)	(1,890)	2,157	(3,080)	(1,516)
Total	**14,591**	**16,148**	**20,036**	**6,583**	**6,699**

We recorded current income tax expenses of RMB15.2 million, RMB18.0 million, RMB17.9 million, RMB9.7 million and RMB8.2 million in 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, respectively. We paid income tax of RMB6.8 million, RMB25.4 million, RMB23.5 million and RMB9.4 million, respectively, in 2019, 2020 and 2021 and the four months ended April 30, 2022. See "—Liquidity and Capital Resources—Cash Flow." Our income tax paid of each year consisted of (i) the amount payable of income tax for the first three quarters of the current year, (ii) the amount payable for the fourth quarter of the previous year and (iii) the annual tax settlement and payment for the previous year. As such, there were differences between our current income tax expenses and income tax paid in the respective year during the Track Record Period. As a result of such differences, we recorded tax payable of RMB15.6 million, RMB8.3 million, RMB2.7 million and RMB1.4 million, respectively, as of December 31, 2019, 2020 and 2021 and April 30, 2022.

In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, our effective income tax rate, calculated as income tax expenses divided by profit before taxation, were 25.1%, 25.1%, 26.2%, 26.0% and 25.9%, respectively, generally in line with the PRC statutory corporate income tax rate of 25.0%.

During the Track Record Period and up to the Latest Practicable Date, we had paid all applicable taxes due and there were no matters in dispute or unresolved with any tax authorities. In addition, as confirmed by our PRC Legal Advisors, we were not subject to any material investigation, inquiry, penalty or surcharge by the relevant tax authorities, including but not limited to income tax and VAT, during the Track Record Period and up to the Latest Practicable Date, and our tax position during the Track Record Period has been confirmed by the relevant competent authorities.

RESULTS OF OPERATIONS

Four months ended April 30, 2021 Compared to Four months ended April, 2021

Revenue

Our revenue increased by 5.9% from RMB152.5 million for the four months ended April 30, 2021 to RMB161.6 million for the four months ended April 30, 2022, primarily reflecting the following:

- *City services.* Revenue from city services increased by 41.4% from RMB51.8 million for the four months ended April 30, 2021 to RMB73.2 million for the four months ended April 30, 2022, primarily due to the expansion of our public facility management services as we began to manage a newly constructed museum building, a city park and a city square, among others.

- *Commercial property management services.* Revenue from commercial property management services decreased from RMB69.2 million for the four months ended April 30, 2021 to RMB58.9 million for the four months ended April 30, 2022, primarily because (i) we did not renew our property management service agreements in relation to certain public rental houses that expired in December 2021, as we collaborated with well known independent third-party property management companies to jointly establish companies, including Suzhou Mingsu Commercial Management Co., Ltd. (蘇州銘蘇商業管理有限公司) and Suzhou Langyiju Commercial Management Service Co., Ltd. (蘇州朗頤居商業管理服務有限公司), to co-manage these projects, which is in line with our strategic focus; and (ii) we did not renew one property management service agreement in relation to a shopping mall that expired in November 2021, given that the project carried relatively low profit margin.

- *Residential property management services.* Revenue from residential property management services remained relatively stable at RMB21.9 million and RMB21.8 million for the four months ended April 30, 2021 and 2022, respectively.

- *Property leasing services.* Revenue from property leasing services decreased by 20.7% from RMB9.6 million for the four months ended April 30, 2021 to RMB7.6 million for the four months ended April 30, 2022, primarily because we complied with local government's rent relief policy in response to the COVID-19 pandemic and reduced or waived part of the rents due from our tenants in early 2022.

Cost of Sales

Our cost of sales increased from RMB118.2 million for the four months ended April 30, 2021 to RMB125.2 million for the four months ended April 30, 2022, which was primarily due to the increase in our subcontracting costs, greening and gardening expenses and other expenses.

Gross Profit and Gross Profit Margin

Our gross profit increased by 6.0% from RMB34.3 million in the four months ended April 30, 2021 to RMB36.4 million in the four months ended April 30, 2022, primarily due to our business expansion. Our gross profit margin remained stable during the period, primarily reflecting the following:

- *City services.* Our gross profit for city services increased by 42.8% from RMB12.1 million for the four months ended April 30, 2021 to RMB17.2 million for the four months ended April 30, 2022, primarily due to the increase in our revenue from public facility management services as we began to manage a newly constructed museum building, a city park and a city square, among others, in the second half of 2021 and early 2022.

- *Commercial property management services.* Our gross profit for commercial property management services decreased by 11.3% from RMB12.1 million for the four months ended April 30, 2021 to RMB10.7 million for the four months ended April 30, 2022, primarily because we did not renew our property management service agreements in relation to certain public rental houses and a shopping mall that expired in December 2021 and November 2021, respectively. See "—Revenue" for details.

- *Residential property management services.* Our gross profit for residential property management services remained relatively stable at RMB2.0 million and RMB2.0 million for the four months ended April 30, 2021 and 2022, respectively.

- *Property leasing services.* Our gross profit for property leasing services decreased by 21.5% from RMB8.1 million for the four months ended April 30, 2021 to RMB6.4 million for the four months ended April 30, 2022, primarily because we complied with local government's rent relief policy in response to the COVID-19 pandemic and reduced or waived part of the rents due from our tenants in early 2022.

Other Income and Gains

Our other income and gains decreased from RMB3.2 million for the four months ended April 30, 2021 to RMB2.1 million for the four months ended April 30, 2022, primarily due to the decreases in (i) government grants, as the additional deduction of value-added tax decreased as a result of the decrease in our constructing activities in early 2022; and (ii) fair value gains on investment properties as a result of the decrease in rents on average caused by the recent waves of COVID-19 pandemic in early 2022, which in turn affected the value appreciation of our investment properties.

Selling and Marketing Expenses

Our selling and marketing expenses remained relatively stable at RMB929 thousand and RMB952 thousand for the four months ended April 30, 2021 and 2022, respectively.

Administrative Expenses

Our administrative expenses decreased by 18.4% from RMB9.1 million for the four months ended April 30, 2021 to RMB7.4 million for the four months ended April 30, 2022, primarily due to the decrease in our impairment loss on trade receivables as a result of our collective settlement of long-aging trade receivables due from independent third-party customers.

Other Expenses

Our other expenses increased significantly from RMB29 thousand for the four months ended April 30, 2021 to RMB0.6 million for the four months ended April 30, 2022, primarily due to the impairment loss for our investment properties as a result of the decrease in the market value of these investment properties.

Finance Cost

Our finance cost increased significantly from RMB1.2 million for the four months ended April 30, 2021 to RMB2.9 million for the four months ended April 30, 2022, primarily due to the decrease in interest capitalized after we completed the construction of the Science & Technology City Waste Collection Centers in the end of 2021.

Share of Loss of an Associate

On December 18, 2020, we invested in SND Yiyang Health Management Company Limited (蘇高新怡養健康管理有限公司) ("SND Yiyang"), a provider of elderly care, nursing and medical services, for 49% of its shares. Through such investment, we expect to gain substantive operational experience and industry knowledge to facilitate our provision of value-added services in the elderly care, nursing and medical service industries in the future. Our share of loss of an associated arose from our investment in SND Yiyang and amounted to RMB1.0 million and RMB0.8 million, respectively, for the four months ended April 30, 2021 and 2022, primarily because SND Yiyang was newly established and incurred relatively high upfront expenses in the early development stage.

Income Tax Expenses

Our income tax expenses remained relatively stable of RMB6.6 million and RMB6.7 million for the four months ended April 30, 2021 and 2022, respectively.

Profit for the period

As a result of the foregoing, our profit for the period increased from RMB18.7 million for the four months ended April 30, 2021 to RMB19.1 million for the fourth months ended April 30, 2022.

2020 Compared to 2021

Revenue

Our revenue increased by 5.8% from RMB436.8 million in 2020 to RMB462.0 million in 2021, primarily reflecting the following:

- *City services.* Revenue from city services increased by 20.1% from RMB141.0 million in 2020 to RMB169.4 million in 2021, primarily because (i) a waste collection center that we began to operate and the expansion of our bulky waste processing services since the second half of 2020; (ii) the expansion of our public facility management services as we began to manage the service center of a cultural and sports facility at the end of 2020; and (iii) we were contracted to provide additional services since the second half of 2020, such as the daily cleaning of central barriers, the replacement and maintenance of plants, and the operation and management of outdoor electronic displays.

- *Commercial property management services.* Revenue from commercial property management services increased slightly from RMB196.3 million in 2020 to RMB204.4 million in 2021, primarily because (i) the parking fees and sporadic construction fees that we collected increased as a result of the higher occupancy rate in the commercial projects under our management, such as SND International Commerce Tower and Golden Lion Building; and (ii) we began to manage several new commercial projects, including a business hall and a showroom, in 2021.

- *Residential property management services.* Revenue from residential property management services decreased by 15.4% from RMB71.6 million in 2020 to RMB60.6 million in 2021, primarily because we withdrew from a residential project under our management in March 2021.

- *Property leasing services.* Revenue from property leasing services remained relatively stable at RMB27.9 million and RMB27.7 million, respectively, in 2020 and 2021.

Cost of Sales

Our cost of sales increased slightly from RMB344.7 million in 2020 to RMB355.8 million in 2021, which was primarily due to the discontinuation of the deduction or exemption of social insurance contributions as a government relief in response to the COVID-19 pandemic in 2021.

Gross Profit and Gross Profit Margin

Our gross profit increased by 15.3% from RMB92.1 million in 2020 to RMB106.2 million in 2021, primarily due to our business expansion. Our gross profit margin increased from 21.1% in 2020 to 23.0% in 2021, primarily reflecting the following:

- *City services.* Our gross profit for city services increased by 24.6% from RMB32.4 million in 2020 to RMB40.4 million in 2021, and our gross profit margin for city services increased from 23.0% in 2020 to 23.9% in 2021, primarily because (i) our revenue from city services increased as we were contracted to provide additional services since the second half of 2020, such as the daily cleaning of central barriers, the replacement and maintenance of plants, and the operation and management of outdoor electronic displays; and (ii) our cost of sales for city services remained relatively stable as we did not require additional labor to complete the additional services mentioned above.

- *Commercial property management services.* Our gross profit for commercial property management services increased by 10.5% from RMB33.5 million in 2020 to RMB37.0 million in 2021, primarily due to an increase in our revenue from value-added services to non-property owners, which was primarily attributable to an increase in the parking fees and sporadic construction fees that we collected as a result of the higher occupancy rate in the commercial projects under our management, such as SND International Commerce Tower and Golden Lion Building. Our gross profit margin for commercial property management services increased from 17.1% in 2020 to 18.1% in 2021, primarily due to the increasing occupancy rate of the science and technology parks under our management.

- *Residential property management services.* Our gross profit for residential property management services decreased by 14.5% from RMB6.5 million in 2020 to RMB5.5 million in 2021, primarily due to our withdrawal from a residential project under our management in March 2021. Nevertheless, our gross profit margin for residential property management services remained relatively stable at 9.0% and 9.1%, respectively, in 2020 and 2021, primarily because our eight loss-making properties had incurred less losses in 2021 due to our continuous efforts to improve their profitability.

- *Property leasing services.* Our gross profit for property leasing services increased by 18.4% from RMB19.7 million in 2020 to RMB23.3 million in 2021, and our gross profit margin for property leasing services increased from 70.6% in 2020 to 84.1% in 2021, primarily due to the discontinuation of our reduction and waiver of RMB4.4 million of rent for our tenants as a relief measure against the COVID-19 pandemic in 2021.

Other Income and Gains

Our other income and gains decreased significantly from RMB35.3 million in 2020 to RMB9.7 million in 2021, primarily due to a significant decrease in our interest income from RMB24.4 million to RMB1.5 million, primarily as a result of the settlement of our advances to SND Group in the second half of 2020 and 2021.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 16.7% from RMB2.4 million in 2020 to RMB2.8 million in 2021, primarily due to our enhanced marketing efforts. It is our goal to preserve the value and increase the revenue generated from the state-owned assets under our management. However, due to the COVID-19 pandemic, the leasing markets of both office buildings and residential apartments were relatively unstable between 2020 and 2021, as manifested by shrinking production capacity and tenants terminating their leases. In addition, we faced challenges from our peers who competed by lowering their rent. As a result, we have been enhancing our marketing efforts by launching more advertisements, broadening our marketing channels and targeting wider customer base to facilitate tenant sourcing.

Administrative Expenses

Our administrative expenses decreased by 19.9% from RMB36.2 million in 2020 to RMB29.0 million in 2021, primarily due to decreases in (i) labor costs as certain of our senior managers lateraled to other departments or retired; and (ii) impairment loss on trade receivables.

Other Expenses

Our other expenses increased by 75.0% from RMB0.4 million in 2020 to RMB0.7 million in 2021, primarily due to (i) vicarious liabilities arising from the damages that we paid for a traffic accident involving our vehicle while at work; and (ii) an increase in employment termination compensation as we continued to optimize our labor structure and improve our cost efficiency by agreed termination of employment with certain employees who we considered unfit for their roles.

Finance Cost

Our finance cost decreased significantly from RMB24.1 million in 2020 to RMB3.9 million in 2021, primarily because we had repaid certain amount of principal of our existing interest-bearing borrowings between 2020 and 2021.

Share of Loss of an Associate

On December 18, 2020, we invested in SND Yiyang Health Management Company Limited (蘇高新怡養健康管理有限公司) ("SND Yiyang"), a provider of elderly care, nursing and medical services, for 49% of its shares. Through such investment, we expect to gain substantive operational experience and industry knowledge to facilitate our provision of value-added services in the elderly care, nursing and medical service industries in the future. Our share of loss of an associated arose from our investment in SND Yiyang and amounted to nil and RMB3.0 million, respectively, in 2020 and 2021, primarily because SND Yiyang was newly established and incurred relatively high upfront expenses in the early development stage.

Income Tax Expenses

Our income tax expenses increased by 24.2% from RMB16.1 million in 2020 to RMB20.0 million in 2021, primarily due to an increase in our profit before tax by RMB12.3 million in 2021 as compared to 2020.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 17.5% from RMB48.1 million in 2020 to RMB56.5 million in 2021.

2020 Compared to 2019

Revenue

Our revenue increased slightly from RMB435.9 million in 2019 to RMB436.8 million in 2020, primarily attributable to an increase in revenue from city services, as partially offset by the decreases in revenue from other business lines.

- ***City services***. Revenue from city services increased slightly from RMB134.8 million in 2019 to RMB141.0 million in 2020. This increase was primarily attributable to the increases in revenue from (i) our public facility management services, which was primarily due to our fee model of one project switching from commission basis, under which we recognize a percentage of the total amount of property management fees that our customers paid as revenue, to lump sum basis, under which we recognize the total amount of predetermined property management fees as revenue; and (ii) our bulky waste processing services which continued to expand in 2020, partially offset by the decrease in revenue from municipal infrastructure services as a result of the one-off renovation project for the facade of the buildings along the main roads in the Suzhou Gaoxin District that primarily took place in 2019.

- ***Commercial property management services***. Revenue from commercial property management services decreased slightly from RMB197.9 million in 2019 to RMB196.3 million in 2020, primarily attributable to a decrease in revenue from value-added services to property developers, property owners and tenants of the commercial properties under our management, such as carpark space management and property agency services due to the impact of the COVID-19 pandemic.

- ***Residential property management services.*** Revenue from residential property management services decreased slightly from RMB75.0 million in 2019 to RMB71.6 million, primarily attributable to a decrease in revenue from basic residential property management services as we withdrew from one residential project in Suzhou under our management in 2020 as we proactively sought more business opportunities in providing city service as well as providing property management service for commercial properties, in accordance with our overall business strategy.

- ***Property leasing services***. Rental from property leasing services decreased slightly from RMB28.2 million in 2019 to RMB27.9 million in 2020, primarily because we reduced and waived RMB4.4 million of rent for our tenants as a relief measure against the COVID-19 pandemic which was partially offset by an increase in our average leasing fee per sq.m. from RMB22.1 in 2019 to RMB25.5 in 2020, primarily driven by growing market demand in Suzhou.

Cost of Sales

Our cost of sales decreased slightly from RMB347.5 million in 2019 to RMB344.7 million in 2020, primarily because in 2019 we incurred additional costs for a one-off renovation project for the facade of the buildings along the main roads in the Suzhou Gaoxin District.

Gross Profit and Gross Profit Margin

Our gross profit increased slightly from RMB88.4 million in 2019 to RMB92.1 million in 2020, primarily because the increase in revenue outpaced the decrease in cost of sales. Specifically:

- ***City services***. Our gross profit from city services increased by 9.6% from RMB29.6 million in 2019 to RMB32.4 million in 2020, and gross profit margin from city services increased from 22.0% in 2019 to 23.0% in 2020, primarily due to the new public buildings with high gross profit margins that came under our management in 2020.

- ***Commercial property management services***. Our gross profit from commercial property management services increased slightly from RMB32.7 million in 2019 to RMB33.5 million in 2020, and gross profit margin from commercial property management services increased from 16.5% in 2019 to 17.1% in 2020, primarily due to the new commercial projects with high gross profit margins that came under our management in 2020.

- ***Residential property management services***. Our gross profit from residential property management services remained relatively stable at RMB6.6 million and RMB6.5 million in 2019 and 2020, respectively, and gross profit margin from residential property management services increased slightly from 8.8% in 2019 to 9.0% in 2020.

- ***Property leasing services***. Our gross profit from property leasing services increased slightly from RMB19.5 million in 2019 to RMB19.7 million in 2020, and gross profit margin from property leasing services increased from 69.2% in 2019 to 70.6% in 2020, primarily due to an increase in the average leasing fee per sq.m. from RMB22.1 in 2019 to RMB25.5 in 2020, primarily driven by growing market demand in Suzhou.

Other Income and Gains

Our other income and gains increased from RMB27.3 million in 2019 to RMB35.3 million in 2020, mainly due to the increases in (i) interest income; and (ii) that we advanced to SND Group. See "—Related Party Transactions and Balances—Other Transactions with Related Parties." There was also an increase in government grants, which were mainly government subsidies for staff retention and property management industry because of regulatory supportive policies issued by the local governments in response to the outbreak of COVID-19.

Selling and Marketing Expenses

Our selling and marketing expenses increased from RMB1.9 million in 2019 to RMB2.4 million in 2020, primarily due to an increase in our advertising expenses as we spent more on advertising to promote our brand in 2020 in preparation of the [**REDACTED**].

Administrative Expenses

Our administrative expenses increased by 12.0% to RMB36.2 million in 2020 from RMB32.3 million in 2019, primarily due to the increases in (i) the number of senior managers as our business expanded; and (ii) our average wage level.

Finance Costs

We recognized finance costs of RMB23.2 million and RMB24.1 million in 2019 and 2020, respectively, which was mainly relating to the interest expense on interest-bearing borrowings. See "—Indebtedness and Contingent Liabilities—Bank Borrowings and Other Liabilities."

Income Tax Expenses

Our income tax expenses increased by 10.3% from RMB14.6 million in 2019 to RMB16.1 million in 2020, primarily due to an increase in our profit before tax by RMB6.1 million in 2020 as compared to 2019.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 10.4% from RMB43.6 million in 2019 to RMB48.1 million in 2020.

SELECTED ITEMS OF THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Property, Plant and Equipment

Our property, plant and equipment increased by 29.6% from RMB230.6 million as of December 31, 2019 to RMB298.8 million as of December 31, 2020, mainly in relation to our purchase of equipment and motor vehicles for business operations and the increase in the numbers of new waste collection centers under operation and construction, generally in line with our business expansion. Our property, plant and equipment increased from RMB298.8 million as of December 31, 2020 to RMB359.8 million as of December 31, 2021, primarily due to our investment in the construction of Huanshan Waste Collection Center, our third waste collection center. Our property, plant and equipment increased by 10.8% from RMB359.8 million as of December 31, 2021 to RMB398.7 million as of April 30, 2022, primarily due to our continuous investment in the construction of Huanshan Waste Collection Center.

Investment Properties

Our investment properties mainly represent the value of our commercial properties and rental apartments. During the Track Record Period, the value of our investment properties increased by 17.6% from RMB293.8 million in 2019 to RMB345.4 million in 2020, mainly due to (i) an increase of RMB38.4 million due to capital injection; (ii) an addition of RMB10.6 million as a result of the completion of property; and (iii) an increase of RMB2.5 million as result of the change in the fair value. Our investment properties increased from RMB345.4 million as of December 31, 2020 to RMB349.9 million as of December 31, 2021, primarily due to the change in our rental apartments' fair value. The value of our investment properties was relatively stable at RMB349.9 million and RMB349.5 million as of December 31, 2021 and April 30, 2022, respectively.

Equity Investment Designated at Fair Value Through Other Comprehensive Income

Equity investments designated at fair value through other comprehensive income reflect the value of (i) our equity investment in Suzhou Huirong Business Travel Development Company (蘇州匯融商旅發展有限公司), in which we held 3.2% equity interests as of December 31, 2020; and (ii) our investment in Suzhou Xinjingtian Business Land Development Company (蘇州新景天商務地產發展有限公司), in which we held 8.0% equity interest as of December 31, 2020. We recorded equity investments designated at fair value through other comprehensive income of RMB94.0 million, RMB94.8 million, RMB92.4 million and RMB88.8 million, respectively, as of December 31, 2019, 2020 and 2021 and April 30, 2022.

As reviewed by our internal control consultant, to monitor the performance of our equity investments, we have adopted the following internal control policies: (i) the manager and supporting staff of each equity investment report the investment budget, the operational status of the investment target, and the major issues and their potential consequences to our management on a quarterly basis; (ii) we review our equity investments at least annually, and conducts periodical or special audits of our investment assets; and (iii) all the files related to each equity investment are documented and archived.

Financial Assets at Fair Value through Profit or Loss

Our financial assets at fair value through profit or loss of RMB5.0 million as of December 31, 2019 represented the wealth management products issued by banks in China. We invested in such structured products mainly for cash management purpose. We have implemented a series of internal control policies and rules regarding investment to ensure the purpose of investment is to preserve capital and liquidity, and we would only purchase financial products under limited circumstances. Our general manager will hold conferences evaluating and recommending investment opportunities, and investment decisions made on the conferences are subject to the approval of our Board. We adopt a prudent approach in selecting financial products. In making the investment decision, our finance center will evaluate the nature of the structured product and consider all information that is relevant to assess the merit of the structured product. Our investment decisions are made on a case-by-case basis and after due and careful consideration of our cash flow and operational needs. To control our risk exposure, we oversee the performance of the financial products we purchased on a regular basis and timely measures will be taken to manage our investments. Our Board's prior approval is required for making such investments. Our investment in these assets after [**REDACTED**] will be subject to compliance with Chapter 14 of the Listing Rules. We will invest in those products after [**REDACTED**].

Trade Receivables

Trade receivables are amounts due from independent third-party customers for services we performed in our ordinary course of business. Our trade receivables, before net of allowance for impairment, remained relatively stable at RMB116.7 million and RMB116.6 million as of December 31, 2019 and 2020, respectively. Our trade receivables increased from RMB116.6 million as of December 31, 2020 to RMB120.0 million as of December 31, 2021, primarily due to an increase in the number of projects under our management as a result of our business expansion. Our trade receivables increased from RMB120.0 million as of December 31, 2021 to RMB160.2 million as of April 30, 2022, primarily due to the expansion of our city services, which includes our undertaking of a new solid waste disposal project and the a urban facility maintenance integration project in early 2022.

The table below sets forth our trade receivables before less of allowance for impairment by customer type as of the dates indicated:

	As of December 31,						As of April 30,	
	2019		2020		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Local governments and public authorities	50,538	43.3	31,981	27.4	69,726	58.1	93,270	58.2
Corporate entities	51,931	44.5	70,123	60.2	39,312	32.8	57,310	35.8
Individual property owners, residents and tenants	14,213	12.2	14,451	12.4	10,958	9.1	9,589	6.0
Total	**116,682**	**100.0**	**116,555**	**100.0**	**119,996**	**100.0**	**160,169**	**100.0**

Our trade receivables due from local governments and public authorities decreased from RMB50.5 million as of December 31, 2019 to RMB32.0 million as of December 31, 2020, primarily due to the one-off renovation project for the facade of the buildings along the main roads in the Suzhou Gaoxin District that primarily took place in 2019; our trade receivables due from local governments and public authorities then increased to RMB69.7 million as of December 31, 2021, primarily because we began operating the Jinshan Waste Collection Center in the second half of 2020; our trade receivables due from local governments and public authorities further increased to RMB93.3 million as of April 30, 2022, primarily due to (i) the relatively long trade receivables turnover days of the waste collection center and (ii) our undertaking of the new urban facility maintenance integration project in early 2022. Our trade receivables due from corporate entities increased from RMB51.9 million as of December 31, 2019 to RMB70.1 million as of December 31, 2020, primarily due to the services that we provided to a cultural and sports center, which typically has longer trade receivables turnover days; our trade receivables due from corporate entities subsequently decreased to RMB39.3

million as of December 31, 2021, primarily due to our collective settlement of property management service fees with the cultural and sports center in 2021; our trade receivables due from corporate entities increased to RMB57.3 million as of April 30, 2022, mainly due to (i) the typically longer turnover days of the cultural and sports center and (ii) the new solid waste disposal project we began to opearate in early 2022. Our trade receivables due from individual property owners, residents and tenants remained relatively stable between 2019 and 2020, and decreased from RMB14.5 million as of December 31, 2020 to RMB11.0 million as of December 31, 2021, primarily because we had been gradually shifting our corporate strategy to focus on non-residential projects and reallocated certain of our manpower and resources from residential projects to non-residential projects under our management, the customers of which were mainly local governments, public authorities and corporate entities; our trade receivables due from individual property owners, residents and tenants decreased to RMB9.6 million as of April 30, 2022, mainly due to our collective settlement of property management fees with these customers in early 2022.

The following table sets forth a breakdown of our trade receivables as of the dates indicated below:

	As of December 31,			As of April 30,
	2019	**2020**	**2021**	**2022**
		(RMB'000)		
Trade receivables	116,682	116,555	119,996	160,169
Less: allowance for impairment	(15,457)	(20,196)	(18,774)	(16,338)
Net trade receivables	**101,225**	**96,359**	**101,222**	**143,831**

The following is an aging analysis of trade receivables, which were all due from Independent Third Parties, as of the dates indicated, based on the invoice date:

	As of December 31,			As of April 30,
	2019	**2020**	**2021**	**2022**
		(RMB'000)		
Within 1 year	87,421	73,740	67,100	108,562
1 to 2 years	12,405	16,324	32,853	34,232
Over 2 years	1,399	6,295	1,269	1,037
Total trade receivables	**101,225**	**96,359**	**101,222**	**143,831**

Our trade receivables aging between one to two years increased significantly from RMB16.3 million as of December 31, 2020 to RMB32.9 million as of December 31, 2021, and further to RMB34.2 million as of April 30, 2022, primarily because we began operating a waste collection center in the second half of 2020, which had relatively long payment terms. The customer of that waste collection center was a local government authority principally engaging in urban management in Suzhou. The trade receivables due from the customer for our wast collection center services were nil, RMB12.3 million, RMB39.0 million and RMB55.8 million as of December 31, 2019, 2020 and 2021 and April 30, 2022, respectively, representing nil, 10.6%, 32.5% and 34.8% of our total trade receivables before less of allowance for impairment as of the same dates, respectively. We have liaised with the customer for the outstanding trade receivables. As of the Latest Practicable Date, all of our trade receivables due from that customer for our waste collection center services as of December 31, 2020 and part of those service fee incurred in 2021 have been settled, and we have entered into a supplemental agreement with the customer to fully settle the remaining outstanding trade receivables for our waste collection center services as of December 31, 2021 by June 30, 2023 and those incurred between January 1, 2022 and December 31, 2022 by December 31, 2023. According to the supplemental agreement, the customer will settle trade receivables to be incurred since January 1, 2023 pursuant to the original credit term of 30 days in our original agreement with it. We allowed the customer to have relatively long payment terms for our waste collection center services, as compared the industry norm, according to F&S, primarily because (i) we have maintained reliable business relationship with the customer since 2017 in other large projects, such as the refurbishment of external walls of buildings along major city roads, and we have not encountered material difficulty in settling the trade receivables of these projects; (ii) we believe it is unlikely that the customer would default given its nature as a government authority; (iii) based on public information, the customer is in normal function, and to our best knowledge, we are not aware of any material financial difficulty or major default of that customer that would affect its payment capability; and (iv) in response to the recent waves of the COVID-19 pandemic in early 2022 in Suzhou, the customer has temporarily diverted its funding to address the impact of the COVID-19 pandemic and postponed the payment for our outstanding trade receivables. As a result, we did not actively request the outstanding trade receivables for our waste collection center services provided to it. Meanwhile, we believe our business operations and financial performance would not be adversely affected by the relatively long payment terms, mainly because (i) we maintained sufficient net cash inflows from operating activities, which were RMB45.2 million, RMB88.9 million and RMB70.3 million in 2019, 2020 and 2021, respectively, to meet our working capital requirements. See "—Liquidity and Capital Resources—Cash Flow" for details; and (ii) the revenue from that customer for our waste collection services was nil, RMB11.6 million, RMB25.3 million, RMB7.6 million and RMB15.8 million in 2019, 2020 and 2021, and the four months ended April 30, 2021 and 2022 respectively, representing only a small portion of our total revenue, which were nil, 2.7%, 5.5%, 5.0% and 9.7% of our total revenue, respectively. Based on the above, we believe there is no material recoverability issue with respect to the trade receivables due from that customer for our waste collection services.

Our trade receivables aging over two years increased from RMB1.4 million as of December 31, 2019 to RMB6.3 million as of December 31, 2020, primarily due to the expansion of property management services that we provided to certain state-owned enterprises, which typically have to go through relatively lengthy internal review and auditing procedures before they could settle the outstanding amounts due. However, considering the credit history of state-owned enterprises and their unlikelihood of default, we believe there is no material recoverability issue with respect to trade receivables aged over two years. Our trade receivables aging over two years decreased to RMB1.3 million as of December 31, 2021, primarily due to our collective settlement of property management service fees with a cultural and sports center that enjoys relatively long payment terms in 2021. Our trade receivables aging over two years decreased from RMB1.3 million to RMB1.0 million as of April 30, 2022, primarily due to our collective settlement of trade receivables relating to one commercial property in early 2021.

The movements in provision for expected credit losses of trade receivables are as follows:

	As of December 31,			As of April 30,
	2019	2020	2021	2022
	(RMB'000)			
As of the beginning of the period	9,238	15,457	20,196	18,774
Charged for the period	6,219	4,739	(1,422)	(2,436)
As of the end of the period	**15,457**	**20,196**	**18,774**	**16,338**

The balance of allowance for impairment of trade receivables was RMB15.5 million, RMB20.2 million, RMB18.8 million and RMB16.3 million, respectively, as of December 31, 2019, 2020 and 2021 and April 30, 2022. Among the allowance for impairment of trade receivables of RMB16.3 million as of April 30, 2022, approximately RMB6.3 million was for those due from local governments and public authorities, approximately RMB6.8 million was for those due from corporate entities and approximately RMB3.2 million was for those due from individual property owners, residents and tenants. In determining the impairment for trade receivables, we primarily take into account the aging of trade receivables, and historical collection rate. We adopt various measures to expedite the recovery of trade receivables, such as establishing an internal collection system and constantly updating the payment status. See "Business—Portfolio of Properties under Management—Payment" for more information on measures that we adopted to expedite the recovery of our trade receivables.

The following table sets forth the average turnover days of our trade receivables, which were all due from Independent Third Parties, for the periods indicated:

	Year ended December 31,			Four months ended April 30,
	2019	2020	2021	2022
	(days)			
Average turnover days of trade receivables[1]	70.0	82.6	78.1	92.5

(1) Average turnover days of trade receivables for a year equals average trade receivables divided by revenue for the period and multiplied by 365 or 122 days, as applicable. Average trade receivables are calculated as trade receivables as of the beginning of the period plus trade receivables as of the end of the period, divided by two.

Average trade receivables turnover days indicate the average time required for us to collect cash payments from provision of services. During the Track Record Period, our trade receivable turnover days were 70.0 days, 82.6 days, 78.1 days and 92.5 days, respectively, in 2019, 2020 and 2021 and the four months ended April 30, 2022. Our average trade receivables turnover days increased from 70.0 days in 2019 to 82.6 days in 2020, were primarily attributable to the increases in the number of public buildings newly delivered to us for our management, which typically have longer trade receivables turnover days due to the relatively long internal review and approval processes of government entities and agencies for payment of our services. Our average trade receivables turnover days decreased from 82.6 days in 2020 to 78.1 days in 2021, primarily attributable to our collection of RMB27.5 million from a major customer in 2021 as a result of our enhanced efforts to settle outstanding trade receivables. Our average trade receivables turnover days increased to 92.5 days for the four months ended April 30, 2022, primarily due to the relatively low collection rate in early 2022 as our collective activities were restricted during the recent waves of COVID-19 pandemic. As the COVID-19 pandemic is generally under control and the economic activities are recovering in Suzhou, we have enhanced our collective measures to settle outstanding trade receivables.

We typically grant our customers a credit period of 90 days, except for commercial complexes, residential communities and certain office buildings that we leased, to which we typically grant a credit period of 180 days. During the Track Record Period, our average turnover days of trade receivables remained approximately 90 days, indicating our effort to settle outstanding trade receivables on time. The settlement of trade receivables due from certain customers was prolonged and the turnover days of those trade receivables were longer than 90 days, primarily because (i) the majority of these customers are either state-owned enterprises or government authorities, who have relatively long internal review and approval procedures; (ii) we believe it is unlikely that they would default given their state-owned and governmental nature, business performance and market reputation; and (iii) in response to the recent waves of the COVID-19 pandemic in early 2022, certain customers in Suzhou who are local governments and public authorities, particularly the customer of one of our waste collection centers, have temporarily diverted their fundings to address the impact of the COVID-19 pandemic and postponed their payment for our outstanding trade receivables. Therefore, we did not actively request these customers to settle trade receivables. As of the Latest Practicable Date, the COVID-19 pandemic is generally under control in Suzhou and we have initiated more proactive communication with our clients with respect to the settlement of long outstanding balances, including entering into a supplemental agreement with one of our customers to reaffirm the settlement date, among others.

We did not experience any significant difficulty in collecting management fees during the Track Record Period as evidenced by the collection rates we maintained throughout the Track Record Period. The collection rate is calculated by dividing the aggregate property management fees we actually collected during a period divided by the aggregate amount of property management fees to which we are entitled during the same period. The following table sets forth a breakdown of our collection rate of property management fees by customer types for the periods indicated:

	Year ended December 31,			Four months ended April 30,
	2019	**2020**	**2021**	**2022**
		(%)		
Local governments and public authorities	75.0	111.4	86.8	49.3
Corporate entities	101.1	93.7	117.9	69.8
Individual property owners, residents and tenants	91.1	112.2	123.9	86.9
Overall	**91.0**	**101.6**	**106.8**	**62.6**

According to F&S, our overall collection rate of property management fees in 2019, 2020 and 2021 falls within the market range. Our overall collection rate of property management fee for the four months ended April 30, 2022 was lower than our year-end collection rate, primarily due to (i) the restriction of our collective activities during the recent waves of COVID-19 pandemic in early 2022; and (ii) seasonality of our collection rate of property management fees since it is an industry practice to collect property management fees towards the end of the year, as confirmed by F&S. As the COVID-19 pandemic is generally under control in Suzhou, we will enhance our collecting measures and proactively follow up with our customers on the outstanding property management fee.

We estimate the recoverable amount of property management fees for each property we manage and take into account collection history, subsequently settlement status and aging of trade receivables. We also consider factors that are specific to debtors' financial condition and assessment of both the current and forecast general economic conditions at the reporting date in determining the recoverability of our trade receivables. We adopt various measures to expedite the recovery of trade receivables, and maintain strict credit control over our outstanding trade receivables to facilitate timely collection of property management fees. See "Business—Portfolio of Properties under Management—Payment" in this document for more information on our collection efforts to strengthen our credit controls.

As of the Latest Practicable Date, approximately RMB114.1 million, or 97.9%, RMB103.4 million, or 88.7%, RMB85.6 million, or 71.3%, and RMB100.2 million, or 62.6%, respectively, of our trade receivables as of December 31, 2019, 2020 and 2021 and April 30, 2022, which were all due from Independent Third Parties, were subsequently settled. Among the RMB100.2 million of trade receivables that we settled as of the same date, (i) RMB58.2 million, or 58.1% of them, were due from local governments and public authorities, (ii) RMB39.2 million, or 39.1% of them, were due from corporate entities and (iii) RMB2.8 million, or 2.8% of them, were due from individual property owners, residents and tenants. The following table sets forth the subsequent settlement amount of our trade receivables by customer type as of the Latest Practicable Date.

	As of December 31,			As of April 30,
	2019	2020	2021	2022
	(RMB'000)			
Local governments and public authorities	50,474	26,642	55,805	58,235
Corporate entities	51,550	66,257	26,134	39,224
Individual property owners, residents and tenants	12,081	10,476	3,708	2,780
Total	114,105	103,375	85,647	100,239

The following table sets forth the subsequent settlement amount of our trade receivables by age group as of the Latest Practicable Date:

	As of December 31,			For the four months ended April 30,
	2019	**2020**	**2021**	**2022**
	(RMB'000)			
Within 1 year	91,223	68,637	50,164	63,649
1 to 2 years	16,735	20,279	31,330	32,508
Over 2 years	6,147	14,459	4,153	4,082
Total	114,105	103,375	85,647	100,239

The settlement of our outstanding trade receivables as of April 30, 2022 was relatively slow, primarily because (i) a substantial portion of our outstanding trade receivables as of April 30, 2022 and the Latest Practicable Date came from transactions with government entities and agencies, which typically have relatively long internal review and approval procedures; (ii) in response to the recent waves of COVID-19 pandemic affecting Suzhou in early 2022, the local government imposed lock-down and other restrictions in certain districts of Suzhou which slowed down our collection progress; and (iii) our collection rate of property management fees was relatively low for the four months ended April 30, 2022 as compared to the year-end collection rate, since it is an industry practice to collect property management fees towards the end of the fiscal year, according to F&S. Our Directors are of the view that we do not have any material recoverability issues, considering (i) a majority of our clients are state-owned enterprises, and we believe it is unlikely that they will default given their state-owned nature, business performance and market reputation; (ii) based on the information available from public enterprise information inquiry platforms and other public resources, our customers who are local governments and public authorities and corporate entities, including state-owned enterprises, are generally under normal operation, and to our best knowledge, we are not aware of any material financial difficulty or major default which would materially affect payment capability of these customers; (iii) the COVID-19 pandemic in Suzhou has been gradually under control and we expect our collection rate to improve as the local government has lifted certain restrictive measures and the economic activities have been recovering; (iv) we have and will continue to initiate more proactive communication with our clients with respect to the settlement of long outstanding balances, including entering into a supplemental agreement with one of our customers to reaffirm the settlement date, among others; and (v) we will also take legal action as a last resort to seek long overdue property management fees from property owners and residents. Although our outstanding trade receivables as of April 30, 2022 were not subject to any material disputes, claims or legal proceedings, during the Track Record Period and up to the Latest Practicable Date, we initiated legal proceedings with certain customers, mostly individual property owners, residents and tenants, to claim our outstanding trade receivables and had obtained judgments in favor of us in substantially all of the cases related to property management fees. As of the Latest Practicable Date, approximately RMB0.2 million, or 0.2% of our trade receivables as of April 30, 2022, were subject to disputes, claims or legal proceedings.

The following table sets forth the details of our ten largest debtors as of April 30, 2022:

Ranking	Name of debtors	Identities of debtors	Trade receivables as of April 30, 2022 (Before impairment)	Settlement amount as of the Latest Practicable Date	Allowance for impairment as of April 30, 2022[1]
			(RMB'000)	*(RMB'000)*	*(RMB'000)*
1	Suzhou High-tech Zone (Huqiu District) Urban Maintenance Management Office (Administrative Law Enforcement Bureau) (蘇州高新區(虎丘區)城市管理局(綜合行政執法局))	Local governments and public authorities	67,096	39,284	3,245
2	Suzhou Gaoxin Wenlv Group Co., Ltd. (蘇州高新文旅集團有限公司)	Corporate entities	20,390	20,390	956
3	Suzhou High-tech Zone (Huqiu District) Urban Maintenance Management Office (蘇州高新區(虎丘區)城市維護管理處)	Local governments and public authorities	10,664	10,664	403
4	Suzhou Science and Technology City Development Group Co., Ltd. (蘇州科技城發展集團有限公司)	Corporate entities	6,394	1,845	710
5	Debtor A	Local governments and public authorities	5,274	–	1,880
6	Suzhou Gaoxin District Tong'an Municipal Services Co., Ltd. (蘇州高新區通安市政服務有限公司)	Corporate entities	4,455	4,090	168
7	Debtor B	Individual property owners, residents and tenants	3,927	1,334	2,273
8	Debtor C	Corporate entities	3,729	1,668	2,068

Ranking	Name of debtors	Identities of debtors	Trade receivables as of April 30, 2022 (Before impairment)	Settlement amount as of the Latest Practicable Date	Allowance for impairment as of April 30, 2022(1)
			(RMB'000)	(RMB'000)	(RMB'000)
9	Suzhou Gaoxin District (Huqiu District) Parks and Greening Management Office (蘇州高新區(虎丘區)公園和綠化管理處)	Local governments and public authorities	3,452	3,452	221
10	Debtor D	Local governments and public authorities	2,200	2,200	201
Total			127,581	84,927	12,125

Note:

(1) We applied the simplified approach in calculating ECLs by using provision matrix. The provision for our ten largest debtors is calculated according to the provision rates based on days past due for grouping category of various customer segments with similar credit loss characteristics, historical default data and assumptions involved in management's estimation of loss rate.

The following table sets forth the details of our ten largest debtors with trade receivables outstanding over one year as of April 30, 2022:

Ranking	Name of debtors	Identities of debtors	Trade receivables as of April 30, 2022 (Before impairment)	Settlement amount as of the Latest Practicable Date	Allowance for impairment as of April 30, 2022(1)
			(RMB'000)	(RMB'000)	(RMB'000)
1	Suzhou High-tech Zone (Huqiu District) Urban Maintenance Management Office (Administrative Law Enforcement Bureau) (蘇州高新區(虎丘區)城市管理局(綜合行政執法局))	Local governments and public authorities	20,445	20,445	1,477
2	Suzhou Gaoxin Wenlv Group Co., Ltd. (蘇州高新文旅集團有限公司)	Corporate entities	5,317	5,317	387

Ranking	Name of debtors	Identities of debtors	Trade receivables as of April 30, 2022 (Before impairment)	Settlement amount as of the Latest Practicable Date	Allowance for impairment as of April 30, 2022(1)
			(RMB'000)	*(RMB'000)*	*(RMB'000)*
3	Debtor C	Corporate entities	3,729	1,668	2,068
4	Debtor B	Individual property owners, residents and tenants	3,385	1,334	2,227
5	Suzhou Gaoxin District (Huqiu District) Parks and Greening Management Office (蘇州高新區(虎丘區)公園和綠化管理處)	Local governments and public authorities	2,572	2,572	187
6	Debtor A	Local governments and public authorities	2,312	–	1,768
7	Suzhou Science and Technology City Development Group Co., Ltd. (蘇州科技城發展集團有限公司)	Corporate entities	2,131	1,839	322
8	Debtor E	Local governments and public authorities	792	792	58
9	Debtor F	Local governments and public authorities	613	613	45
10	Debtor G	Corporate entities	460	460	33
Total			41,756	35,040	8,573

Note:

(1) We applied the simplified approach in calculating ECLs by using provision matrix. The provision for our ten largest debtors is calculated according to the provision rates based on days past due for grouping category of various customer segments with similar credit loss characteristics, historical default data and assumptions involved in management's estimation of loss rate.

Our total trade receivables, before impairment, amounted to RMB160.2 million as of April 30, 2022. As of the Latest Practicable Date, RMB100.2 million, or 62.6%, of our trade receivables as of April 30, 2022 (before impairment) had been settled. After making reasonable enquiries, our Company believes that we have made sufficient provision for trade receivables due from our ten largest debtors as of April 30, 2022. For trade receivables due from local governments and public authorities among the ten largest debtors as of April 30, 2022 and those among the ten largest debtors with outstanding amounts aged over one year as of April 30, 2022, we determined the provision taking into account that such customers are unlikely to default given its nature as government authorities. In addition, we have entered into a supplemental agreement with Suzhou High-tech Zone (Huqiu District) Urban Maintenance Management Office (Administrative Law Enforcement Bureau) to fully settle trade receivables due from it as of December 31, 2021 by June 30, 2023 and those newly incurred between January 1, 2022 and December 31, 2022 by December 31, 2023. According to the supplemental agreement, the customer will also settle trade receivables to be incurred since January 1, 2023 pursuant to the original credit term of 30 days in our original agreement with it. We have also entered into a supplemental agreement with Debtor A to fully settle trade receivables due from it as of April 30, 2022 and those to be incurred after April 30, 2022 pursuant to our existing agreement with that customer dated September 11, 2018 by December 31, 2023. Save for the aforesaid agreement, we had no contract in force with Debtor A as of the Latest Practicable Date. If we enter into further transaction with Debtor A, we expect to collect trade receivables due from it in accordance with the original credit terms of 90 days. All of the trade receivables as of April 30, 2022 due from the remaining ten largest debtors who are local governments and public authorities had been settled by the same date.

For trade receivables due from local governments and public authorities among the ten largest debtors with outstanding amounts aged over one year as of April 30, 2022, three of the five local government and public authority customers are also among the ten largest debtors as of April 30, 2022. For the remaining two customers, which are Debtor E and Debtor F, all of their trade receivables aged over one year as of April 30, 2022 had been settled by the Latest Practicable Date.

For trade receivables due from corporate entities among the ten largest debtors as of April 30, 2022 and those among the ten largest debtors with outstanding amounts aged over one year as of April 30, 2022, we determined the provision taking into account that Suzhou Science and Technology City Development Group Co., Ltd. and Suzhou Gaoxin District Tong'an Municipal Services Co., Ltd. are state-owned enterprises who are unlikely to default. As of the Latest Practicable Date, among the unsettled portion of those trade receivables due from the two customers as of April 30, 2022, substantially all were aged within one year as of April 30, 2022, and we are actively following up on the outstanding amounts. In addition, by the Latest Practicable Date, Suzhou Gaoxin Wenlv Group Co., Ltd had fully settled the trade receivables due from it as of April 30, 2022 and the provision we have made for Debtor C fully covers those trade receivables due from it as of April 30, 2022 that remained unsettled as of the same date. As of the Latest Practicable Date, approximately RMB28.0 million, or 80.0% of the trade receivables due from the corporate entities who are among the ten largest debtors of April 30, 2022 had been settled.

For trade receivables due from corporate entities among the ten largest debtors with outstanding amounts aged over one year as of April 30, 2022, three of the four corporate entity customers are also among the ten largest debtors as of April 30, 2022. For the remaining one customer, which is Debtor G, all of its trade receivables aged over one year as of April 30, 2022 had been settled by the Latest Practicable Date.

For trade receivables due from individual property owners, residents and tenants among the ten largest debtors as of April 30, 2022, we have made provision that fully covers those trade receivables aged over one year as of April 30, 2022 that remained unsettled as of the Latest Practicable Date. For those trade receivables aged within one year that remained unsettled as of the same date, we expect to settle substantially all of these amounts by the end of 2022, which is in line with the industry practice.

Prepayments, Other Receivables and Other Assets

The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates below:

	As of December 31,						**As of April 30,**	
	2019		**2020**		**2021**		**2022**	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Value-added tax deductible	11,082	47.4	15,063	43.3	16,800	32.9	9,707	22.0
Advances to suppliers	6,453	27.6	5,969	17.2	9,078	17.8	8,360	19.0
[**REDACTED**] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others receivables	5,869	25.0	8,441	24.3	8,753	17.1	9,001	20.4
Total	[REDACTED]	**100.0**	[REDACTED]	**100.0**	[REDACTED]	**100.0**	[REDACTED]	**100.0**

Our prepayments, other receivables and other assets increased by 48.6% from RMB23.4 million as of December 31, 2019 to RMB34.8 million as of December 31, 2020, mainly due to the increases in value-added tax deductible. Our prepayments, other receivables and other assets increased by 47.0% from RMB34.8 million as of December 31, 2020 to RMB51.1 million as of December 31, 2021, mainly due to the significant increases in (i) our advances to suppliers, primarily due to our business expansion; and (ii) our [**REDACTED**] expenses in preparation for the [**REDACTED**]. Our prepayments, other receivables and other assets decreased by 13.7% from RMB51.1 million as of December 31, 2021 to RMB44.1 million as of April 30, 2022, mainly due to the decrease in our value-added tax deductible.

Our value-added tax deductible increased by 35.9% from RMB11.1 million as of December 31, 2019 to RMB15.1 million as of December 31, 2020, primarily due to the increases in value-added tax deductibles arising from our construction of a waste collection center in 2020. Our value-added tax deductible increased by 11.5% from RMB15.1 million as of December 31, 2020 to RMB16.8 million as of December 31, 2021, mainly due to an increase in the number of large equipment and facilities in our waste collection center. Our value-added tax deductible decreased by 42.2% from RMB16.8 million as of December 31, 2021 to RMB9.7 million as of April 30, 2022, mainly due to the refund of the deducible tax.

Our advances to suppliers increased by 51.7% from RMB6.0 million as of December 31, 2020 to RMB9.1 million as of December 31, 2021, primarily due to increases in (i) our demand for electricity supplied by the state grid, which was in line with our business expansion; and (ii) the unit price of electricity nationwide. Our advances to suppliers decreased by 7.9% from RMB9.1 million as of December 31, 2021 to RMB8.4 million as of April 30, 2022, primarily due to the decrease in our consumption of electricity and oil as a result of the recent waves of COVID-19 pandemic in early 2022.

Trade Payables

Our trade payables primarily represent our obligations to pay for services we acquired in the ordinary course of business from independent third-party subcontractors and construction parties of waste collection centers. Our trade payables increased by 8.0% from RMB178.6 million as of December 31, 2019 to RMB192.9 million as of December 31, 2020, primarily due to the ongoing construction and development of the waste collection center, which led to an increase in trade payables to contractors who provided services and delivered supplies to us. Our trade payables remained relatively stable at RMB192.9 million and RMB192.5 million as of December 31, 2020 and 2021, respectively. Our trade payables decreased by 2.3% from RMB192.5 million as of December 31, 2021 to RMB188.1 million as of April 30, 2022, as a result of our effort to settle outstanding trade payables.

The following table sets forth the average turnover days of our trade payables for the periods indicated:

	Year ended December 31,			Four months ended April 30,
	2019	**2020**	**2021**	**2022**
	(days)			
Average turnover days of trade payables(1)	89.4	107.1	111.4	96.6

(1) Average turnover days of trade payables for a year equals average trade payables divided by cost of sales for the period, and multiplied by 365 or 122 days, as applicable. Average trade payables are calculated as trade payables, after deducting the obligations to pay for the construction of the waste collection centers, as of the beginning of the period plus trade payables as of the end of the period, divided by two.

Our average turnover days of our trade payables increased during the Track Record Period, primarily due to (i) the increases in our purchases of materials and supplies, which was in line with our business expansion; and (ii) our continuous effort to optimize our cost structure and improve our cost efficiency by outsourcing certain cleaning and security services to third-party subcontractors, which led to the increases in the number of projects using our outsourced services, and therefore the increases in trade payables due to third-party subcontractors.

In 2020 and 2021, the average turnover days of our trade payables were longer than the credit terms granted to us by our five largest suppliers, which generally ranged from 30 to 90 days, primarily due to an increase in the shared profit payable to certain property developers to which we provided parking lot management services and which have relatively lengthy internal account reconciliation and auditing procedures. For the four months ended April 30, 2022, the average turnover days of our trade payables decreased to 96.6 days, as a result of our effort to settle the outstanding trade payables.

The following is an aging analysis of our trade payables, based on the invoice date, as of the dates indicated:

	As of December 31,			As of April 30,
	2019	**2020**	**2021**	**2022**
	(RMB'000)			
Within 1 year	175,254	188,156	176,190	174,129
1 to 2 years	1,639	2,832	12,606	12,077
2 to 3 years	1,474	1,432	2,133	434
Over 3 years	221	433	1,603	1,440
Total trade payables	**178,588**	**192,853**	**192,532**	**188,080**

Our trade payables that aged within one year increased from RMB175.3 million as of December 31, 2019 to RMB188.2 million as of December 31, 2020, primarily due to the construction of our waste collection centers.

As of the Latest Practicable Date, approximately RMB24.6 million, or 13.1%, of our trade payables as of April 30, 2022 were subsequently settled. Such relatively low settlement percentage was primarily due to the expenses arising from the construction of waste collection centers, for which we were granted a credit term of two years upon their completion.

Other Payables and Accruals

Our other payables and accruals represent (i) deposits that we collect from (a) property developers, property owners, residents and tenants before we commence our provision of property management services; and (b) property owners and residents before they begin renovating or refurnishing their units; (ii) payroll and welfare payable; (iii) maintenance funds; (iv) receipts of payments on behalf of customers, which primarily include payments from third parties for common area advertising and temporary parking; (v) interest payable; and (vi) other tax payables.

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,			As of April 30,
	2019	2020	2021	2022
	(RMB'000)			
Deposits received	30,149	37,637	40,583	45,786
Payroll and welfare payable	21,262	24,812	24,488	18,514
Receipts on behalf of customers	10,786	16,591	21,872	23,082
Maintenance funds	9,511	9,170	9,235	9,025
Other tax payables	5,718	6,300	6,928	4,644
Interest payable	–	–	–	2,763
Total	**77,426**	**94,510**	**103,106**	**103,814**

Our other payables and accruals increased by 22.1% from RMB77.4 million as of December 31, 2019 to RMB94.5 million as of December 31, 2020, primarily due to (i) increases in payroll and welfare payable and receipts on behalf of customers as a result of our business expansion during the Track Record Period, and (ii) an increase in deposits received from property owners in 2020 as we managed more projects. Our other payables and accruals increased by 9.1% from RMB94.5 million as of December 31, 2020 to RMB103.1 million as of December 31, 2021, mainly due to increases in (i) receipts on behalf of customers, which primarily included property owners' associations fees that we collected for property developers parking and commercial property owners; and (ii) deposits received as our business operation expanded in 2021. Our other payables and accruals remained relatively stable at RMB103.1 million and RMB103.8 million as of December 31, 2021 and April 30, 2022, respectively.

Our maintenance funds decreased slightly from RMB9.5 million as of December 31, 2019 to RMB9.2 million as of December 31, 2020, and to RMB9.2 million as of December 31, 2021, further to RMB9.0 million as of April 30, 2022 primarily because starting from May 2012, maintenance funds were paid directly to custody accounts managed by the government instead of us, as a result of the change in relevant laws and regulations, while we have been spending the funds on the maintenance and repair of common areas over the years.

Our receipts on behalf of customers increased by 53.8% from RMB10.8 million as of December 31, 2019 to RMB16.6 million as of December 31, 2020, primarily due to the increases in common area advertising fees that we collected from third parties and temporary parking fees from visitors as we managed an increasing number of projects during the Track Record Period. Our receipts on behalf of customers increased by 31.8% from RMB16.6 million as of December 31, 2020 to RMB21.9 million as of December 31, 2021, primarily due to an increase in the parking fees that we collected on behalf of the property owners associations of the properties under our management, which was primarily attributable to the reviving economy in 2021 after the COVID-19 pandemic gradually became under control. Our receipts on behalf of customers increased by 5.5% from RMB21.9 million as of December 31, 2021 to RMB23.1 million as of April 30, 2022, primarily because we increased the rental deposits for the tenants on one residential property when we renewed our lease agreements with them.

We incurred interest payable of RMB2.8 million as of April 30, 2022, which primarily represented our bank borrowings and other liabilities.

As of the Latest Practicable Date, approximately RMB30.4 million, or 29.2%, of our other payables and accruals as of April 30, 2022 were subsequently settled. Such relatively low settlement percentage was primarily because (i) we typically return deposits that we collect from residents and tenants only upon the expiration or termination of their leases; since a majority of the tenants are companies and enterprises with relatively long lease terms, the payback period for our deposits received was relatively long; and (ii) maintenance funds are typically spent only when the need to maintain the residential communities under our management arises, and typically are not paid out in the short term.

Contract Liabilities

Our contract liabilities mainly arise from payments we receive from customers based on billing schedules prescribed in the property management service agreements. A portion of payments are usually received in advance of the performance of property management services under the contracts.

Our contract liabilities increased by 17.6% from RMB35.6 million as of December 31, 2019 to RMB41.9 million as of December 31, 2020, and by 79.0% from RMB41.9 million as of December 31, 2020 to RMB75.0 million as of December 31, 2021, primarily due to our overall business growth. Our contract liabilities decreased by 23.2% from RMB75.0 million as of December 31, 2021 to RMB57.6 million as of April 30, 2022, primarily because certain of the prepayments arising from property management service agreements were converted into revenue as we started to provide property management services. Among our contract liabilities as of April 30, 2022, RMB37.6 million, or 65.3% was subsequently recognized as revenue as of the Latest Practicable Date.

The following table is an aging analysis of contract liabilities as of the dates indicated, based on the expected timing of recognition of revenue:

	As of December 31,			As of April 30,
	2019	2020	2021	2022
		(RMB'000)		
Within one year	35,622	41,902	75,019	57,621

CURRENT ASSETS AND CURRENT LIABILITIES

The following table sets out our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of April 30,	As of June 30,
	2019	2020	2021	2022	
			(RMB'000)		
					(Unaudited)
CURRENT ASSETS					
Inventories	243	156	177	172	142
Trade receivables	101,225	96,359	101,222	143,831	123,634
Prepayments, other receivables and other assets	23,404	34,771	51,115	44,109	45,470
Due from related parties	1,091,300	22,003	35,123	31,699	20,628
Financial assets at fair value through profit or loss	5,000	–	–	–	–
Pledged deposits	349	–	–	–	–
Restricted cash	–	–	442	280	279
Cash and cash equivalents	223,299	288,210	302,644	175,814	223,882
Total current assets	**1,444,820**	**441,499**	**490,723**	**395,905**	**414,035**

	As of December 31,			As of April 30,	As of June 30,
	2019	2020	2021	2022	
			(RMB'000)		
					(Unaudited)
CURRENT LIABILITIES					
Trade payables	178,588	192,853	192,532	188,080	205,907
Other payables and accruals	77,426	94,510	103,106	103,814	104,899
Interest-bearing bank loans	191,500	6,250	11,250	11,250	11,250
Due to related parties	686,975	39,796	65,675	11,776	15,890
Lease liabilities	615	226	–	–	–
Tax payable	15,606	8,282	2,666	1,436	4,208
Contract liabilities	35,622	41,902	75,019	57,621	55,831
Total current liabilities	**1,186,332**	**383,819**	**450,248**	**373,977**	**397,985**
NET CURRENT ASSETS	**258,488**	**57,680**	**40,475**	**21,928**	**16,050**

Our net current assets decreased significantly from RMB258.5 million as of December 31, 2019 to RMB57.7 million as of December 31, 2020, primarily because we collectively settled substantial amounts due from and due to our related parties. See "—Related Party Transactions and Balances—Other transactions with related parties."

Our net current assets decreased by 29.8% from RMB57.7 million as of December 31, 2020 to RMB40.5 million as of December 31, 2021, primarily due to an increase in our total current liabilities, which was primarily attributable to an increase in our contract liabilities as a result of our business expansion.

Our net current assets decreased by 45.8% from RMB40.5 million as of December 31, 2021 to RMB21.9 million as of April 30, 2022, primarily due to a decrease in our total current assets ,which was primarily attributable to a decrease in our cash and cash equivalents.

Our total current assets decreased from RMB490.7 million as of December 31, 2021 to RMB414.0 million as of June 30, 2022, primarily due to a decrease in cash and cash equivalents, primarily as a result of our payment of annual bonus in January 2022. Our total current liabilities decreased from RMB450.2 million as of December 31, 2021 to RMB398.0 million as of June 30, 2022, primarily due to (i) our settlement of substantial non-trade amounts due to our related parties. See "—Related Parties Transactions and Balances—Other Transactions with Related Parties"; (ii) a decrease in contract liabilities, which was primarily attributable to the fulfillment of the relevant property managements contracts. As a result, our net current assets decreased from RMB40.5 million as of December 31, 2021 to RMB16.1 million as of June 30, 2022.

LIQUIDITY AND CAPITAL RESOURCES

Our principal use of cash has been for working capital. Our main source of liquidity mainly came from cash flow from operations and interest-bearing borrowings. In the foreseeable future, we expect cash flow from operations to continue to be our principal source of liquidity and we may use a portion of the proceeds from the [**REDACTED**] to finance some of our capital requirements.

Cash Flow

The following table sets forth a summary of our cash flows for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2019	**2020**	**2021**	**2021**	**2022**
			(RMB'000)		
				(unaudited)	
Operating cashflow before changes in working capital	70,878	77,686	89,033	29,114	34,147
– Changes in working capital	(18,907)	36,532	4,727	(30,810)	(61,621)
– Income tax paid	(6,758)	(25,362)	(23,495)	(13,313)	(9,444)
Net cash generated from/(used in) operating activities	45,213	88,856	70,265	(15,009)	(36,918)
Net cash (used in)/generated from investing activities	(303,232)	420,932	(64,388)	(26,912)	(30,202)
Net cash generated from/(used in) financing activities	283,681	(444,877)	8,557	37,988	(59,710)
Net increase/(decrease) in cash and cash equivalents	25,662	64,911	14,434	(3,933)	(126,830)
Cash and cash equivalents as of the beginning of year/period	197,637	223,299	288,210	288,210	302,644
Cash and cash equivalents as of the end of the year/period	**223,299**	**288,210**	**302,644**	**284,277**	**175,814**

Net Cash from/(used in) Operating Activities

Our cash flow from operating activities primarily reflects (i) profit before tax adjusted for non-cash and non-operating items, (ii) the effects of movements in working capital, and (iii) tax paid.

In the four months ended April 30, 2022, our net cash used in operating activities was RMB36.9 million, primarily due to an increase in our trade receivables in an amount of RMB40.2 million. RMB100.2 million, or 62.6%, of such trade receivables have been collected as of the Latest Practicable Date. Operating cash flow before changes in working capital was RMB34.1 million, primarily attributable to profit before tax of RMB25.8 million, as adjusted by certain line items such as (i) depreciation of property, plant and equipment of RMB6.8 million; (ii) finance costs of RMB2.9 million; (iii) share of loss of an associate of RMB0.8 million, as partially offset by impairment of trade receivables of RMB2.4 million. Our movements in working capital primarily reflect (i) an increase in trade receivables of RMB40.2 million which was primarily due to (a) the seasonality of an industry practice to collect property management fees at the end of each year, as confirmed by F&S; and (b) the COVID-19 pandemic; (ii) a decrease in trade payables of RMB17.7 million; and (iii) a decrease in contract liabilities of RMB17.4 million, as partially offset by a decrease in prepayment, deposits and other receivables of RMB9.0 million.

In the four months ended April 30, 2021, our net cash used in operating activities was RMB15.0 million. Our operating cash inflow before changes in working capital was RMB29.1 million, primarily attributable to profit before tax of RMB25.3 million, as adjusted by certain line items such as (i) depreciation of property, plant and equipment of RMB3.0 million; (ii) finance cost of RMB1.2 million; and (iii) share of loss of an associate of RMB1.0 million, as partially offset by positive changes in fair value of investment properties of RMB0.8 million. Our movements in working capital primarily reflect (i) an increase in trade receivables of RMB21.7 million, which was primarily due to (a) the seasonality of an industry practice to collect property management fees at the end of each year, as confirmed by F&S; and (b) delay of balance settlement of trade receivables due to the COVID-19 pandemic; (ii) a decrease in amounts due to related parties of RMB9.3 million; (iii) an increase in prepayments, deposits and other receivables of RMB6.3 million; and (iv) a decrease in other payables and accruals of RMB5.8 million, as partially offset by an increase in trade payables of RMB10.3 million and an increase in contract liabilities of RMB2.6 million.

To improve our net operating cash outflows position, the general manager will specifically require each property management service center of the projects under our management to (i) strengthen the collection of outstanding trade receivables via periodic telecommunication means as well as in-person visits; and (ii) take into account the amount and percentage of outstanding trade receivables settled when evaluating the performance of our employees at each property management service center, awarding those who help achieve a high collection rate of outstanding trade receivables.

In 2021, our net cash generated from operating activities was RMB70.3 million. Operating cash inflow before changes in working capital was RMB89.0 million, primarily attributable to profit before tax of RMB76.6 million, as adjusted by certain line items such as (i) depreciation of property, plant and equipment of RMB12.6 million; (ii) finance costs of RMB3.9 million; (iii) share of loss of an associate of RMB3.0 million, as partially offset by changes in fair value of investment properties of RMB4.6 million. Our movements in working capital primarily reflect (i) a decrease in amounts due to related parties of RMB15.6 million; and (ii) an increase in amounts due from related parties of RMB13.1 million, as partially offset by an increase in contract liabilities of RMB33.1 million.

In 2020, our net cash generated from operating activities was RMB88.9 million. Operating cash inflow before changes in working capital was RMB77.7 million, primarily attributable to profit before tax of RMB64.3 million, as adjusted by certain line items such as (i) finance costs of RMB24.0 million; and (ii) depreciation of items of property, plant and equipment of RMB8.6 million, as partially offset by interest income of RMB24.4 million. Our movements in working capital primarily reflect (i) an increase in other payables and accruals of RMB16.3 million; (ii) an increase in trade payables of RMB12.5 million; (iii) an increase in amounts due to related parties of RMB7.0 million; and (iv) an increase in contract liabilities of RMB6.3 million partially offset by an increase in prepayments, deposits and other receivables of RMB6.1 million.

In 2019, our net cash generated from operating activities was RMB45.2 million. Operating cash inflow before changes in working capital was RMB70.9 million, primarily attributable to profit before tax of RMB58.1 million, as adjusted by certain line items such as (i) finance costs of RMB23.1 million; and (ii) impairment of trade receivables of RMB6.2 million, as partially offset by interest income of RMB21.8 million. Our movements in working capital primarily reflect (i) an increase in trade payables of RMB16.1 million; (ii) an increase in other payables and accruals of RMB6.3 million; and (iii) and an increase in amounts due to related parties of RMB3.9 million, partially offset by (i) an increase in trade and notes receivables of RMB41.4 million, and (ii) an increase in prepayments, deposits and other receivables of RMB8.5 million.

Net Cash from/(used in) Investing Activities

During the Track Record Period, our cash used in investing activities mainly consists of (i) the decrease in payables to related parties; (ii) the increase in receivables from related parties; and (iii) purchases of items of property, plant and equipment, and our case from investing activities mainly consists of (i) the decrease in receivables from related parties; and (ii) the increase in payables to related parties.

In the four months ended April 30, 2022, our net cash used in investing activities was RMB30.2 million, primarily due to purchases of items of property, plant and equipment.

In 2021, our net cash used in investing activities was RMB64.4 million, primarily due to purchases of items of property, plant and equipment of RMB60.8 million and investments in an associate of RMB4.9 million.

In 2020, our net cash from investing activities was RMB420.9 million, primarily due to a decrease in receivables from related parties of RMB1,069.4 million, partially offset by an decrease in payables to related parties of RMB600.0 million. See "—Related Party Transactions and Balances—Other Transactions with Related Parties."

In 2019, our net cash used in investing activities was RMB303.2 million, primarily reflecting an increase in receivables from related parties of RMB424.0 million, partially offset by an increase in payables to related parties of RMB200.0 million. See "—Related Party Transactions and Balances—Other Transactions with Related Parties."

Net Cash from/(used in) Financing Activities

During the Track Record Period, our cash used in financing activities primarily includes (i) repayment of interest-bearing bank loans; and (ii) payment of interest, and our case from financing activities mainly consists of (i) addition of interest-bearing bank loans; and (ii) proceeds from other liabilities.

In the four months ended April 30, 2022, net cash used in financing activities was RMB59.7 million, primarily reflecting our repayment of advance from related parties of RMB57.0 million.

In 2021, net cash from financing activities was RMB8.6 million, primarily reflecting our advance from related parties of RMB41.5 million, partially offset by interest paid of RMB13.4 million and [**REDACTED**] expenses of RMB[**REDACTED**] million.

In 2020, net cash used in financing activities was RMB444.9 million, primarily reflecting our repayment of interest-bearing bank loans of RMB670.3 million, partially offset by (i) receipt of proceeds from other liabilities of RMB200.0 million, which arose from an earmarked governmental loan due 2030 granted by the Suzhou Finance Bureau to Xingang Municipal Greening, a subsidiary of us, with nominal value of RMB200.0 million and an annual nominal interest rate of 3.37%; and (ii) addition of interest-bearing bank loans of RMB108.5 million.

In 2019, our net cash from financing activities was RMB283.7 million, primarily reflecting addition of interest-bearing bank loans of RMB365.8 million, partially offset by repayment of interest-bearing bank loans of RMB48.0 million.

Working Capital

Our Directors are of the opinion that, after taking into account the financial resources available to us including the estimated net proceeds 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 AND CONTINGENT LIABILITIES

Except as disclosed below and apart from intra-group liabilities, we did not have any other outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness issued and outstanding or agreed to be issued, hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or unutilized credit facilities of other material contingent liabilities outstanding or any covenant in connection therewith as of June 30, 2022, being the latest date for the purpose of the indebtedness statement. Our Directors have confirmed that there had not been any material change in the indebtedness and contingent liabilities of our Group since June 30, 2022, the latest date for liquidity disclosure, and up to the Latest Practicable Date.

Bank Borrowings

The following table sets forth the components of our borrowings as of the dates indicated:

	As of December 31,			As of April 30,	As of June 30,
	2019	2020	2021	2022	
			(RMB'000)		
					(Unaudited)
Current					
– Current portion of long-term bank loans – guaranteed	111,500	6,250	11,250	11,250	11,250
– Bank loans – guaranteed	80,000	–	–	–	–
Non-current					
– Bank loans – guaranteed	510,300	133,750	122,500	122,500	119,063
Total	**701,800**	**140,000**	**133,750**	**133,750**	**130,313**

The table below sets forth a repayment schedule of the interest-bearing bank loans as of the dates indicated:

	As of December 31,			As of April 30,	As of June 30,
	2019	2020	2021	2022	
			(RMB'000)		
					(Unaudited)
Repayable within one year or on demand	191,500	6,250	11,250	11,250	11,250
Repayable within two to five years, inclusive	170,000	51,250	58,500	58,500	68,813
Beyond five years	340,300	82,500	64,000	64,000	50,250
Total	**701,800**	**140,000**	**133,750**	**133,750**	**130,313**

As of December 31, 2019, our bank loans of RMB697.3 million, was secured by SND Company.

As of December 31, 2020 and 2021 and April 30 and June 30, 2022, our bank loan of RMB140.0 million, RMB133.8 million, RMB133.8 million and RMB130.3 million, respectively, was secured by certain investment properties and buildings of our Group.

As of June 30, 2022, we had RMB50.0 million of unutilized credit facilities, which had not been drawn down as of the Latest Practicable Date.

Prior to the Reorganization, SND Company collectively deployed funds to meet the needs of its subsidiaries and affiliates, including our Group. Therefore, historically the bank borrowings that we obtained were primarily advanced to SND Group to support such financing arrangement. See "—Indebtedness and Contingent Liabilities—Bank Borrowings and Other Liabilities."

Other Liabilities

As of December 31, 2019, 2020 and 2021 and April 30 and June 30, 2022, we recorded other liabilities of nil, RMB165.5 million, RMB168.1 million, RMB169.0 million and RMB169.5 million, respectively. The other liabilities arose from an earmarked governmental loan granted by the Suzhou Finance Bureau to Xingang Municipal Greening, a subsidiary of us, with nominal value of RMB200.0 million, an annual nominal interest rate of 3.37% payable semiannually and a maturity date on February 27, 2030 to facilitate the construction of waste collection centers. Our other liabilities are subsequently measured at amortized cost, using the effective interest rate method. Our gains and losses are recognized in profit or loss when the liabilities are de-recognized as well as through the effective interest rate amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization directly attributable to the construction of waste center is capitalized as part of the cost of those assets, and the other part is included in finance costs in profit or loss.

Lease Liabilities

The following table sets forth the breakdown of our lease liabilities as of the dates indicated:

	As of December 31,			As of April 30,	As of June 30,
	2019	2020	2021	2022	
			(RMB'000)		
					(Unaudited)
Current lease liabilities	615	226	–	–	–
Non-current lease liabilities	226	–	–	–	–
Total	**841**	**226**	**–**	**–**	**–**

Lease Liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the term of the lease. We recognized lease liabilities of RMB0.8 million, RMB0.2 million, nil, nil and nil, respectively, as of December 31, 2019, 2020 and 2021 and April 30 and June 30, 2022. Our lease liabilities decreased during the Track Record Period, mainly because the number of lease agreements decreased as certain lease agreements expired during the Track Record Period.

Contingent Liabilities

As of December 31, 2019, 2020 and 2021 and April 30 and June 30, 2022, we did not have any outstanding material contingent liabilities.

As of December 31, 2019, 2020 and 2021 and April 30 and June 30, 2022, we did not have any outstanding guarantees.

CAPITAL EXPENDITURES

Our capital expenditure during the Track Record Period primarily represented expenditures incurred for purchase of property, plant and equipment and additions to leasehold land. In 2019, 2020 and 2021 and the four months ended April 30, 2022, we incurred capital expenditures of approximately RMB92.6 million, RMB78.6 million, RMB61.0 million and RMB30.8 million, respectively.

Our Directors estimate that our capital expenditure for 2022 will be approximately RMB86.4 million. Such estimates represent the total capital expenditure we expect to incur based on our existing business plans to pay for the construction of three waste collection centers. We may adjust our business plans and the estimate total capital expenditure may also change.

OFF-BALANCE SHEET ARRANGEMENTS

We had no material off-balance sheet arrangements as of April 30, 2022, being the date of our most recent financial statement, and the Latest Practicable Date.

SUMMARY OF KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates and for the periods indicated:

	As of and/or for the year ended December 31,			As of and/or for the four months ended April 30,
	2019	**2020**	**2021**	**2022**
Gross profit margin (%)	20.3	21.1	23.0	22.5
Net profit margin (%)	10.0	11.0	12.2	11.8
Current ratio *(times)*(1)	1.2	1.2	1.1	1.1
Gearing ratio *(%)*(2)	192.4	61.2	54.5	53.0
Return on equity *(%)*(3)	12.4	11.0	10.6	N/A
Return on total assets *(%)*(4)	2.5	2.9	4.5	N/A

(1) Current ratio is calculated based on our total current assets divided by our total current liabilities as of the respective dates.

(2) Gearing ratio is calculated based on total bank loans and other liabilities divided by total equity as of the end of that period.

(3) Return on equity is calculated based on our profit for the period attributable to owners of our Company divided by the average balance of total equity attributable to owners of our Company as of the beginning and end of the period and multiplied by 100%. We did not calculate the return on equity for the four months ended 30, 2022, primarily because we do not find it meaningful to compare an annualized ratio for the four months ended April 30, 2022 with the actual ratio for the year ended December 31, 2021.

(4) Return on total assets is calculated based on our profit for the period divided by the average balance of our total assets as of the beginning and end of the period and multiplied by 100%. We did not calculate the return on total assets for the four months ended April 30, 2022, primarily because we do not find it meaningful to compare an annualized ratio for the four months ended April 30, 2022 with the actual ratio for the year ended December 31, 2021.

Current Ratio

Our current ratio remained relatively stable during the Track Record Period at 1.2 times, 1.2 times, 1.1 times and 1.1 times, respectively.

Gearing Ratio

Our gearing ratio decreased from 192.4% in 2019 to 61.2% in 2020, and further decreased to 54.5% in 2021. Our gearing ratio then decreased to 53.0% for the four months ended April 30, 2022. The fluctuations in gearing ratio were primarily due to the changes in our interest-bearing bank and other liabilities during the Track Record Period. See "—Indebtedness and Contingent Liabilities—Bank Borrowings and Other Liabilities."

Return on Total Assets

Our return on total assets increased from 2.5% in 2019 to 2.9% in 2020, primarily due to (i) an increase in net profit from RMB43.6 million in 2019 to RMB48.1 million in 2020; and (ii) a decrease in our total assets from RMB2,083.7 million as of December 31, 2019 to RMB1,204.5 million as of December 31, 2020, which was primarily attributable to a decrease in amounts due from related parties from RMB1,091.3 million as of December 31, 2019 to RMB22.0 million as of December 31, 2020 as a result of our collective settlement.

Our return on total assets increased from 2.9% in 2020 to 4.5% in 2021, primarily because both our net income and total assets increased between 2020 and 2021, each by 17.5% and 9.2%, respectively, as a result of (i) a decrease in our interest expenses, which was primarily attributable to a decrease in our interest-bearing bank and other liabilities; and (ii) our business expansion, representing that the growth of our net income outpaced that of our total assets.

Return on Equity

Our return on equity decreased from 12.4% in 2019 to 11.0% in 2020, primarily due to an increase in total equity by 36.7% from RMB364.9 million as of December 31, 2019 to RMB498.8 million as of December 31, 2020 primarily as a result of the capital injection in 2020.

Our return on equity decreased from 11.0% in 2020 to 10.6% in 2021, primarily because both our net income and total equity increased between 2020 and 2021 as a result of (i) a decrease in our interest expenses, which was primarily attributable to a decrease in our interest-bearing bank and other liabilities; and (ii) our business expansion, and the growth of the average balance of our total equity as of the beginning and the end of 2021 outpaced that of our net income.

QUANTITATIVE AND QUALITATIVE ANALYSIS ABOUT MARKET RISK

Our major financial instruments include bank loans, finance leases, other liabilities, which primarily consist of government bonds and cash and time deposits. The risks associated with these financial instruments include credit risk and liquidity risk. Our Directors manage and monitor these exposures to ensure that appropriate measures are implemented in a timely and effective manner.

Credit Risk

We enter into transactions only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is insignificant. For transactions that are not denominated in the functional currency of the relevant operating unit, we do not offer credit terms without the specific approval of our head of credit control.

Liquidity risk

We manage our exposure to liquidity risk primarily by monitoring our current ratio. Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans. Our policy is that all the borrowings should be approved by our chief financial officer.

RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of us are also considered as related parties. See note 34 to the Accountants' Report in Appendix I to this document for a detailed discussion on related party transactions.

During the Track Record Period, we had the following significant transactions with related parties:

Property Management Services and City services

In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, we recorded provision of property management services and city services to related parties of RMB38.2 million, RMB36.3 million, RMB48.6 million, RMB17.5 million and RMB15.7 million, respectively.

Rental Income

In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, we recorded rental income from related parties of RMB1.1 million, RMB0.8 million, RMB0.7 million, RMB0.2 million and RMB0.3 million, respectively.

Rental Payments

In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, we recorded rental payments to related parties of RMB4.2 million, RMB4.2 million, RMB0.1 million, RMB90 thousand and nil, respectively.

Other purchase from related companies

In 2019, 2020 and 2021 and the four months ended April 30, 2021 and 2022, we recorded revenue from other purchase from related companies of RMB8.9 million, RMB8.5 million and RMB8.9 million, respectively, RMB4.4 million and RMB2.0 million. Our other purchase from related companies primarily consists of tap water that we purchased from Gaoxin Water. In 2019, 2020 and 2021 and for the four months ended April 30, 2021 and 2022, such purchase amounted to approximately RMB6.4 million, RMB5.9 million, RMB6.2 million, RMB2.3 million and RMB0.9 million, respectively. See "Connected Transactions—Continuing Connected Transaction Subject to the Reporting, Annual Review And Announcement Requirements But Exempt from The Independent Shareholders' Approval Requirement—Master Water Supply Agreement."

Other Transactions with Related Parties

As of December 31, 2019, our bank loans guaranteed by SND Company amounted to RMB697.3 million. As of December 31, 2019, our bank loans guaranteed by Suzhou Jinhesheng amounted to RMB4.5 million.

The following table sets forth the outstanding balances with related parties as of the dates indicated:

	As of December 31,			As of April 30,
	2019	**2020**	**2021**	**2022**
	(RMB' 000)			
Due from related parties:				
Trade related	21,920	22,003	35,123	31,699
Non-trade related	1,069,380	–	–	–
Total	**1,091,300**	**22,003**	**35,123**	**31,699**
Due to related parties:				
Trade related	17,266	24,296	8,675	11,776
Non-trade related	669,709	15,500	57,000	–
Total	**686,975**	**39,796**	**65,675**	**11,776**

Our non-trade amounts due from related parties primarily arise from the amounts that we advanced to SND Group for SND Group's coordinately use prior to Reorganization as part of SND Group's centralized internal fund management. Such non-trade amounts due from related parties were fully settled by the end of 2020. The funds advanced to SND Group by us were charged with the same interest rates as those of the relevant external borrowings. In 2019 and 2020, we recognized interest income on amounts due from SND Company, our Controlling Shareholder, of RMB21.2 million, RMB20.8 million, respectively. The amount of RMB21.2 million in 2019 consisted of (i) financial income of RMB19.7 million in relation to the abovementioned advances from us to SND Group by using funds from external borrowings and (ii) the interest income of RMB1.5 million arising from the loan to SND Group by using the Company's self-owned funds. The amount of RMB20.8 million in 2020 consisted of (i) financial income of RMB20.0 million in relation to the abovementioned advances from us to SND Group by using funds from external borrowings and (ii) the interest income of RMB0.8 million arising from the loan to SND Group by using the Company's self-owned funds. The financial income in relation to the advances from us to SND Group by using funds from external borrowings in 2019 and 2020 were all repaid by us to the relevant banks as of December 31, 2020. The foregoing advances to SND Group were subsequently classified as related party balances of a non-trade nature following the Reorganization. To meet the requirement for financial independence, we have discontinued our participation in the arrangement of SND Group's centralized internal fund management.

During the Track Record Period, certain of our related party customers settled the trade related amounts due from them later than the granted credit terms, primarily because we were part of SND Group, and therefore we did not actively request the intra-group outstanding trade related amounts prior to our preparation of the [**REDACTED**]. After noting the relatively slow settlement of certain customers, we have enhanced our collection effort, including active negotiation by the management of our Group. As of the Latest Practicable Date, RMB19.7 million, or approximately 62.2% of our trade-related amounts due from related parties as of April 30, 2022, were subsequently settled. As a result, our trade amounts due from related parties as of April 30, 2022 primarily consisted of property management service fee for pre-sale apartments. As of the same date, all of our unsettled portion of trade-related amounts due from related parties as of April 30, 2022, excluding prepayments, quality assurance deposits and deposits for tender and bidding agents' services which do not have credit terms, were within the granted credit terms. For the remaining trade related amounts due from related parties, we will designate special personnel to track the progress of collecting property management fees due from related parties, and regularly evaluate employee performance based on property management fees collection rate. Based on public information, our related parties who had trade amounts due to us as of April 30, 2022 are generally under normal operation, and to our best knowledge, we are not aware of any material financial difficulty or major default which would materially affect their payment capability. As a result, our Directors are of the view that there is no material recoverability issue regarding the remaining unsettled trade amounts due from related parties as of April 30, 2022, and that substantially all of our trade amounts due from related parties as of April 30, 2022 will be settled prior to the [**REDACTED**]. The remaining amount of unsettled trade amounts due from related parties is RMB11.6 million. These amounts primarily represent prepayments, quality assurance deposits and deposits for tender and bidding agents' services. The quality assurance deposits will generally be refunded once the related service agreements expire, and the deposits for tender and bidding agents' services will generally be refunded after the conclusion of the tender procedures.

Upon the [**REDACTED**], we plan to further enhance the collection of our trade amounts due from related parties by adopting various collection measures. For trade amounts aged over three months, we will send fee reminders through text messages, emails or letters and request outstanding fees to be paid within a prescribed time period. If we do not receive the payment within the prescribed time, we will call or visit relevant residents or tenants in person to collect property management fees and issue the fee notice. When trade amounts become aged over six months, we will send demand letters or attorney letters to related parties. When trade amounts aged over 12 months, we will seek assistance from our shareholders in collecting these trade amounts and our legal department will consider initiating legal proceedings to claim outstanding trade amounts. Our finance management department, administration department and legal department will work collaboratively to collect trade amounts within our prescribed credit term.

Our non-trade amounts due to related parties decreased from RMB669.7 million as of December 31, 2019 to RMB15.5 million as of December 31, 2020, primarily due to our settlement of outstanding amounts due to related parties in 2020. Our non-trade amounts due to related parties increased from RMB15.5 million as of December 31, 2020 to RMB57.0 million as of December 31, 2021. Our non-trade amounts due to related parties decreased to nil as of April 30, 2022, primarily due to our settlement of outstanding amounts due to related parties in early 2022.

As of December 31, 2021, our total amounts due to related party amounted to RMB65.7 million, among which RMB57.0 million came from the interest-free borrowings from a related company of our Group for the future construction of waste collection centers. As of the Latest Practicable Date, we have fully settled such borrowings.

According to the General Lending Provisions, a regulation promulgated by the PBOC in 1996, only financial institutions may legally engage in the business of extending loans, and loans as between companies that are not financial institutions are prohibited. The competent authorities may impose penalties on the lender that is not a financial institution in the amount equivalent to one to five times of the income generated (being interests charged) from the loan advancing activities. However, according to the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (the "Judicial Interpretations on Private Lending Cases"), which was the effective law regulating private lending contracts when the agreements of the related advances between the SND Group and us were concluded, for private lending contracts concluded between legal persons for the need of production and operation, except for the existence of the circumstance, such as an act based on false declaration of will, maliciously colluded to damage others' lawful interests, or contrary to public order and good morals, and an act of relending credit funds at a high interest rate to making a profit, which shall invalidate contracts, the People's Court shall uphold the claim of the parties concerned that the private lending contract is effective. As such, as advised by our PRC Legal Advisors, in a case where the exceptions stipulated in the Judicial Interpretations on Private Lending Cases do not exist, private lending contracts without financial nature between non-financial corporations shall be deemed valid. Also, according to the Judicial Interpretations on Private Lending Cases, the People's Court will uphold the claim for interest of private lending contracts so long as the annual interest rate does not exceed four times the loan prime rate (LPR) for one-year loan when the contract is concluded, such interest income will not be deemed by People's Court as illegal income.

In addition, according to the interviews conducted by the Sole Sponsor with the relevant banks granting the loans that we subsequently advanced to SND Group, all relevant banks confirmed that they (i) were aware of the use of such loans; (ii) did not consider our advances of such loans constituted a non-compliance with laws and regulations; and (iii) did not and will not hold any actions against us, our shareholders, our Directors and managers in relation to such advances.

Our Directors confirm that the advances to SND Group was for the purposes of supporting SND Group's business development and operations, and we did not intend to obtain the loans from the lending banks illegally, or benefit from the lending arrangements. In addition, the interests received were equal to the interests we paid to the banks from which we borrowed the funds. As such, our PRC Legal Advisors are of the view that the Advance to Related Parties meets the requirements of the Supreme People's Court which recognize the validity and legality of financing arrangements and lending transactions between non-financial institutions.

Nonetheless, considering that (i) the abovementioned advances to SND Group by us was for the purposes of supporting SND Group's business development and operations; (ii) we did not intend to obtain the loans from the lending banks illegally, or benefit from the abovementioned arrangements, and the interests received were equal to the interests we paid to the banks from which we borrowed the funds; (iii) we have discontinued our participation in the arrangement of centralized internal fund management, and our Directors confirm that our Group will not enter into similar financing arrangement with related parties and/or non-financing institutional third parties in the future; (iv) our Directors confirm that the Controlling Shareholders will indemnify our Group against all claims, penalties or other liabilities arising from our advance to SND Group; and (v) up to the Latest Practicable Date, we had not received any notice of claim or penalty relating to such advances from any relevant authority. Our PRC Legal Advisors are of the view that the abovementioned intra-group financing arrangements did not constitute a significant violation of the applicable provisions of the General Lending Provisions and the risk of the competent authorities imposing any penalty on us is low. In light of our PRC Legal Advisors' view, our Directors believe that the abovementioned intra-group financing arrangements are not reasonably likely to have any material adverse legal impact on our Group or adversely affect our financial position or business operations and therefore, we made no provision for the abovementioned arrangements.

According to the consultation with the Suzhou Regulatory Branch of the CBIRC on August 27, 2021, Suzhou Regulatory Branch of the CBIRC had already been aware of our advances to SND Group, and confirmed that the subjects of administrative penalties imposed by the CBIRC were primarily insurance institutions, banks and their respective employees. With respect to our advance to SND Group, the Suzhou Regulatory Branch of the CBIRC had requested us to take rectification measures such as strengthening our internal control. The Suzhou Regulatory Branch of the CBIRC has also issued a written confirmation on April 27, 2021, confirming that from January 1, 2018 to the date of the issuance of the confirmation, the Suzhou Regulatory Branch of the CBIRC had not imposed administrative penalties on us.

Based on the division of the institutional functions of the PBOC and the CBIRC, the matter of financial supervision and administration is within the scope of functions of the CBIRC and therefore our PRC Legal Advisors are of the view that the Suzhou Regulatory Branch of the CBIRC is the competent regulator relating to the lending and borrowing activities between our Group and banks and also the private lending activities between our Group and the SND Group.

Before the restructuring of the State Council in 2003, the PBOC simultaneously carried out the duties of formulating and implementing monetary policies, as well as the supervision and administration over the financial industry. Based on its scope of duties and authorities, the PBOC promulgated the General Lending Provisions in 1996, which is a kind of department rules of the State Council. According to the General Lending Provisions, the PBOC carried out the duty of supervision and administration over the market of loan business. On March 10, 2003, the First Session of the Tenth National People's Congress approved the Plan for Restructuring the State Council. Accordingly, based on the requirements of improving the financial supervision and administration system, the State Council established the China Banking Regulatory Commission (the "CBRC"), thus building the overall financial supervision and administration system consisting of the CBRC, the China Securities Regulatory Commission and China Insurance Regulatory Commission (the "CIRC"). In 2018, the functions of the CBRC and CIRC were integrated and the CBIRC was set up. Since the Restructuring of the State Council in 2003, the main functions of the PBOC have been formulating and implementing monetary policies and performing the macro-control functions in the field of finance, and the function of performing the supervision and administration over the financial industry, such as regulating the loan business, has been transferred to the CBIRC.

According to the Plan for Restructuring the State Council, the Law of the People's Republic of China on the People's Bank of China was amended in 2003, which further clarified that the main functions of the PBOC were formulating and implementing monetary policies, preventing and dissolving financial risks, and maintaining the financial stability, including twelve specific responsibilities. Meanwhile, according to the Banking Supervision Law of the People's Republic of China, which was promulgated in the same period of 2003, the main functions of the CBRC were performing financial supervision and administration over the banking industry, regulating the activities of supervision, and preventing and eliminating banking risks. As such, along with the Plan for Restructuring the State Council in 2003, the duties of supervision and administration over the financial loan business and illegal lending and borrowing activities stipulated in the General Lending Provisions has already been adjusted and included in the scope of functions of the CBRC.

As for the supervision and administration over the Private Lending Activities, the CBIRC promulgated the Notice on Matters concerning Regulating Private Lending and Maintaining the Economic and Financial Order (CBIRC [2018] No. 10) (《關於規範民間借貸行為維護經濟金融秩序有關事項的通知》) in April 2018, reiterating the CBIRC's function of supervision and administration over the illegal private lending activities.

Per the request of Suzhou Regulatory Branch of the CBIRC, to better monitor our transactions with related parties, as reviewed by our internal control consultant, as of June 9, 2021, we have established the Related Party Transaction Management Policy 《關連交易管理規定》, which stipulates that we shall not directly or indirectly provide funds to our Controlling Shareholders and other related parties in the following ways: (i) lending our funds to our controlling shareholder or other related parties with or without compensation; (ii) providing entrusted loans to related parties through banks or non-bank financial institutions; (iii) entrusting Controlling Shareholders or other related parties to carry out investment activities; (iv) issuing commercial acceptance bills to controlling shareholders or other related parties in a non-trade background; and (v) repaying debts on behalf of controlling shareholders or other related parties. The Related Party Transaction Management Policy also requires that (i) prior to entering into a related party transaction, we shall record the transaction's nature, price, details and influence on our shareholders; (ii) our independent directors shall issue written opinions on the fairness of the related party transaction and closely follow the internal approval procedures; and (iii) the audit committee, the audit department and the financial department shall regularly monitor non-operating capital exchanges with related parties. In addition, we organized our Directors to participate in a training on loan diversion and related party transactions on August 28, 2021 about the relevant legal provisions and risks to help them better understand the policies and enhance internal management. As of the Latest Practicable Date, the CBIRC had not required us to take any additional or follow-up action, including reporting the rectification measures that we had taken. Our Directors and the Sole Sponsor, after conducting interviews with the relevant banks granting loans to us and our internal control consultant, and reviewing minutes of our PRC Legal Advisors' consultation with the Suzhou Regulatory Branch of the CBIRC and relevant documents relating to our related party transactions, are of the view that our enhanced internal control procedures are adequate and effective.

Our Directors confirm that the related party transactions were conducted on normal commercial terms at arms length and were fair and reasonable as a whole. Our Directors confirm that all other related party balances which are non-trade in nature and did not occur in our ordinary course of business had been fully settled as of the Latest Practicable Date.

DIVIDEND POLICY AND DISTRIBUTABLE RESERVES

Our Company did not declare or pay any dividends during the Track Record Period.

The payment and amounts of dividends (if any) depend on our results of operations, cash flows, financial position, statutory and regulatory restrictions on the dividends to be paid by us, future prospects and other relevant factors. Save for the above and subject to applicable laws and regulations as well as our Articles of Association, we expect to pay a dividend no less than 30.0% of the profit after tax after the [**REDACTED**] each year. The declaration, payment and amount of dividends will be subject to our discretion. The proposed payment of dividends is also subject to the resolution of the shareholder meeting, and, after the [**REDACTED**], any declaration of final dividend for the year will be subject to the approval of our Shareholders.

As of April 30, 2022, the distributable reserves of our Group, being the retained earnings, amounted to RMB490.1 million.

DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirmed 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 [**REDACTED**] expenses for the [**REDACTED**] of H Shares are estimated to be approximately HK$[**REDACTED**] million (including [**REDACTED**] commissions of approximately HK$[**REDACTED**] million, and non-[**REDACTED**]-related expenses of approximately HK$[**REDACTED**] million which consist of fees and expenses for legal advisors and accountants of approximately HK$[**REDACTED**] million and other fees and expenses of approximately HK$[**REDACTED**] million), representing approximately [**REDACTED**]% of the gross proceeds from the [**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] Range and assuming no [**REDACTED**] will be exercised), of which (i) approximately HK$[**REDACTED**] million is directly attributable to the issuance of H Shares and will be deducted from our total equity upon the [**REDACTED**] of which approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) was charged to other receivables as of April 30, 2022, (ii) approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) was charged to our consolidated statements of profit or loss and other comprehensive income for the period ended December 31, 2021; (iii) approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) was charged to our consolidated statements of profit or loss and other comprehensive income for the four months ended April 30, 2022; and (iv) approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) will be charged to our consolidated statements of profit or loss and other comprehensive income for the eight months ending December 31, 2022.

PROPERTY INTERESTS AND PROPERTY VALUATION

Cushman & Wakefield, an independent property valuer, valued our properties based on the assumptions that (i) transferable land use rights in respect of the properties for its specific term at nominal annual land use fees have been granted and that any premium payable have already been fully paid; (ii) we have good legal titles to the properties and have free and uninterrupted rights to occupy, use, transfer, lease or assign the properties for the whole of the respective unexpired terms as granted; and (iii) the owner has enforceable title to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the unexpired terms as granted.

In valuing (i) the Jinshan Waste Collection Centers (excluding Level 4 to 6) and the Science & Technology City Waste Collection Centers, two properties in the PRC held by us for our occupation; and (ii) the properties in the PRC held by us for development, Cushman & Wakefield has adopted the Depreciated Replacement Cost Method which is appropriate for specialized properties without appropriate market-based evidence. In valuing office units

Nos. 3001, 3002, 3003, 3004 and 3005 of the Gaoxin Plaza and office units Nos. 303-2, 104, 307, 301-4, 302-1 and 303-1 of the Golden Lion Building, which are also properties in the PRC held by us for our occupation, Cushman & Wakefield has adopted the Market Comparison Method which is appropriate for valuations of properties with appropriate market-based evidence. In valuing properties in the PRC held by us for investment, Cushman & Wakefield has adopted the Income Capitalization Method and cross-checked by the Market Comparison Method. Income Capitalization Method is appropriate for valuations of properties held for investment.

Cushman & Wakefield has valued our property interests as of June 30, 2022 and is of the opinion that the aggregate value of the property in which we had an interest as of such date was RMB731.9 million. The full text of the letter and summary disclosure of property valuation with regard to our property interests are set out in "Appendix III—Property Valuation Report" to this document. The following table shows the reconciliation of the aggregate amount of certain properties reflected in the audited consolidated financial information as of April 30, 2022 as disclosed in the Accountants' Report included in Appendix I to this document, with the valuation of these properties as of June 30, 2022 disclosed in "Appendix III—Property Valuation Report" to this document:

	(RMB'000)
Net book value of properties as of April 30, 2022	**644,628**
Movement for the period from May 1, 2022 to June 30, 2022 (unaudited)	16,665
Net book value of properties as of June 30, 2022 (unaudited)	**661,293**
Add: Valuation surplus before tax	70,577
Market value of properties as of June 30, 2022 as set out in the Property Valuation Report in Appendix III to this document	**731,870**

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See Appendix II to this document for the unaudited pro forma statement of adjusted net tangible assets of our Group, and is set out therein to illustrate the effect of the [**REDACTED**] on the net tangible assets of our Group attributable to the equity holders of our Company as of April 30, 2022 as if the [**REDACTED**] had taken place on April 30, 2022.

DIRECTORS' CONFIRMATION ON NO MATERIAL ADVERSE CHANGE

After due and careful consideration, save for "Business—Effects of the COVID-19 outbreak", presenting certain extreme situations for illustrative purpose only, which may or may not occur, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since April 30, 2022 (being the date to which our Company's latest consolidated audited financial results were prepared), and there has been no event since April 30, 2022 which would materially affect the information shown in the Accountants' Report, the text of which is set out in Appendix I to this document.

FUTURE PLANS AND PROSPECTS

See "Business—Business Strategies" of this Document for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$[**REDACTED**] million from the [**REDACTED**], after deducting the [**REDACTED**] commissions and other estimated expenses payable by us in connection with the [**REDACTED**], assuming that the [**REDACTED**] is not exercised and an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the indicative [**REDACTED**] set forth on the cover page of this Document).

We intend to use such net proceeds from the [**REDACTED**] for the purposes and in the amounts set forth below:

- Approximately [**REDACTED**]%, or approximately HK$[**REDACTED**] million, will be used to pursue selective acquisitions of other property management companies that focus on city services and property management services to commercial properties, such as industrial parks, office buildings and commercial complexes. We plan to prioritize property management companies located in Shanghai, Nantong, Wuxi, Changzhou, Yancheng and Jiaxing, and other major cities near Shanghai in order to further solidify our market position and competitiveness. We will primarily focus on suitable targets which:

  (i) have a total GFA under management of over 1.0 million sq.m.;

  (ii) have an annual revenue of not less than RMB20.0 million or an annual net income of not less than RMB2.0 million in the latest financial year before acquisition and business integration; and

  (iii) can offer a good mix of property management portfolio of city services and commercial property management services.

We will also consider other risk factors, including indebtedness, administrative penalties, outstanding legal proceedings and disputes. Based on the criteria mentioned above, we expect to acquire the majority equity interest of four to five targets by spending approximately RMB[**REDACTED**] million to RMB[**REDACTED**] million on each target, and we preliminarily estimate that non-residential properties would account for all of the aggregate GFA under management of all target property management companies to be acquired or invested in by us. The criteria are subject to adjustment based on changes in the market conditions and our strategic needs;

- Approximately [**REDACTED**]%, or approximately HK$[**REDACTED**] million, will be used to pursue strategic investments in waste collection centers and companies that provide operational and management services to waste collection centers. We plan to focus on suitable targets which:

  (i) already have a mature business model and a proven track record, such as those with (a) maximum waste processing capacity of 54,000 tons per year; (b) no less than 30 waste collection vehicles; (c) capacity to cover a region of no less than 20 sq.km; (d) an annual revenue of no less than RMB20.0 million; or (e) an annual gross profit of no less than RMB3.2 million, that could be scaled up; and

  (ii) can create synergy with our residential and commercial property management services by (a) increasing the profit margin of our property management services through our integrated waste management services; and (b) lowering our overall cost of financing;

  Based on the criteria mentioned above, we plan to invest all proceeds that are allocated to strategic investments to acquire the majority equity interest in and participate in the construction of one waste collection center. We expect that the new waste collection center would have a GFA of approximately 6,933 sq.m. and would have the capacity to process 400 tons of household waste per day;

- approximately [**REDACTED**]%, or approximately HK$[**REDACTED**] million, will be used to expand and diversify our property management services, among which, (i) approximately [**REDACTED**]%, or approximately HK$[**REDACTED**] million, will be used to establish our own "Suxin Leju (蘇新樂居)" brand and launch our apartment management and operational services for housing for talents through Gaoxin Leju, a wholly-owned subsidiary of ours. These housing for talents are apartment units which will be constructed by a joint venture of SND Group and leased only to qualified applicants by the Suzhou High-tech Zone (Huqiu District) Housing and Construction Bureau. Qualified applicants of housing for talents refer to those who (a) have (1) a full-time undergraduate degree or above; (2) an intermediate professional title qualification or above; or (3) a national second-level technician qualification or above; (b) have been employed by an entity in the Suzhou New District and have made at least one year of social insurance contribution; and (c) do not have a permanent residence in Suzhou. Our apartment management and operational services for housing for talents will primarily include (i) basic property management services, such as cleaning, security, greening, as well as repair and maintenance services, similar to those provided to the commercial and residential properties under our management; (ii) tenant sourcing services for the ancillary commercial units; (iii) common space operational services; and (iv) other services such as parking lot management. Through the platform and the services that we provide under our ″Suxin Leju″ brand, we can more easily and efficiently can screen and source qualified applicants to fill the vacant units of and provide more tailored property management services to the housing for talents; and (ii) approximately [**REDACTED**]%, or approximately HK$[**REDACTED**] million, will be invested in companies that have the relevant expertise, experience and qualifications to provide elderly care, nursing and medical services with profitable business models and proven track records. In particular, we plan to (i) operate, maintain and enrich the features of the "Gaoxin Leju" property agency website and WeChat mini application, where we could display available units of housing for talents and which (a) enable applicants of housing for talents to browse and select the leases of their desired units online; and (b) enable us to create profiles for tenants of housing for talents and collect monthly rent more conveniently via various widely-accepted third-party payment platforms, such as WeChat Pay and AliPay; and (ii) undertake the management of all residential units, common space and ancillary commercial units of housing for talents and collectively manage, operate and maintain them as the sole service provider. As advised by our PRC Legal Advisors, since the "Gaoxin Leju" website does not constitute value added telecommunication services, we are not required to obtain an ICP license to operate and maintain such website. In addition, to cultivate a better understanding of the elderly care, nursing and medical service industries and better prepare our staff for the diversification of our value-added services, we plan to cooperate with local enterprises in Suzhou with relevant experience, and send a certain number of managers to observe the business operations of the elderly care, nursing and medical service providers. On December 18, 2020, we had invested RMB9.8 million in SND Yiyang, a provider of elderly care, nursing and medical services, for 49% of its shares, through which we expect to gain substantive operational experience and industry knowledge to help facilitate our provision of value-added services in the elderly care, nursing and medical service industries in the future. Save for SND Yiyang Health Management Company Limited, we had not identified any other investment target in companies that provide elderly care, nursing and medical services as of the Latest Practicable Date;

- approximately [**REDACTED**]%, or approximately HK$[**REDACTED**] million, will be used to further develop our smart property management systems, which primarily include procuring new and upgrading existing hardware as well as software systems to improve our operational efficiency and support smart property management solutions. In particular, we expect the upgraded smart property management systems to support our business operations in the following ways: (i) through the parking management platform, we will be able to (a) record and snapshot the vehicles that enter or exit the parking lots under our management in real time; (b) have real-time access to the occupancy rate; and (c) facilitate automatic timing toll and online payment to reduce our reliance on labor and improve operational efficiency; (ii) through our property customer service center which is currently under development, we will be able to process customer feedbacks more timely, improve customer relationship and our overall brand image, and accumulate customer service data to for better decision-making; (iii) through our data monitoring system, we will be able to project to the screen and monitor all the basic information of the communities under our management, such property management fee collection status and our internal service indexes; (iv) through our smart security system, we will be empowered by artificial intelligence in identifying risky scenarios, such as when emergency exits are blocked, when firetruck lanes are occupied, or when an area is overcrowded, and we will be able to increase operational efficiency while reducing our reliance on and cost of manual labor; and (v) by connecting the databases of our customer service hot-line and customer relationship management (CRM) system, both regional and headquarter managers will be able to (a) better understand the process and quality of our property management services; (b) coordinate with each other; and (c) standardize our management and service provision. As advised by our PRC Legal Advisors, since the smart property management systems are for internal use only and not for value-added telecommunication services, we do not need to apply for additional material license or permit to develop and operate such systems;

- approximately [**REDACTED**]%, or approximately HK$[**REDACTED**] million, will be used to train and retain talent by deepening our cooperation with top-tier universities in the PRC and overseas; and

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

Major categories	Percentage of total proceeds	Amount of proceeds	Sub-categories	Percentage of total proceeds	Specific plans	Time frame		
						2021	2022	2023
	(%)	(HK$ in millions)		(%)		(HK$ in millions)		
Acquisitions	[REDACTED]	[REDACTED]	Acquisitions of other property management companies and companies providing city services and property management services	[REDACTED]	– Acquisition of property management companies with presence in Shanghai, Nantong, Wuxi, Changzhou, Yancheng and Jiaxing, and other major cities around Shanghai – Focus on city services and property management companies that specialize in (i) city services, such as road cleaning services; and (ii) property management services to commercial properties, such as industrial parks, office buildings and commercial complexes	Target to complete the acquisitions in the aggregate amount of HK$[**REDACTED**] million by December 31, 2023		
Strategic Investments	[REDACTED]	[REDACTED]	Investments in waste collection centers and companies providing operational and management services to waste collection centers	[REDACTED]	– Investments in waste collection centers and companies providing operational and management services to waste collection centers to complete our waste collection business chain and create higher synergy with our residential and commercial property management services by introducing our waste management services to our managed properties in other areas in Suzhou	Target to complete the strategic investments in the aggregate amount of HK$[**REDACTED**] million by December 31, 2023		

Major categories	Percentage of total proceeds	Amount of proceeds	Sub-categories	Percentage of total proceeds	Specific plans	Time frame		
						2021	2022	2023
	(%)	(HK$ in millions)		(%)		(HK$ in millions)		
Expansion and diversification of value-added services	[REDACTED]	[REDACTED]	Establishment of our own "Suxin Leju (蘇新樂居)" brand and launch of apartment management and operational services for housing for talents	[REDACTED]	– Establishment of our own "Suxin Leju (蘇新樂居)" brand under which brand we will provide professional supportive services for housing of talents – Utilization of customized information system to build (i) a public rental housing information database; and (ii) an online platform that facilitates one-stop application and move-in for talents	[REDACTED]	[REDACTED]	[REDACTED]
			Investments in companies providing elderly care, nursing and medical services	[REDACTED]	– Equity investments in companies providing elderly care, nursing and medical services to accrue experience for potential future independent operation	[REDACTED]	[REDACTED]	[REDACTED]
Technological investment	[REDACTED]	[REDACTED]	Investments in Our Technologies and Intelligent Operations	[REDACTED]	– Procurement and installation of intelligent devices and facilities such as smart access control system and smart parking management system to reduce our reliance on human judgment and improve customer satisfaction – Procurement and upgrade of software systems, such as our enterprise resource planning (ERP) system, to improve operational efficiency	[REDACTED]	[REDACTED]	[REDACTED]
Talent Training and Retention	[REDACTED]	[REDACTED]		[REDACTED]	– Cooperation with top-tier universities in the PRC and overseas – Improvement and expansion of training and talent recruitment programs – Recruitment of at least 30 young talents in the next three years to meet our needs for acquisition, investment, establishment of information management system and other business needs	[REDACTED]	[REDACTED]	[REDACTED]
Working capital and other general corporate purposes	[REDACTED]	[REDACTED]		[REDACTED]	We expect to have increasing needs for working capital as a result of (i) our rapid and organic expansion; (ii) our diversified service offerings and property portfolio under management; and (iii) the need to replace our road sweeping vehicles.	[REDACTED]	[REDACTED]	[REDACTED]

We will not use the net proceeds from the [**REDACTED**] for real estate development, and will place the net proceeds from the [**REDACTED**] which are not immediately applied for the abovementioned purposes in short-term demand deposits with licensed financial institutions.

Plans for Strategic Acquisitions and Investments

As of the Latest Practicable Date, we had not identified or committed to any acquisition targets for our use of net proceeds received by our Company from the [**REDACTED**]. When determining the amount of approximately HK$[**REDACTED**] million, or [**REDACTED**]% of the net proceeds, allocated to potential acquisitions of other property management companies and companies providing city services and property management services, and approximately HK$[**REDACTED**] million, or [**REDACTED**]% of the net proceeds, allocated to potential strategic investments in waste collection centers and companies that provide operational and management services to waste collection centers, assuming an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the indicative [**REDACTED**] range set forth on the cover page of this document), we have considered (i) an annual revenue of no less than RMB20.0 million or an annual net profit of no less than RMB2.0 million for the latest financial year before acquisition and business integration for each potential target; and (ii) our criteria for strategic acquisitions and investments as disclosed above. The considerations under the allocation of the net proceeds as mentioned above may be subject to changes based on market conditions. Based on the considerations mentioned above, we expect to acquire the majority equity interest of four to five targets by spending approximately RMB[**REDACTED**] million to RMB[**REDACTED**] million on each target.

Although we had not identified or committed to any acquisition targets for our use of net proceeds received by our Company from the [**REDACTED**] as of the Latest Practicable Date, we have determined the criteria for evaluating potential targets. These efforts are based on the results of research, financial due diligence and preliminary assessments and feasibility studies undertaken during the Track Record Period and up to the date of this document.

Implementation of Acquisition Plan

We plan to acquire or invest in quality property management companies with the property portfolio that meets our plans for strategic acquisitions and investments. We intend to primarily target non-residential property management companies that have solid market share, growth potential, profitability, and business lines are complementary to our current property portfolio under management. We primarily plan to acquire three types of non-residential property management companies using the net proceeds from the [**REDACTED**], namely (i) property management companies that provide city services, since we plan to solidify its local market position and competitiveness as a city service provider in Suzhou; (ii) property management companies that provide commercial property management services, since we seek to leverage our experience in managing industrial parks, office buildings and commercial complexes and gradually expand into other major cities near Shanghai; and (iii) waste collection centers and companies that provide operational and management services to waste collection centers, particularly those with waste incineration and landfill capacities which we currently lack, since we intend to complete our waste collection business value chain.

F&S has identified increasing market concentration in the highly competitive and fragmented PRC property management industry. See "Industry Overview—Competitive Landscape of Property Management Services Market" in this document. In 2020, there were approximately 40% of property management services companies that were affiliated to real estate developers whilst approximately 60% were independent property management services companies. According to F&S, given the fragmented nature of the PRC property management industry, there were approximately 1,000 property management companies in the PRC and approximately 200 property management companies in the Yangtze River Delta Region that met our criteria for acquisition and investment plans as of December 31, 2021; also, there were approximately 500 companies that owned or operated waste collection centers in the Yangtze River Delta Region as of December 31, 2021. According to F&S, among these property management companies and companies that own and operate waste collection centers in the Yangtze River Delta Regions that satisfy our acquisition criteria (the "Target Companies"), the majority of which are private enterprises, approximately 50 property management companies and 100 companies that own and operate waste collection centers fell within our target acquisition price range. Considering (i) our steadily growing business operations and stable financial conditions; (ii) the number of Target Companies available in the market; and (iii) the post-acquisition synergy expected to be created, our Directors believe, and F&S concurred, that there is a sufficiently large number of potential targets available for our consideration that meet our criteria for acquisitions or investment. Therefore, despite the competition that we face from other market players for quality target companies, we believe we can identify and acquire suitable target companies to implement our business strategies. However, there is no guarantee that we will be able to acquire or invest in the targets that we desire. See "Risk Factors—Risks Relating to Our Business and Industry—Our future acquisitions may not be successful."

As of the Latest Practicable Date, we were working on setting up an external business development team to support the expansion of our external business development scope by strategic acquisitions and investment. We will direct our regional subsidiaries to conduct preliminary researches on the sizes, geographic coverage, business operations, indebtedness, financial condition, and legal compliance statuses of potential acquisition and cooperation targets, and submit research reports for review and approval by our headquarters. If approved, our headquarters will instruct and supervise our regional companies to complete the bidding, contract negotiation and signing, and subsequent ramp-up processes.

Valuation Basis

We determine the amount of consideration for a potential target primarily with reference to factors such as the price to earning ratio of comparable companies and its net profit in the preceding year. Our final price range may be determined on the basis of, or adjusted depending on, the target's size and our evaluation of its potential. In the event that the net proceeds received by our Company from the [**REDACTED**] are less than the capital expenditure needed, we intend to use our internal funds.

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 expenditures 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 and Conditions 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 and elsewhere;

- 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 headed "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 subcontractors 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 epidemic or disasters, natural, political or otherwise, which would materially disrupt our businesses or operations.

The above allocation of the proceeds 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.

If the [**REDACTED**] is fixed at HK$[**REDACTED**] per [**REDACTED**] (being the high end of the [**REDACTED**] Range stated in this document), we will receive net proceeds of approximately HK$[**REDACTED**] million, after deduction of [**REDACTED**] fees and commissions and estimated expenses in connection with the [**REDACTED**].

If the [**REDACTED**] is fixed at HK$[**REDACTED**] per [**REDACTED**] (being the low end of the [**REDACTED**] Range stated in this document), the net proceeds we receive will be approximately HK$[**REDACTED**] million, after deduction of [**REDACTED**] fees and commissions and estimated expenses in connection with the [**REDACTED**].

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to apply the unused net proceeds to short-term demand deposits with well-established and licensed commercial banks and financial institutions. We will make an appropriate announcement if there is any change to the above proposed use of proceeds or if any amount of the proceeds will be used for general corporate purpose.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

SOLE SPONSOR'S INDEPENDENCE

The Sole Sponsor has declared its independence from us pursuant to Rule 3A.07 of the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[**REDACTED**]

[REDACTED]

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[REDACTED]

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SUXIN JOYFUL LIFE SERVICES CO., LTD. AND BOCOM INTERNATIONAL (ASIA) LIMITED

INTRODUCTION

We report on the historical financial information of Suxin Joyful Life Services Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages [[●] to [●]], which comprises the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2022 (the "Relevant Periods"), and the consolidated statements of financial position of the Group as at 31 December 2019, 2020 and 2021 and as at 30 April 2022 and the statements of financial position of the Company as at 31 December 2019, 2020 and 2021 and as at 30 April 2022, and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [[●] to [●]] 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 initial [**REDACTED**] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in Section II notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' 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 (the "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 accountants' 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 accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in Section II notes 2.1 and 2.2 to the Historical Financial Information, respectively, 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 accountants' report, a true and fair view of the consolidated financial position of the Group and the Company as at 31 December 2019, 2020 and 2021 and as at 30 April 2022, and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in Section II notes 2.1 and 2.2 to the Historical Financial Information, respectively.

REVIEW OF INTERIM COMPARATIVE FINANCIAL INFORMATION

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the four months ended 30 April 2021 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim 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 Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Historical Financial Information as defined on page [●] have been made.

Dividends

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

[●]
Certified Public Accountants
Hong Kong
[**REDACTED**]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA (the "Underlying Historical Financial Information").

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 AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Four months ended 30 April	
		2019	2020	2021	2021	2022
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
REVENUE	*6*	435,878	436,770	461,981	152,526	161,576
Cost of sales	*7*	(347,457)	(344,702)	(355,756)	(118,237)	(125,222)
Gross profit		88,421	92,068	106,225	34,289	36,354
Other income and gains	*6*	27,333	35,262	9,681	3,170	2,123
Selling and marketing expenses		(1,874)	(2,410)	(2,762)	(929)	(952)
Administrative expenses		(32,337)	(36,225)	(29,001)	(9,068)	(7,398)
Other expenses		(177)	(387)	(714)	(29)	(631)
Finance costs	*8*	(23,221)	(24,057)	(3,867)	(1,180)	(2,875)
Share of loss of an associate		–	–	(3,009)	(957)	(779)
PROFIT BEFORE TAX	*7*	58,145	64,251	76,553	25,296	25,842
Income tax expense	*11*	(14,591)	(16,148)	(20,036)	(6,583)	(6,699)
PROFIT FOR THE YEAR/PERIOD		43,554	48,103	56,517	18,713	19,143
Profit attributable to:						
Owners of the parent		42,522	47,339	55,465	18,429	18,669
Non-controlling interests		1,032	764	1,052	284	474
		43,554	48,103	56,517	18,713	19,143
OTHER COMPREHENSIVE (LOSS)/INCOME						
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:						
Equity investments designated at fair value through other comprehensive income:						
Changes in fair value		(3,344)	830	(2,367)	(1,199)	(3,620)
Income tax effect		836	(208)	592	300	905
		(2,508)	622	(1,775)	(899)	(2,715)
Gains on property revaluation	*15*	–	2,155	–	–	–
Income tax effect		–	(539)	–	–	–
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR/PERIOD, NET OF TAX		(2,508)	2,238	(1,775)	(899)	(2,715)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		41,046	50,341	54,742	17,814	16,428
Total comprehensive income attributable to:						
Owners of the parent		40,014	49,577	53,690	17,530	15,954
Non-controlling interests		1,032	764	1,052	284	474
		41,046	50,341	54,742	17,814	16,428
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted (RMB)	*13*	1.24	0.69	0.74	0.25	0.25

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at 30 April
		2019	**2020**	**2021**	**2022**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*14*	230,609	298,774	359,815	398,724
Investment properties	*15*	293,791	345,367	349,930	349,490
Other intangible assets		–	167	344	808
Time deposits	*23*	5,713	–	–	–
Investment in an associate		–	4,900	6,791	6,012
Equity investments designated at fair value through other comprehensive income	*18*	93,977	94,807	92,440	88,820
Right-of-use assets	*20*	8,331	10,690	10,258	10,171
Deferred tax assets	*28*	6,486	8,315	5,359	6,804
Total non-current assets		638,907	763,020	824,937	860,829
CURRENT ASSETS					
Inventories		243	156	177	172
Trade receivables	*21*	101,225	96,359	101,222	143,831
Prepayments, other receivables and other assets	*22*	23,404	34,771	51,115	44,109
Due from related parties	*34*	1,091,300	22,003	35,123	31,699
Financial assets at fair value through profit or loss	*19*	5,000	–	–	–
Pledged deposits	*23*	349	–	–	–
Restricted Cash	*23*	–	–	442	280
Cash and cash equivalents	*23*	223,299	288,210	302,644	175,814
Total current assets		1,444,820	441,499	490,723	395,905
CURRENT LIABILITIES					
Trade payables	*24*	178,588	192,853	192,532	188,080
Other payables and accruals	*25*	77,426	94,510	103,106	103,814
Interest-bearing bank loans	*27*	191,500	6,250	11,250	11,250
Due to related parties	*34*	686,975	39,796	65,675	11,776
Lease liabilities	*20*	615	226	–	–
Tax payable		15,606	8,282	2,666	1,436
Contract liabilities	*26*	35,622	41,902	75,019	57,621
Total current liabilities		1,186,332	383,819	450,248	373,977
NET CURRENT ASSETS		258,488	57,680	40,475	21,928
TOTAL ASSETS LESS CURRENT LIABILITIES		897,395	820,700	865,412	882,757

	Notes	As at 31 December			As at 30 April
		2019	**2020**	**2021**	**2022**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES					
Interest-bearing bank loans	*27*	510,300	133,750	122,500	122,500
Lease liabilities	*20*	226	–	–	–
Deferred tax liabilities	*28*	22,016	22,702	21,311	20,335
Other liabilities	*29*	–	165,463	168,074	169,027
Total non-current liabilities		532,542	321,915	311,885	311,862
Net assets		364,853	498,785	553,527	570,895
EQUITY					
Share capital/Paid-in capital	*30*	20,000	43,662	75,000	75,000
Reserves	*31*	342,294	451,800	474,152	490,106
Equity attributable to owners of the parent		362,294	495,462	549,152	565,106
Non-controlling interests		2,559	3,323	4,375	5,789
Total equity		364,853	498,785	553,527	570,895

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital	Merger reserve	Statutory reserve	Retained profits	Fair value reserve of financial assets at fair value through other comprehensive income	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 30)	*(note 31)*	*(note 31)*					
As at 1 January 2019	20,000	112,931	9,074	168,260	12,015	322,280	1,727	324,007
Profit for the year	–	–	–	42,522	–	42,522	1,032	43,554
Other comprehensive loss for the year	–	–	–	–	(2,508)	(2,508)	–	(2,508)
Total comprehensive income for the year	–	–	–	42,522	(2,508)	40,014	1,032	41,046
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	(200)	(200)
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	–	–	–	(225)	225	–	–	–
Transfer from retained profits	–	–	4,437	(4,437)	–	–	–	–
As at 31 December 2019	20,000	112,931*	13,511*	206,120*	9,732*	362,294	2,559	364,853

* These reserve accounts comprise the consolidated other reserves of RMB342,294,000 in the consolidated statement of financial position as at 31 December 2019.

	Paid-in capital	Capital reserve	Merger reserve	Statutory reserve	Retained profits	Fair value reserve of financial assets at fair value through other comprehensive income	Asset revaluation reserve	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 30)	*(note 31)*	*(note 31)*							
As at 1 January 2020	20,000	–	112,931	13,511	206,120	9,732	–	362,294	2,559	364,853
Profit for the year	–	–	–	–	47,339	–	–	47,339	764	48,103
Other comprehensive income for the year	–	–	–	–	–	622	1,616	2,238	–	2,238
Total comprehensive income for the year	–	–	–	–	47,339	622	1,616	49,577	764	50,341
Capital injection	23,662	43,145	16,784	–	–	–	–	83,591	–	83,591
Transfer from retained profits	–	–	–	4,800	(4,800)	–	–	–	–	–
As at 31 December 2020	43,662	43,145*	129,715*	18,311*	248,659*	10,354*	1,616*	495,462	3,323	498,785

* These reserve accounts comprise the consolidated other reserves of RMB451,800,000 in the consolidated statement of financial position as at 31 December 2020.

	Paid-in capital	Share capital	Capital reserve	Merger reserve	Statutory reserve	Retained profits	Fair value reserve of financial assets at fair value through other comprehensive income	Asset revaluation reserve	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 30)	*(note 30)*	*(note 31)*	*(note 31)*		*(note 31)*					
As at 1 January 2021	43,662	–	43,145	129,715	18,311	248,659	10,354	1,616	495,462	3,323	498,785
Profit for the year	–	–	–	–	–	55,465	–	–	55,465	1,052	56,517
Other comprehensive loss for the year	–	–	–	–	–	–	(1,775)	–	(1,775)	–	(1,775)
Total comprehensive income for the year	–	–	–	–	–	55,465	(1,775)	–	53,690	1,052	54,742
Transfer of subsidiaries	–	–	195,836	(129,715)	–	(66,121)	–	–	–	–	–
Conversion into a joint stock company	(43,662)	75,000	24,179	–	(4,279)	(51,238)	–	–	–	–	–
Transfer from retained profits	–	–	–	–	5,661	(5,661)	–	–	–	–	–
As at 31 December 2021	–	75,000	263,160*	–	19,693*	181,104*	8,579*	1,616*	549,152	4,375	553,527

* These reserve accounts comprise the consolidated other reserves of RMB474,152,000 in the consolidated statement of financial position as at 31 December 2021.

	Paid-in capital	Share capital	Capital reserve	Merger reserve	Statutory reserve	Retained profits	Fair value reserve of financial assets at fair value through other comprehensive income	Asset revaluation reserve	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 30)	*(note 30)*	*(note 31)*	*(note 31)*		*(note 31)*					
As at 1 January 2022	–	75,000	263,160	–	19,693	181,104	8,579	1,616	549,152	4,375	553,527
Profit for the period	–	–	–	–	–	18,669	–	–	18,669	474	19,143
Other comprehensive loss for the period	–	–	–	–	–	–	(2,715)	–	(2,715)	–	(2,715)
Total comprehensive income for the period	–	–	–	–	–	18,669	(2,715)	–	15,954	474	16,428
Capital contribution by non-controlling shareholders	–	–	–	–	–	–	–	–	–	940	940
As at 30 April 2022	–	75,000	263,160*	–*	19,693*	199,773*	5,864*	1,616*	565,106	5,789	570,895

* These reserve accounts comprise the consolidated other reserves of RMB490,106,000 in the consolidated statement of financial position as at 30 April 2022.

	Paid-in capital	Share capital	Capital reserve	Merger reserve	Statutory reserve	Retained profits	Fair value reserve of financial assets at fair value through other comprehensive income	Asset revaluation reserve	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 30)	*(note 30)*	*(note 31)*	*(note 31)*		*(note 31)*					
As at 1 January 2021	43,662	–	43,145	129,715	18,311	248,659	10,354	1,616	495,462	3,323	498,785
Profit for the period	–	–	–	–	–	18,429	–	–	18,429	284	18,713
Other comprehensive loss for the period	–	–	–	–	–	–	(899)	–	(899)	–	(899)
Total comprehensive income for the period	–	–	–	–	–	18,429	(899)	–	17,530	284	17,814
Transfer of subsidiaries	–	–	195,836	(129,715)	–	(66,121)	–	–	–	–	–
Conversion into a joint stock company	(43,662)	75,000	24,179	–	(4,279)	(51,238)	–	–	–	–	–
As at 30 April 2021 (unaudited)	–	75,000	263,160*	–*	14,032*	149,729*	9,455*	1,616*	512,992	3,607	516,599

* These reserve accounts comprise the consolidated other reserves of RMB437,992,000 in the consolidated statement of financial position as at 30 April 2021.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Four months ended 30 April	
		2019	2020	2021	2021	2022
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		58,145	64,251	76,553	25,296	25,842
Adjustments for:						
Finance costs	*8*	23,110	24,033	3,864	1,178	2,875
Interest income		(21,840)	(24,355)	(1,485)	(489)	(408)
Loss on disposal of items of property, plant and equipment		50	18	28	2	177
Share of loss of an associate		–	–	3,009	957	779
Changes in fair value of investment properties	*15*	(2,011)	(357)	(4,563)	(849)	440
Impairment of trade receivables	*21*	6,219	4,739	(1,422)	(229)	(2,436)
Depreciation of property, plant and equipment	*14*	4,535	8,567	12,573	3,047	6,759
Depreciation of right-of-use assets	*20*	2,670	788	432	189	87
Amortisation of other intangible assets		–	2	44	12	32
		70,878	77,686	89,033	29,114	34,147
Decrease/(increase) in inventories		46	87	(21)	(9)	5
(Increase)/decrease in trade receivables		(41,372)	127	(3,441)	(21,680)	(40,173)
Decrease/(increase) in prepayment, deposits and other receivables		(8,519)	(6,069)	(3,301)	(6,329)	9,016
Decrease/(increase) in amounts due from related parties		195	(83)	(13,120)	(497)	3,424
Increase/(decrease) in amounts due to related parties		3,907	7,030	(15,621)	(9,296)	3,101
(Decrease)/increase in trade payables		16,112	12,466	(1,040)	10,262	(17,703)
(Decrease)/increase in other payables and accruals		6,254	16,345	8,596	(5,849)	(2,055)
(Decrease)/increase in contract liabilities		4,541	6,280	33,117	2,588	(17,398)
(Increase)/decrease in pledged deposits		(71)	349	–	–	–
(Increase)/decrease in restricted cash		–	–	(442)	–	162
Cash generated from operations		51,971	114,218	93,760	(1,696)	(27,474)
Income tax paid		(6,758)	(25,362)	(23,495)	(13,313)	(9,444)
Net cash flows from/(used in) operating activities		45,213	88,856	70,265	(15,009)	(36,918)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(92,616)	(74,733)	(60,790)	(22,488)	(30,316)
Purchases of investment properties		–	(122)	–	–	–
Proceeds from disposal of items of property, plant and equipment		61	2	38	3	202
Additions to leasehold land		–	(3,594)	–	–	–
Additions to other intangible assets		–	(169)	(221)	(16)	(496)
Investment in an associate	*16*	–	(4,900)	(4,900)	(4,900)	–
(Increase)/decrease in time deposits		(3,489)	5,713	–	–	–
(Increase)/decrease of receivables from related parties		(424,028)	1,069,380	–	–	–
Increase/(decrease) of payables to related parties		200,000	(600,000)	–	–	–
Additions of financial assets at fair value through profit or loss		(20,000)	(10,000)	–	–	–
Proceeds from wealth investment products measured at fair value through profit or loss		15,109	15,128	–	–	–
Interest received		21,731	24,227	1,485	489	408
Net cash flows (used in)/from investing activities		(303,232)	420,932	(64,388)	(26,912)	(30,202)

	Notes	Year ended 31 December			Four months ended 30 April	
		2019	**2020**	**2021**	**2021**	**2022**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES						
[**REDACTED**] expenses		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Capital contribution to a subsidiary by the then parent company		–	5,000	–	–	–
Repayment of advance from related parties	*34*	–	(54,209)	–	–	(57,000)
Advance from related parties		–	–	41,500	40,500	–
Additions of interest-bearing bank loans		365,800	108,500	–	–	–
Proceeds from other liabilities		–	200,000	–	–	–
Repayment of interest-bearing bank loans	*27*	(48,000)	(670,300)	(6,250)	–	–
Principal portion of lease payments	*20*	(2,512)	(615)	(226)	(100)	–
Interest paid		(31,407)	(31,418)	(13,424)	(1,716)	(1,639)
Capital contribution from non-controlling shareholders		–	–	–	–	940
Dividends paid to non-controlling interests		(200)	–	–	–	–
Net cash flows from/(used in) financing activities		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		25,662	64,911	14,434	(3,933)	(126,830)
Cash and cash equivalents at beginning of year/period	*23*	197,637	223,299	288,210	288,210	302,644
Cash and cash equivalents at end of year/period	*23*	223,299	288,210	302,644	284,277	175,814
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	*23*	191,761	288,210	303,086	284,277	176,094
Time deposits	*23*	37,600	–	–	–	–
Less: Time deposits with original maturity of more than three months		(5,713)	–	–	–	–
Pledged deposits	*23*	(349)	–	–	–	–
Restricted cash	*23*	–	–	(442)	–	(280)
Cash and cash equivalents		223,299	288,210	302,644	284,277	175,814

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

Information about the statements of financial position of the Company at the end of each of the Relevant Periods is as follows:

	Notes	**As at 31 December**			**As at 30 April**
		2019	**2020**	**2021**	**2022**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*14*	1,034	41,755	40,216	39,485
Investment properties	*15*	1,791	30,587	31,030	30,990
Other intangible assets		–	167	344	808
Investment in an associate	*16*	–	4,900	6,791	6,012
Investments in subsidiaries	*17*	16,000	16,000	212,336	213,396
Right-of-use assets	*20*	812	213	–	–
Deferred tax assets	*28*	5,224	7,383	3,654	3,013
Total non-current assets		24,861	101,005	294,371	293,704
CURRENT ASSETS					
Inventories		111	58	34	–
Trade receivables	*21*	67,175	65,128	48,264	56,449
Prepayments, other receivables and other assets	*22*	5,420	12,468	25,633	25,928
Due from subsidiaries	*34*	36,497	45,241	66,881	91,885
Due from other related parties	*34*	148,347	15,972	28,785	23,928
Financial assets at fair value through profit or loss		5,000	–	–	–
Restricted cash		–	–	432	265
Cash and cash equivalents	*23*	63,292	77,591	113,062	64,823
Total current assets		325,842	216,458	283,091	263,278

	Notes	As at 31 December			As at 30 April
		2019	**2020**	**2021**	**2022**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
CURRENT LIABILITIES					
Trade payables	*24*	66,361	71,513	75,991	75,548
Other payables and accruals	*25*	32,856	43,914	53,271	44,575
Interest-bearing bank loans	*27*	129,000	–	–	–
Due to subsidiaries	*34*	19,471	21,349	26,212	12,034
Due to other related parties	*34*	1,498	968	4,837	9,083
Lease liabilities	*20*	615	226	–	–
Tax payable		6,288	223	588	159
Contract liabilities	*26*	15,141	18,443	38,475	28,244
Total current liabilities		271,230	156,636	199,374	169,643
NET CURRENT ASSETS		54,612	59,822	83,717	93,635
TOTAL ASSETS LESS CURRENT LIABILITIES		79,473	160,827	378,088	387,339
NON-CURRENT LIABILITIES					
Lease liabilities	*20*	226	–	–	–
Deferred tax liabilities	*28*	590	1,091	–	–
Total non-current liabilities		816	1,091	–	–
Net assets		78,657	159,736	378,088	387,339
EQUITY					
Share capital/Paid-in capital	*30*	20,000	43,662	75,000	75,000
Reserves	*31*	58,657	116,074	303,088	312,339
Total equity		78,657	159,736	378,088	387,339

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company established in the People's Republic of China ("PRC") on 12 April 1994. The registered office of the Company is located at Suzhou Gaoxin Plaza, 28 Shishan Road, New District, Suzhou, Jiangsu Province, China.

The Company is a property management company. During the Relevant Periods, the Group is principally engaged in the provision of property management services. The Controlling Shareholder of the Company is Suzhou Sugaoxin Group Co., Ltd. ("SND Company").

Pursuant to a shareholders' resolution of the Company in April 2021, the Company was converted into a joint stock company with 75,000,000 shares with a nominal value of RMB1 each issued to the then shareholders of the Company in proportion to their capital contributions to the Company.

As at the date of this report, the Company had direct interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of the Company's principal subsidiaries are set out below:

Entity name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct %	Indirect %	
Suzhou Golden Lion Building Development Management Co., Ltd* ("Suzhou Golden Lion") 蘇州金獅大廈發展管理有限公司 *(notes (a), (b) and (c))*	PRC/Mainland China 28 October 1992	RMB104,271,300	100	–	Property management
Suzhou Xingang Municipal Greening Service Co., Ltd* ("Xingang Municipal Greening") 蘇州新港市政綠化服務有限公司 *(notes (a), (b) and (c))*	PRC/Mainland China 13 April 2011	RMB12,000,000	100	–	City services
Suzhou Keshang Property Service Co., Ltd* ("Keshang Property Service") 蘇州科尚物業服務有限公司 *(notes (a), (b) and (c))*	PRC/Mainland China 31 December 2014	RMB5,000,000	80	–	Property management
Suzhou Kejin Property Service Co., Ltd* ("Kejin Property Service") 蘇州科錦物業服務有限公司 *(notes (a), (b) and (c))*	PRC/Mainland China 19 March 2010	RMB10,000,000	100	–	Property management

(a) The statutory financial statements for the years ended 31 December 2019, 2020 and 2021 prepared in accordance with PRC generally accepted accounting principles and regulations have been audited by Tianheng Certified Public Accountants LLP Suzhou Branch (天衡會計師事務所(特殊普通合伙)蘇州分所), which is a certified public accounting firm registered in the PRC.

(b) The English names of the entities registered in Mainland China represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English name.

(c) Registered as domestic limited liability companies under PRC law.

2.1 BASIS OF PRESENTATION

On 4 January 2021, each of SND Company and Sugaoxin Chengjian Development (Suzhou) Co., Ltd. ("SND Chengjian"), a company controlled by SND Company, entered into an equity transfer agreement with the Company, pursuant to which each of SND Company and SND Chengjian agreed to transfer the respective 66.43% and 33.57% equity interests in Suzhou Golden Lion to the Company at nil consideration due to the internal restructuring among state-owned companies wholly owned by SND Company. Upon completion of such acquisition, Suzhou Golden Lion became a wholly-owned subsidiary of the Company.

On 1 February 2021, Taihu Jingu (Suzhou) Development Co., Ltd ("Taihu Jingu"), which is ultimately controlled by SND Company, entered into an equity transfer agreement with the Company, pursuant to which Taihu Jingu agreed to transfer the entire equity interest in Kejin Property Service to the Company at nil consideration. The consideration was determined with reference to the negative net asset value and the status of deficit of Kejin Property Service as of 31 January 2021. Upon completion of such acquisition, Kejin Property Service became a wholly-owned subsidiary of the Company.

Suzhou Golden Lion, Kejin Property Service and the Company were under the common control of the controlling shareholder before and after the acquisition. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared by applying the principles of merger accounting as if the acquisition had been completed at the beginning of the Relevant Periods.

The consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies and/or businesses now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the controlling shareholder, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2019, 2020 and 2021 and as at 30 April 2022 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the controlling shareholder's perspective. No adjustments are made to reflect fair values or recognise any new assets or liabilities as a result of business combinations under common control.

Equity interests in subsidiaries and/or businesses held by parties other than the controlling shareholders, prior to the completion of business combinations under common control are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on consolidation.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). All IFRSs effective for the accounting period commencing from 1 January 2022, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and the four months ended 30 April 2021.

The Historical Financial Information has been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income which have been measured at fair value.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
IFRS 17	*Insurance Contracts*[1]
Amendments to IFRS 17	*Insurance Contracts*[1,3]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 Comparative Information*[4]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[1]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising From a Single Transaction*[1]

[1] Effective for annual periods beginning on or after 1 January 2023

[2] No mandatory effective date yet determined but available for adoption

[3] As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

[4] The IASB amends IFRS 17 to permit a classification overlay for financial assets presented in comparative periods on initial application of IFRS 17

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate orjoint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 (2011) was removed by the USCPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.

The amendments are not expected to have any significant impact on the Group's financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The Historical Financial Information of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets and liabilities.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable.

Investments in an associate

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments associate is stated in the consolidated statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

If the investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's investment in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred.

Fair value measurement

The Group measures its investment properties and financial instruments at fair value through other comprehensive income at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2%-3%
Vehicles	9%-24%
Machinery and others	8%-32%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings and plant and machinery under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings held to earn rental income rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statements of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss in the year of the retirement or disposal.

Other intangible assets (other than goodwill)

Other intangible assets acquired separately are measured on initial recognition at cost. The useful lives of other intangible assets are assessed to be either finite or indefinite. Other Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software is stated at cost less any impairment loss and is amortised on the straight-line basis over their estimated useful lives of 5 years.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component and non-lease components, the Group adopts the practical expedient not to separate non-lease components and to account for the lease component and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	1.3-3 years
Leasehold land	50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of the lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statements of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially 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. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the consolidated statements of profit of loss and comprehensive income. Dividends are recognised as other income in the consolidated statements of profit of loss and comprehensive income when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amounts due to related parties and interest-bearing bank loans and other liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and other liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. The net realisable value is estimated based on current market situation and historical experience on similar inventories.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statements of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the country in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the consolidated statements of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

a) Commercial property management services

Under the commercial property management and operational service segment, the Group provide (i) basic commercial property management services offered to industrial parks, office buildings, apartments and commercial complexes and (ii) value-added services, such as carpark space management services, resource management services, property agency services and other customized services.

For basic commercial property management services, the Group charges property management fees in respect of basic commercial property management services on a lump sum basis and on a commission basis.

On a lump sum basis, the Group is entitled to retain the full amount of the property management fees received. From the property management fees, the Group shall bear expenses associated with, among others, staff, cleaning, garbage disposal, gardening and landscaping, security and general overheads covering the common areas. During the term of the contract, if the amount of property management fees the Group collected is not sufficient to cover all the expenses incurred, the Group is not entitled to request the property owners to pay the shortfall.

Accordingly, on a lump sum basis, the Group recognises as revenue the full amount of property management fees the Group charged to the property owners and property developers.

These services are performed by an indeterminate number of acts over a specified period of time. Accordingly, revenue is recognised on a straight-line basis over the specified period unless there is evidence that some other methods better represent the stage of completion, and the cost of services is recognised as incurred in connection with performing such services.

On a commission basis, the Group is entitled to a fixed percentage of management fees which the property owners and property developers are obligated to pay over a specific contract period. The remainder of the management fees is used as property management working capital to cover the property management expenses associated with the property management work. In the event of a surplus of working capital after deducting the relevant property management expenses, the surplus is generally repayable to the customer. In the event of a shortfall of working capital to pay for the relevant property management expenses, the Group may need to make up for the shortfall and pay on behalf of the community management offices first, with a right to recover from the residents subsequently.

On a commission basis, the Group essentially acts as an agent of the property owners and property developers and accordingly, the Group only recognises as its revenue the predetermined property management fees on a straight-line basis over the specified contract period.

Revenue from value-added services mainly includes carpark space management services, resource management services and property agency services recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from value-added services also includes temporary parking service and housing repair services recognised at a point in time when the service has been provided.

b) Residential property management services

Under the residential property management, the Group provide (i) basic residential property management services and (ii) value-added services, such as carpark space management services, resource management services, property agency services and other customized services.

Similar as basic commercial property management, for basic residential property management services, the Group charges property management fees in respect of basic residential property management services on a lump sum basis and on a commission basis.

On a lump sum basis, the Group is entitled to retain the full amount of the property management fees received. From the property management fees, the Group shall bear expenses associated with, among others, staff, cleaning, garbage disposal, gardening and landscaping, security and general overheads covering the common areas. During the term of the contract, if the amount of property management fees the Group collected is not sufficient to cover all the expenses incurred, the Group is not entitled to request the property owners to pay the shortfall.

Accordingly, on a lump sum basis, the Group recognises as revenue the full amount of property management fees the Group charged to the property owners and property developers.

These services are performed by an indeterminate number of acts over a specified period of time. Accordingly, revenue is recognised on a straight-line basis over the specified period unless there is evidence that some other methods better represent the stage of completion, and the cost of services is recognised as incurred in connection with performing such services.

On a commission basis, the Group is entitled to a fixed percentage of management fees which the property owners and property developers are obligated to pay over a specific contract period. The remainder of the management fees is used as property management working capital to cover the property management expenses associated with the property management work. In the event of a surplus of working capital after deducting the relevant property management expenses, the surplus is generally repayable to the customer. In the event of a shortfall of working capital to pay for the relevant property management expenses, the Group may need to make up for the shortfall and pay on behalf of the community management offices first, with a right to recover from the residents subsequently.

On a commission basis, the Group essentially acts as an agent of the property owners and property developers and accordingly, the Group only recognises as its revenue the predetermined property management fees on a straight-line basis over the specified contract period.

Revenue from value-added services mainly includes carpark space management services, resource management services and property agency services recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from value-added services also includes temporary parking service and housing repair services recognised at a point in time when the service has been provided.

c) City services

City services including (i) municipal infrastructure services; (ii) public facility management services and (iii) construction and operation of municipal waste collection centers. Revenue from city services are recognised over time or at a point of time when the relevant services are rendered.

d) Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

e) Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related services to the customer).

Employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

Included in the financial information of each of the Group's entities are measured by the currency of the primary economic environment in which the entity operates, i.e. the functional currency.

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the Historical Financial Information of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At the end of each Relevant Periods, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 21 to the Historical Financial Information.

Estimation of fair value of investment properties

The valuation of the investment properties involves estimates and assumption on items such as the selection of comparable properties and market price.

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources or estimation of fair value of investment properties, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 15 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 28 to the Historical Financial Information.

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on the market approach and asset-based approach. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. Further details are included in note 37 to the Historical Financial Information.

5. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes commercial property management services, residential property management services, municipal services and rental income for the purpose of making decisions about resource allocation and performance assessment. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

During the Relevant Periods, the Group operated within one geographical location because all of its revenue was generated in Mainland China and all of its non-current assets/capital expenditure were located/incurred in Mainland China. Accordingly, no geographical information is presented.

Information about major customers

For the periods ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2021, revenue of approximately RMB67,972,000, RMB66,114,000 and RMB72,591,000 and RMB23,878,000 (unaudited) were derived from the provision of city services and rental income to a single customer. For the four months ended 30 April 2022, revenue of approximately RMB22,301,000 to the largest customer was derived from the provision of city services revenue of approximately RMB19,008,000 to another major customer was derived from the provision of city services and rental income. Except for these, no revenue from other customers accounted for more than 10% of the total revenue of the Group.

6. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021	Four months ended 30 April 2021	Four months ended 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue from contracts with customers					
Commercial property management services	197,875	196,305	204,378	69,240	58,937
Residential property management services	75,016	71,558	60,550	21,867	21,794
City services	134,791	141,036	169,353	51,794	73,212
	407,682	408,899	434,281	142,901	153,943
Revenue from other sources					
Rental income	28,196	27,871	27,700	9,625	7,633
Total	435,878	436,770	461,981	152,526	161,576

Revenue from contracts with customers

(a) Disaggregated revenue information

	Commercial property management services	Residential property management services	City services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2019				
Rendering of services	197,875	75,016	134,791	407,682
Geographical market				
Mainland China	197,875	75,016	134,791	407,682
Timing of revenue recognition				
Services transferred over time	194,223	73,339	109,037	376,599
Services transferred at a point in time	3,652	1,677	25,754	31,083
Total revenue from contracts with customers	197,875	75,016	134,791	407,682

	Commercial property management services	Residential property management services	City services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2020				
Rendering of services	196,305	71,558	141,036	408,899
Geographical market				
Mainland China	196,305	71,558	141,036	408,899
Timing of revenue recognition				
Services transferred over time	194,657	68,630	136,368	399,655
Services transferred at a point in time	1,648	2,928	4,668	9,244
Total revenue from contracts with customers	196,305	71,558	141,036	408,899

	Commercial property management services	Residential property management services	City services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2021				
Rendering of services	204,378	60,550	169,353	434,281
Geographical market				
Mainland China	204,378	60,550	169,353	434,281
Timing of revenue recognition				
Services transferred over time	195,858	59,365	169,353	424,576
Services transferred at a point in time	8,520	1,185	–	9,705
Total revenue from contracts with customers	204,378	60,550	169,353	434,281

	Commercial property management services	Residential property management services	City services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the four months ended 30 April 2022				
Rendering of services	58,937	21,794	73,212	153,943
Geographical market				
Mainland China	58,937	21,794	73,212	153,943
Timing of revenue recognition				
Services transferred over time	57,921	21,205	73,212	152,338
Services transferred at a point in time	1,016	589	–	1,605
Total revenue from contracts with customers	58,937	21,794	73,212	153,943
For the four months ended 30 April 2021 (unaudited)				
Rendering of services	69,240	21,867	51,794	142,901
Geographical market				
Mainland China	69,240	21,867	51,794	142,901
Timing of revenue recognition				
Services transferred over time	65,280	21,410	51,794	138,484
Services transferred at a point in time	3,960	457	–	4,417
Total revenue from contracts with customers	69,240	21,867	51,794	142,901

The following table shows the amounts of revenue recognised in each of the Relevant Periods that were included in the contract liabilities at the beginning of each of these years/periods:

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021	Four months ended 30 April 2021	Four months ended 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue recognised that was included in contract liabilities at beginning of year/period:					
Property management services	30,495	34,188	40,591	13,555	24,361

(b) Performance obligations

For commercial property management services, residential property management services and city services, the Group recognises revenue in the amount that equals to the right to invoice which correspond directly with the value to the customer of the Group's performance to date, on a regular basis. The Group has elected the practical expedient for not to disclose the transaction price allocated to the remaining performance obligation for these types of contracts.

An analysis of other income and gains is as follows:

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021	Four months ended 30 April 2021	Four months ended 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Other income					
Interest income	21,840	24,355	1,485	489	408
Government grants*	3,296	9,256	2,878	1,230	1,035
Others	186	1,294	755	602	680
	25,322	34,905	5,118	2,321	2,123
Gains					
Fair value gains on investment properties	2,011	357	4,563	849	–
Other income and gains	27,333	35,262	9,681	3,170	2,123

* The amount represents subsidies received from local government authorities in connection with certain financial support to local business enterprises. These government subsidies mainly comprised subsidies to support operations during the COVID-19 pandemic, subsidies for employment promotion, subsidies for environmental protection of and other miscellaneous subsidies and incentives for various purposes. There are no unfulfilled conditions relating to such government subsidies recognized.

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	**Year ended 31 December 2019**	**Year ended 31 December 2020**	**Year ended 31 December 2021**	**Four months ended 30 April 2021**	**Four months ended 30 April 2022**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Cost of services provided		347,457	344,702	355,756	118,237	125,222
Depreciation of property, plant and equipment	*14*	4,535	8,567	12,573	3,047	6,759
Depreciation of right-of-use assets	*20*	2,670	788	432	189	87
Lease payments not included in the measurement of lease liabilities	*20*	3,820	3,795	39	14	42
Loss on disposal of items of property, plant and equipment		50	18	28	2	177
Auditor's remuneration		414	467	505	113	204
Legal and professional fee		797	1,121	844	576	446
[**REDACTED**] expense		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Interest income		(21,840)	(24,355)	(1,485)	(489)	(408)
Employee benefit expenses (excluding directors' and chief executive's remuneration *(note 9)**:						
Wages, salaries and other allowances		114,192	120,010	114,172	38,003	37,914
Pension scheme contributions and social welfare		28,703	24,116	28,261	9,493	9,476
		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Impairment of trade receivables	*21*	6,219	4,739	(1,422)	(229)	(2,436)
Fair value (gain)/loss on investment properties		(2,011)	(357)	(4,563)	(849)	440

* Amounts of RMB128,384,000, RMB124,576,000, RMB124,173,000, RMB42,169,000 (unaudited) and RMB41,915,000 of employee benefit expenses were included in cost of services during the periods ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2021 and 2022, respectively.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021	Four months ended 30 April 2021	Four months ended 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on bank and other borrowings	31,407	40,873	16,035	5,350	5,355
Interest on lease liabilities	111	24	3	2	–
Total interest expense on financial liabilities not at fair value through profit or loss	31,518	40,897	16,038	5,352	5,355
Less: Interest capitalised*	(8,297)	(16,840)	(12,171)	(4,172)	(2,480)
	23,221	24,057	3,867	1,180	2,875

* Borrowing costs directly attributable to the construction of waste collection centers are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021	Four months ended 30 April 2021	Four months ended 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Fees:	–	–	–	–	–
Other emoluments:					
Salaries, bonuses, allowances and benefits in kind	1,373	1,407	1,065	236	242
Performance related bonuses	572	589	297	–	–
Pension scheme contributions	331	285	251	82	92
	2,276	2,281	1,613	318	334

(a) Independent non-executive directors

Ms. Zhou Yun, Ms. Xin Zhu and Mr. Liu Xin were appointed as independent non-executive directors of the Company on 16 April 2021. There was no emolument payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2019					
Executive directors:					
Mr. Cui Xiaodong	–	397	324	96	817
Mr. Zhou Jun	–	307	241	89	637
Mrs. Zhou Lijuan	–	461	7	96	564
	–	1,165	572	281	2,018

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2020					
Executive directors:					
Mr. Cui Xiaodong	–	364	303	81	748
Mr. Zhou Jun	–	307	264	88	659
Mrs. Zhou Lijuan	–	500	22	54	576
	–	1,171	589	223	1,983

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2021					
Executive directors:					
Mr. Cui Xiaodong	–	–	–	–	–
Mr. Zhou Jun	–	307	282	91	680
Mrs. Zhou Lijuan	–	504	15	98	617
	–	811	297	189	1,297

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Four months ended 30 April 2021 (unaudited)					
Executive directors:					
Mr. Cui Xiaodong	–	–	–	–	–
Mr. Zhou Jun	–	102	–	30	132
Mrs. Zhou Lijuan	–	69	–	32	101
	–	171	–	62	233

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Four months ended 30 April 2022					
Executive directors:					
Mr. Cui Xiaodong	–	–	–	–	–
Mr. Zhou Jun	–	102	–	35	137
Mrs. Zhou Lijuan	–	69	–	35	104
	–	171	–	70	241

There was no arrangement under which directors waived or agreed to waive any remuneration during the Relevant Periods.

(c) Non-executive directors

Mr. Tang Chunshan, Mr. Cai Jinchun and Mr. Zhang Jun were appointed as non-executive directors of the Company on 16 April 2021. There was no emolument payable to the non-executive directors during the Relevant Periods.

(d) Supervisors

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2019					
Supervisors:					
Mr. Feng Jingen	–	–	–	–	–
Mr. Huang Wei	–	–	–	–	–
Ms. Yuan Hongjuan	–	208	–	50	258
	–	208	–	50	258

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2020					
Supervisors:					
Mr. Feng Jingen	–	–	–	–	–
Mr. Huang Wei	–	–	–	–	–
Ms. Yuan Hongjuan	–	236	–	62	298
	–	236	–	62	298

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2021					
Supervisors:					
Mr. Feng Jingen	–	–	–	–	–
Mr. Huang Wei	–	–	–	–	–
Ms. Yuan Hongjuan	–	254	–	62	316
	–	254	–	62	316

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Four months ended 30 April 2021 (unaudited)					
Supervisors:					
Mr. Feng Jingen	–	–	–	–	–
Mr. Huang Wei	–	–	–	–	–
Ms. Yuan Hongjuan	–	65	–	20	85
	–	65	–	20	85

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Four months ended 30 April 2022					
Supervisors:					
Mr. Feng Jingen	–	–	–	–	–
Mr. Huang Wei	–	–	–	–	–
Ms. Yuan Hongjuan	–	71	–	22	93
	–	71	–	22	93

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2021 and 2022 included one director, two directors, one director, one director and one director, respectively. Details of those directors' remuneration are set out in note 9 above. Details of the remuneration for the Relevant Periods of the highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021	Four months ended 30 April 2021	Four months ended 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	1,903	1,373	1,690	409	409
Performance related bonuses	503	551	862	–	–
Pension scheme contributions	370	228	371	119	141
	2,776	2,152	2,923	528	550

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees				
	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021	Four months ended 30 April 2021	Four months ended 30 April 2022
				(unaudited)	
Nil to HK$1,000,000	4	3	4	4	4

11. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income.

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021	Four months ended 30 April 2021	Four months ended 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Current – Mainland China:					
Charge for the year	15,208	18,038	17,879	9,663	8,215
Deferred tax *(note 28)*	(617)	(1,890)	2,157	(3,080)	(1,516)
Total tax charge for the year/period	14,591	16,148	20,036	6,583	6,699

A reconciliation of the tax expense applicable to profit before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021	Four months ended 30 April 2021	Four months ended 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit before tax	58,145	64,251	76,553	25,296	25,842
Tax at the statutory tax rate	14,536	16,062	19,138	6,324	6,461
Expenses not deductible for tax	55	86	74	20	33
Tax losses not recognised	–	–	72	–	10
Losses attributable to an associate	–	–	752	239	195
Tax charge at the Group's effective tax rate	14,591	16,148	20,036	6,583	6,699

12. DIVIDEND

No dividends have been paid or declared by the Company during the Relevant Periods.

The Group made distributions to the non-controlling shareholders in the amounts of RMB200,000, nil, nil, nil (unaudited) and nil for the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2021 and 2022, respectively.

There is no dividend declared or paid other than those mentioned above.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the Relevant Periods and the four months ended 30 April 2021. The weighted average number of ordinary shares used in the calculation for each of the Relevant Periods is the number of ordinary shares in issue, adjusted for the Joint-stock reform as if it had occurred before the earliest period presented.

No adjustment has been made to the basic earnings per share amounts presented for the Relevant Periods in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the Relevant Periods.

The following reflects the income and share data used in the basic earnings per share computation:

	Year ended 31 December 2019	**Year ended 31 December 2020**	**Year ended 31 December 2021**	**Four months ended 30 April 2021**	**Four months ended 30 April 2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Earnings:					
Profit for the year attributable to owners of the parent, used in the basic earnings per share calculation	42,522	47,339	55,465	18,429	18,669

	Year ended 31 December 2019	**Year ended 31 December 2020**	**Year ended 31 December 2021**	**Four months ended 30 April 2021**	**Four months ended 30 April 2022**
	'000	*'000*	*'000*	*'000 (unaudited)*	*'000*
Number of shares:					
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	34,355	68,226	75,000	75,000	75,000

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	**Vehicles**	**Machinery and others**	**Construction in progress**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2019					
At 1 January 2019:					
Cost	1,657	33,070	6,506	41,630	82,863
Accumulated depreciation	(671)	(12,717)	(3,896)	–	(17,284)
Net carrying amount	986	20,353	2,610	41,630	65,579

	Buildings	Vehicles	Machinery and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019, net of accumulated depreciation	986	20,353	2,610	41,630	65,579
Additions	–	1,110	284	168,282	169,676
Disposals	–	(93)	(18)	–	(111)
Depreciation provided during the year *(note 7)*	(36)	(3,677)	(822)	–	(4,535)
At 31 December 2019, net of accumulated depreciation	950	17,693	2,054	209,912	230,609
At 31 December 2019:					
Cost	1,657	34,087	6,772	209,912	252,428
Accumulated depreciation	(707)	(16,394)	(4,718)	–	(21,819)
Net carrying amount	950	17,693	2,054	209,912	230,609

	Buildings	Vehicles	Machinery and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2020					
At 1 January 2020:					
Cost	1,657	34,087	6,772	209,912	252,428
Accumulated depreciation	(707)	(16,394)	(4,718)	–	(21,819)
Net carrying amount	950	17,693	2,054	209,912	230,609
At 1 January 2020, net of accumulated depreciation	950	17,693	2,054	209,912	230,609
Additions	41,357	357	1,380	82,761	125,855
Transfers of property, plant and equipment	77,054	4,248	29,209	(110,511)	–
Assets-related government grant	–	–	–	(38,926)	(38,926)
Transfer to investment properties	–	–	–	(10,177)	(10,177)
Disposals	–	(12)	(8)	–	(20)
Depreciation provided during the year *(note 7)*	(2,296)	(3,968)	(2,303)	–	(8,567)
At 31 December 2020, net of accumulated depreciation	117,065	18,318	30,332	133,059	298,774
At 31 December 2020:					
Cost	120,068	38,680	37,353	133,059	329,160
Accumulated depreciation	(3,003)	(20,362)	(7,021)	–	(30,386)
Net carrying amount	117,065	18,318	30,332	133,059	298,774

	Buildings	Vehicles	Machinery and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2021					
At 1 January 2021:					
Cost	120,068	38,680	37,353	133,059	329,160
Accumulated depreciation	(3,003)	(20,362)	(7,021)	–	(30,386)
Net carrying amount	117,065	18,318	30,332	133,059	298,774
At 1 January 2021, net of accumulated depreciation	117,065	18,318	30,332	133,059	298,774
Additions	–	21	372	73,287	73,680
Transfers of property, plant and equipment	105,069	5,607	62,653	(173,329)	–
Disposals	–	(43)	(23)	–	(66)
Depreciation provided during the year *(note 7)*	(3,774)	(4,244)	(4,555)	–	(12,573)
At 31 December 2021, net of accumulated depreciation	218,360	19,659	88,779	33,017	359,815
At 31 December 2021:					
Cost	225,137	44,014	99,983	33,017	402,151
Accumulated depreciation	(6,777)	(24,355)	(11,204)	–	(42,336)
Net carrying amount	218,360	19,659	88,779	33,017	359,815

	Buildings	Vehicles	Machinery and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 April 2022					
At 1 January 2022					
Cost	225,137	44,014	99,983	33,017	402,151
Accumulated depreciation	(6,777)	(24,355)	(11,204)	–	(42,336)
Net carrying amount	218,360	19,659	88,779	33,017	359,815
At 1 January 2022, net of accumulated depreciation	218,360	19,659	88,779	33,017	359,815
Additions	–	–	292	45,755	46,047
Disposals	–	–	(379)	–	(379)
Depreciation provided during the period *(note 7)*	(1,994)	(1,645)	(3,120)	–	(6,759)
At 30 April 2022, net of accumulated depreciation	216,366	18,014	85,572	78,772	398,724
At 30 April 2022					
Cost	225,137	44,014	99,896	78,772	447,819
Accumulated depreciation	(8,771)	(26,000)	(14,324)	–	(49,095)
Net carrying amount	216,366	18,014	85,572	78,772	398,724

The Company

	Buildings	Vehicles	Machinery and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2019				
At 1 January 2019:				
Cost	366	2,619	2,382	5,367
Accumulated depreciation	(366)	(2,216)	(1,954)	(4,536)
Net carrying amount	–	403	428	831
At 1 January 2019, net of accumulated depreciation	–	403	428	831
Additions	–	261	284	545
Disposals	–	(61)	(17)	(78)
Depreciation provided during the year	–	(149)	(115)	(264)
At 31 December 2019, net of accumulated depreciation	–	454	580	1,034
At 31 December 2019:				
Cost	366	2,819	2,649	5,834
Accumulated depreciation	(366)	(2,365)	(2,069)	(4,800)
Net carrying amount	–	454	580	1,034
31 December 2020				
At 1 January 2020:				
Cost	366	2,819	2,649	5,834
Accumulated depreciation	(366)	(2,365)	(2,069)	(4,800)
Net carrying amount	–	454	580	1,034
At 1 January 2020, net of accumulated depreciation	–	454	580	1,034
Additions	41,357	–	1,005	42,362
Disposals	–	(12)	(6)	(18)
Depreciation provided during the year	(1,322)	(84)	(217)	(1,623)
At 31 December 2020, net of accumulated depreciation	40,035	358	1,362	41,755
At 31 December 2020:				
Cost	41,723	2,807	3,648	48,178
Accumulated depreciation	(1,688)	(2,449)	(2,286)	(6,423)
Net carrying amount	40,035	358	1,362	41,755

	Buildings	Vehicles	Machinery and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2021				
At 1 January 2021:				
Cost	41,723	2,807	3,648	48,178
Accumulated depreciation	(1,688)	(2,449)	(2,286)	(6,423)
Net carrying amount	40,035	358	1,362	41,755
At 1 January 2021, net of accumulated depreciation	40,035	358	1,362	41,755
Additions	–	–	278	278
Transfers of property, plant and equipment	–	–	–	–
Disposals	–	–	(12)	(12)
Depreciation provided during the year	(1,444)	(37)	(324)	(1,805)
At 31 December 2021, net of accumulated depreciation	38,591	321	1,304	40,216
At 31 December 2021:				
Cost	41,723	2,807	3,681	48,211
Accumulated depreciation	(3,132)	(2,486)	(2,377)	(7,995)
Net carrying amount	38,591	321	1,304	40,216

	Buildings	Vehicles	Machinery and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
30 April 2022				
At 1 January 2022				
Cost	41,723	2,807	3,681	48,211
Accumulated depreciation	(3,132)	(2,486)	(2,377)	(7,995)
Net carrying amount	38,591	321	1,304	40,216
At 1 January 2022, net of accumulated depreciation	38,591	321	1,304	40,216
Additions	–	–	268	268
Disposals	–	–	(613)	(613)
Depreciation provided during the period *(note 7)*	(483)	(12)	109	(386)
At 30 April 2022, net of accumulated depreciation	38,108	309	1,068	39,485
At 30 April 2022				
Cost	41,723	2,807	3,336	47,866
Accumulated depreciation	(3,615)	(2,498)	(2,268)	(8,381)
Net carrying amount	38,108	309	1,068	39,485

Certain of the Company's buildings with net carrying amounts of approximately RMB40,035,000, RMB38,591,000 and RMB38,108,000 as at 31 December 2020 and 2021 and 30 April 2022 were pledged to secure certain bank loans granted to a subsidiary of the Company (note 27).

15. INVESTMENT PROPERTIES

The Group

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021	Four months ended 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at 1 January	291,780	293,791	345,367	349,930
Additions	–	38,440	–	–
Transfers from construction in progress and right-of-use assets	–	10,624	–	–
Revaluation gains on transfer from construction in progress and right-of-use assets	–	2,155	–	–
Net (gain)/loss from a fair value adjustment	2,011	357	4,563	(440)
Carrying amount at 31 December/30 April	293,791	345,367	349,930	349,490

The Company

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021	Four months ended 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at 1 January	1,780	1,791	30,587	31,030
Additions	–	26,190	–	–
Net (loss)/gain from a fair value adjustment	11	2,606	443	(40)
Carrying amount at 31 December/30 April	1,791	30,587	31,030	30,990

The Group's investment properties are situated in Mainland China.

The Group's investment properties were revalued on 31 December 2019, 2020 and 2021 and 30 April 2022 based on valuations performed by Cushman & Wakefield independent professionally qualified valuers. Each year, the Group's property manager and the chief financial officer decide to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The Group's investment properties with carrying values of approximately RMB222,000,000, RMB28,700,000, RMB28,910,000 and RMB28,910,000 as at 31 December 2019, 2020 and 2021 and as at 30 April 2022, respectively, were pledged to secure certain bank loans granted to the Group (note 27).

Fair value hierarchy

The fair value measurement of the Group's investment properties uses significant unobservable inputs (Level 3).

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2019 using			
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
	Total	Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Office buildings	70,000	–	–	70,000
Retails	1,791	–	–	1,791
Apartments	222,000	–	–	222,000
	293,791	–	–	293,791

	Fair value measurement as at 31 December 2020 using			
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
	Total	Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Office buildings	91,780	–	–	91,780
Retails	30,587	–	–	30,587
Apartments	223,000	–	–	223,000
	345,367	–	–	345,367

	Fair value measurement as at 31 December 2021 using			
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
	Total	Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Office buildings	91,900	–	–	91,900
Retails	31,030	–	–	31,030
Apartments	227,000	–	–	227,000
	349,930	–	–	349,930

	Fair value measurement as at 30 April 2022 using			
		Quoted prices in active markets	Significant observable inputs	Significant unobservable
	Total	**Level 1**	**Level 2**	**Level 3**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Office buildings	91,500	–	–	91,500
Retails	30,990	–	–	30,990
Apartments	227,000	–	–	227,000
	349,490	–	–	349,490

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

Office buildings	**Year ended 31 December 2019**	**Year ended 31 December 2020**	**Year ended 31 December 2021**	**Four months ended 30 April 2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at 1 January	69,000	70,000	91,780	91,900
Additions	–	12,250	–	–
Transfers from construction in progress and right-of-use assets	–	10,624	–	–
Revaluation gains on transfer from construction in progress and right-of-use assets	–	2,155	–	–
Net gain/(loss) from a fair value adjustment	1,000	(3,249)	120	(400)
Carrying amount at 31 December/30 April	70,000	91,780	91,900	91,500

Retails	**Year ended 31 December 2019**	**Year ended 31 December 2020**	**Year ended 31 December 2021**	**Four months ended 30 April 2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at 1 January	1,780	1,791	30,587	31,030
Additions	–	26,190	–	–
Net gain/(loss) from a fair value adjustment	11	2,606	443	(40)
Carrying amount at 31 December/30 April	1,791	30,587	31,030	30,990

Apartments	**Year ended 31 December 2019**	**Year ended 31 December 2020**	**Year ended 31 December 2021**	**Four months ended 30 April 2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at 1 January	221,000	222,000	223,000	227,000
Net gain from a fair value adjustment	1,000	1,000	4,000	–
Carrying amount at 31 December/30 April	222,000	223,000	227,000	227,000

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	**Significant unobservable inputs**	**Range**			
			As at 31 December	**As at 31 December**	**As at 31 December**	**As at 30 April**
			2019	**2020**	**2021**	**2022**
Office buildings	Income capitalisation method	Estimated rental value (per sq.m. and per month)	45 to 70	45 to 70	45 to 70	42 to 70
Retails	Income capitalisation method	Estimated rental value (per sq.m. and per month)	91 to 105	70 to 108	70 to 108	70 to 108
Apartments	Income capitalisation method	Estimated rental value (per sq.m. and per month)	11 to 85	25 to 85	25 to 85	25 to 85

A significant increase (decrease) in the estimated rental value in isolation would result in a significant increase (decrease) in the fair value of the investment properties.

16. INVESTMENT IN AN ASSOCIATE

The Group and the Company

	As at 31 December 2019	**As at 31 December 2020**	**As at 31 December 2021**	**As at 30 April 2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	–	4,900	6,791	6,012

(a) Particulars of the Group's associate are as follows:

Name	Registered capital	Place of registration and business	Percentage of ownership interest attributable to the Group as at 30 April 2022	Principal activity
Suzhou Sugaoxin Yiyangjiankang Ltd 蘇州蘇高新怡養健康管理有限公司	RMB20,000,000	Mainland China	49%	Elderly care service

The associate has been accounted for using the equity method in this Historical Financial Information.

(b) The following table illustrates the aggregate financial information of the Group's associate:

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of the associate's loss for the year/period	–	–	(3,009)	(779)
Share of the associate's total comprehensive loss	–	–	(3,009)	(779)
Aggregate carrying amount of the Group's investments in the associate	–	4,900	6,791	6,012

17. INVESTMENTS IN SUBSIDIARIES

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments, at cost	16,000	16,000	212,336	213,396

Particulars of the subsidiaries as at the end of the Relevant Periods are set out in note 1 to the Historical Financial Information.

18. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Percentage of equity attributes	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income					
Unlisted equity investments, at fair value					
蘇州匯融商旅發展有限公司 ("Suzhou Huirong Business Travel Development Co., Ltd.")	3.17%	64,917	69,667	71,300	69,000
蘇州新景天商務地產發展有限公司("Suzhou Xinjingtian Business Land Development Co., Ltd.")	8.00%	29,060	25,140	21,140	19,820
蘇州太湖金谷酒店有限公司 ("Suzhou Taihu Jingu Hotel Co., Ltd.")	5.00%	–	–	–	–
		93,977	94,807	92,440	88,820

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

In April 2019, the Group disposed of its equity interest in Suzhou Taihu Jingu Hotel Co., Ltd. The fair value on the date of the sale was nil and the accumulated loss recognised in other comprehensive income of RMB225,000 was transferred to retained earnings.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The unlisted investment of RMB5,000,000 at 31 December 2019 represented wealth management products issued by banks in Mainland China. It was classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

20. LEASES

As a lessee

(a) Right-of-use assets

The Group

The carrying amounts of the right-of-use assets and the movements during the period are as follows:

	Buildings	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2019	3,326	7,675	11,001
Depreciation charge	(2,514)	(156)	(2,670)
As at 31 December 2019	812	7,519	8,331

	Buildings	**Leasehold land**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2020	812	7,519	8,331
Additions	–	3,594	3,594
Transfer to investment properties	–	(447)	(447)
Depreciation charge	(599)	(189)	(788)
As at 31 December 2020	213	10,477	10,690

	Buildings	**Leasehold land**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2021	213	10,477	10,690
Depreciation charge	(213)	(219)	(432)
As at 31 December 2021	–	10,258	10,258

	Buildings	**Leasehold land**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2022	–	10,258	10,258
Depreciation charge	–	(87)	(87)
As at 30 April 2022	–	10,171	10,171

The Company

	Buildings	**Leasehold land**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2019	3,326	–	3,326
Depreciation charge	(2,514)	–	(2,514)
As at 31 December 2019	812	–	812

	Buildings	**Leasehold land**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2020	812	–	812
Depreciation charge	(599)	–	(599)
As at 31 December 2020	213	–	213

	Buildings	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2021	213	–	213
Depreciation charge	(213)	–	(213)
As at 31 December 2021	–	–	–

	Buildings	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2022	–	–	–
Depreciation charge	–	–	–
As at 30 April 2022	–	–	–

(b) Lease liabilities

The Group

The carrying amount of lease liabilities (not included under interest-bearing bank loans) and the movements during the year are as follows:

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021	Four months ended 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at 1 January	3,353	841	226	–
Accretion of interest recognised during the year/period	111	24	3	–
Payments	(2,623)	(639)	(229)	–
Carrying amount at 31 December	841	226	–	–
Analysed into:				
Current portion	615	226	–	–
Non-current portion	226	–	–	–

The Company

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021	Four months ended 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at 1 January	3,353	841	226	–
New leases	–	–	–	–
Accretion of interest recognised during the year/period	111	24	3	–
Payments	(2,623)	(639)	(229)	–
Carrying amount at 31 December	841	226	–	–
Analysed into:				
Current portion	615	226	–	–
Non-current portion	226	–	–	–

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021	Four months ended 30 April 2021	Four months ended 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Interest on lease liabilities	111	24	3	2	–
Depreciation charge of right-of-use assets	2,670	788	432	189	87
Expense related to short-term leases	3,820	3,795	39	14	42
Total amount recognised in profit or loss	6,601	4,607	474	205	129

The Company

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021	Four months ended 30 April 2021	Four months ended 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Interest on lease liabilities	111	24	3	2	–
Depreciation charge of right-of-use assets	2,514	599	213	142	–
Expense related to short-term leases	–	–	20	11	20
Total amount recognised in profit or loss	2,625	623	236	155	20

The Group as a lessor

The Group leases its investment properties (note 15) consisting of office buildings, commercial properties and apartments for rental in Mainland China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Details of rental income recognised by the Group during the Relevant Periods are included in note 6 to the Historical Financial Information.

The undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	15,821	15,656	14,585	14,376
After one year but within two years	3,550	3,721	4,834	4,111
After two years but within three years	2,907	3,143	2,666	2,297
After three years but within four years	2,940	3,645	1,558	1,160
After four years but within five years	2,066	2,499	654	653
After five years	10,938	10,288	9,803	9,585
	38,222	38,952	34,100	32,182

21. TRADE RECEIVABLES

The Group

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	116,682	116,555	119,996	160,169
Impairment	(15,457)	(20,196)	(18,774)	(16,338)
	101,225	96,359	101,222	143,831

The Company

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	79,191	81,673	57,476	63,447
Impairment	(12,016)	(16,545)	(9,212)	(6,998)
	67,175	65,128	48,264	56,449

Trade receivables mainly arise from the provision of city services and property management services. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management and credit limits attributed to customers are reviewed once a month. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables of the Group as at the end of each of the Relevant Periods (based on the invoice date and net of provisions) is as follows:

The Group

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	87,421	73,740	67,100	108,562
1 to 2 years	12,405	16,324	32,853	34,232
2 to 3 years	1,399	6,295	1,269	1,037
	101,225	96,359	101,222	143,831

The Company

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	55,260	45,187	32,301	37,775
1 to 2 years	10,738	14,218	15,323	17,965
2 to 3 years	1,177	5,723	640	709
	67,175	65,128	48,264	56,449

The movements in the loss allowance for impairment of trade receivables are as follows:

The Group

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	(9,238)	(15,457)	(20,196)	(18,774)
Impairment for the year	(6,219)	(4,739)	1,422	2,436
At end of year/period	(15,457)	(20,196)	(18,774)	(16,338)

The Company

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	(7,349)	(12,016)	(16,545)	(9,212)
Impairment for the year/period	(4,667)	(4,529)	7,333	2,214
At end of year/period	(12,016)	(16,545)	(9,212)	(6,998)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

The Group

As at 31 December 2019

	Current to one year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	5.77%	29.19%	72.03%	100.00%	13.25%
Gross carrying amount (RMB'000)	92,778	17,518	5,002	1,384	116,682
Expected credit losses (RMB'000)	(5,357)	(5,113)	(3,603)	(1,384)	(15,457)

As at 31 December 2020

	Current to one year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	6.84%	25.55%	55.30%	100.00%	17.33%
Gross carrying amount (RMB'000)	79,150	21,925	14,084	1,396	116,555
Expected credit losses (RMB'000)	(5,410)	(5,601)	(7,789)	(1,396)	(20,196)

As at 31 December 2021

	Current to one year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	7.95%	18.46%	63.37%	100.00%	15.65%
Gross carrying amount (RMB'000)	72,898	40,289	3,464	3,345	119,996
Expected credit losses (RMB'000)	(5,798)	(7,436)	(2,195)	(3,345)	(18,774)

As at 30 April 2022

	Current to one year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	5.29%	9.75%	61.54%	100.00%	10.20%
Gross carrying amount (RMB'000)	114,629	37,930	2,696	4,914	160,169
Expected credit losses (RMB'000)	(6,067)	(3,698)	(1,659)	(4,914)	(16,338)

The Company

As at 31 December 2019

	Current to one year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	5.77%	29.19%	72.04%	100.00%	15.17%
Gross carrying amount (RMB'000)	58,646	15,165	4,210	1,170	79,191
Expected credit losses (RMB'000)	(3,386)	(4,427)	(3,033)	(1,170)	(12,016)

As at 31 December 2020

	Current to one year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	6.83%	25.54%	55.30%	100.00%	20.26%
Gross carrying amount (RMB'000)	48,502	19,096	12,804	1,271	81,673
Expected credit losses (RMB'000)	(3,315)	(4,878)	(7,081)	(1,271)	(16,545)

As at 31 December 2021

	Current to one year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	7.95%	18.46%	63.34%	100.00%	16.03%
Gross carrying amount (RMB'000)	35,092	18,792	1,746	1,846	57,476
Expected credit losses (RMB'000)	(2,791)	(3,469)	(1,106)	(1,846)	(9,212)

As at 30 April 2022

	Current to one year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	5.29%	9.75%	61.53%	100.00%	11.03%
Gross carrying amount (RMB'000)	39,886	19,906	1,843	1,812	63,447
Expected credit losses (RMB'000)	(2,111)	(1,941)	(1,134)	(1,812)	(6,998)

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances to suppliers	6,453	5,969	9,078	8,360
[**REDACTED**] fee	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Value-added tax deductible	11,082	15,063	16,800	9,707
Other receivables	5,869	8,441	8,753	9,001
	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

The Company

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances to suppliers	2,238	2,546	3,961	3,741
[**REDACTED**] fee	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Value-added tax deductible	16	9	64	–
Other receivables	3,166	4,615	5,124	5,146
	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

The balances are not secured by collateral.

Other receivables had no historical default. The financial assets included in the above balances relate to receivables were categorized in stage 1 at the end of each of the Relevant Periods. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the Relevant Periods the Group estimated that the expected credit loss rate for other receivables and deposits was minimal.

23. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	191,761	288,210	303,086	176,094
Time deposits	37,600	–	–	–
	229,361	288,210	303,086	176,094
Less:				
Time deposits with original maturity of more than three months	(5,713)	–	–	–
Pledged deposits	(349)	–	–	–
Restricted cash	–	–	(442)	(280)
Cash and cash equivalents	223,299	288,210	302,644	175,814
Denominated in:				
RMB	223,299	288,210	302,644	175,814

The Company

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	63,292	77,591	113,494	65,088
Less: Restricted cash	–	–	(432)	(265)
Cash and cash equivalents	63,292	77,591	113,062	64,823
Denominated in:				
RMB	63,292	77,591	113,062	64,823

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Certain bank deposits are pledged for the issuance of letters of guarantee.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

24. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

The Group

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	175,254	188,156	176,190	174,129
1 to 2 years	1,639	2,832	12,606	12,077
2 to 3 years	1,474	1,432	2,133	434
Over 3 years	221	433	1,603	1,440
	178,588	192,853	192,532	188,080

The Company

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	64,505	70,546	68,438	68,183
1 to 2 years	1,121	249	6,688	6,496
2 to 3 years	581	503	236	241
Over 3 years	154	215	629	628
	66,361	71,513	75,991	75,548

Trade payables are non-interest-bearing and are normally settled on 180-day terms.

As at 31 December 2019, 2020 and 2021 and as at 30 April 2022, the carrying amounts of trade payables approximated to their fair values.

25. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits received	30,149	37,637	40,583	45,786
Payroll and welfare payable	21,262	24,812	24,488	18,514
Maintenance funds	9,511	9,170	9,235	9,025
Receipts on behalf of customers	10,786	16,591	21,872	23,082
Interest payable	–	–	–	2,763
Other tax payables	5,718	6,300	6,928	4,644
	77,426	94,510	103,106	103,814

The Company

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits received	14,734	17,210	22,346	20,552
Payroll and welfare payable	5,299	8,481	8,050	2,075
Maintenance funds	2,829	2,715	2,528	2,518
Receipts on behalf of customers	5,076	10,244	15,276	16,486
Other tax payables	4,918	5,264	5,071	2,944
	32,856	43,914	53,271	44,575

Other payables are unsecured and repayable on demand.

26. CONTRACT LIABILITIES

The Group

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities	35,622	41,902	75,019	57,621

The Company

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities	15,141	18,443	38,475	28,244

The Group receives payments from customers based on billing schedules as established in the property management contracts. A portion of payments is usually received in advance of the performance under the contracts. The increase in contract liabilities of the Group in 2021 and 2020 was mainly due to the increase in short-term advances received from customers in relation to the property management services at the end of the year.

The expected timing of recognition of revenue at the end of each of the Relevant Periods is as follows:

The Group

	As at 31 December 2019	**As at 31 December 2020**	**As at 31 December 2021**	**As at 30 April 2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	35,622	41,902	75,019	57,621

The Company

	As at 31 December 2019	**As at 31 December 2020**	**As at 31 December 2021**	**As at 30 April 2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	15,141	18,443	38,475	28,244

27. INTEREST-BEARING BANK LOANS

The Group

	31 December 2019			**31 December 2020**		
	Effective interest rate	**Maturity**	**RMB'000**	**Effective interest rate**	**Maturity**	**RMB'000**
	(%)			*(%)*		
Current						
Current portion of long-term bank loans – secured	4.57-5.70	2020	111,500	4.9	2021	6,250
Bank loans – secured	4.35-4.57	2020	80,000	–	–	–
			191,500			6,250
Non-current						
Bank loans – secured	4.91-5.64	2021-2032	510,300	4.9	2022-2028	133,750
Total			701,800			140,000

	31 December 2021			30 April 2022		
	Effective interest rate	**Maturity**	**RMB'000**	**Effective interest rate**	**Maturity**	**RMB'000**
	(%)			*(%)*		
Current						
Current portion of long-term bank loans – secured	4.9	2022	11,250	4.9	2022-2023	11,250
Non-current						
Bank loans – secured	4.9	2023-2028	122,500	4.9	2023-2028	122,500
Total			133,750			133,750

The Company

	31 December 2019			31 December 2020		
	Effective interest rate	**Maturity**	**RMB'000**	**Effective interest rate**	**Maturity**	**RMB'000**
	(%)			*(%)*		
Current						
Current portion of long-term bank loans – secured	5.7	2020	49,000	–	–	–
Bank loans – secured	4.35-4.57	2020	80,000	–	–	–
			129,000			–
Non-current						
Bank loans – secured	–	–	–	–	–	–
Total			129,000			–

	31 December 2021			30 April 2022		
	Effective interest rate	**Maturity**	**RMB'000**	**Effective interest rate**	**Maturity**	**RMB'000**
	(%)			*(%)*		
Current						
Current portion of long-term bank loans – secured	–	–	–	–	–	–
Bank loans – secured	–	–	–	–	–	–
			–	–	–	–
Non-current						
Bank loans – secured	–	–	–	–	–	–
Total			–			–

The Group

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Bank loans repayable:				
Within one year or on demand	191,500	6,250	11,250	11,250
Within two to five years, inclusive	170,000	51,250	58,500	58,500
Beyond five years	340,300	82,500	64,000	64,000
	701,800	140,000	133,750	133,750

The Company

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Bank loans repayable:				
Within one year or on demand	129,000	–	–	–

The Group's borrowings are all denominated in RMB.

As at 31 December 2019, certain bank loans of RMB200,000,000 were guaranteed by SND Company and the Company, certain bank loans of RMB310,300,000 were guaranteed by SND Company, certain bank loans of RMB187,000,000 were guaranteed by SND Company and by mortgages over the Group's investment properties which had a fair value of RMB222,000,000, and certain bank loans of RMB4,500,000 were guaranteed by a related company.

As at 31 December 2020, certain bank loans of RMB140,000,000 were guaranteed by the Company, by mortgages over the Group's investment properties which had a fair value of approximately RMB28,700,000, and by mortgages over the buildings with a net carrying amount of approximately RMB40,035,000.

As at 31 December 2021, certain bank loans of RMB133,750,000 were guaranteed by the Company, by mortgages over the Group's investment properties which had a fair value of approximately RMB28,910,000, and by mortgages over the buildings with a net carrying amount of approximately RMB38,593,000.

As at 30 April 2022, certain bank loans of RMB133,750,000 were guaranteed by the Company, by mortgages over the Group's investment properties which had a fair value of approximately RMB28,910,000, and by mortgages over the buildings with a net carrying amount of approximately RMB38,112,000.

28. DEFERRED TAX

Deferred tax assets

The Group

	Impairment of financial assets	Lease liabilities	Accrued expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	2,310	838	2,847	5,995
Deferred tax credited to the consolidated statements of profit or loss and other comprehensive income during the year	1,555	(628)	(436)	491
Deferred tax assets at 1 January 2020	3,865	210	2,411	6,486
Deferred tax credited to the consolidated statements of profit or loss and other comprehensive income during the year	1,185	(154)	798	1,829
Deferred tax assets at 31 December 2020	5,050	56	3,209	8,315
Deferred tax credited to the consolidated statements of profit or loss and other comprehensive income during the year	(355)	(56)	(658)	(1,069)
Gross deferred tax assets at 31 December 2021	4,695	–	2,551	7,246
Deferred tax credited to the consolidated statements of profit or loss and other comprehensive income during the period	(609)	–	2,015	1,406
Gross deferred tax assets at 30 April 2022	4,086	–	4,566	8,652

The Company

	Impairment of financial assets	Lease liabilities	Accrued expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	1,838	838	2,252	4,928
Deferred tax credited to the consolidated statements of profit or loss and other comprehensive income during the year	1,167	(628)	(243)	296
Deferred tax assets at 1 January 2020	3,005	210	2,009	5,224
Deferred tax credited to the consolidated statements of profit or loss and other comprehensive income during the year	1,132	(154)	1,181	2,159
Deferred tax assets at 31 December 2020	4,137	56	3,190	7,383
Deferred tax credited to the consolidated statements of profit or loss and other comprehensive income during the year	(1,834)	(56)	(690)	(2,580)
Gross deferred tax assets at 31 December 2021	2,303	–	2,500	4,803
Deferred tax credited to the consolidated statements of profit or loss and other comprehensive income during the period	(554)	–	(97)	(651)
Gross deferred tax assets at 30 April 2022	1,749	–	2,403	4,152

Deferred tax liabilities

The Group

	Right-of-use assets	Change in fair value of investment properties	Change in fair value of equity investments designated at fair value through other comprehensive income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	831	18,066	4,081	22,978
Deferred tax charged to the consolidated statements of profit or loss and other comprehensive income during the year	(629)	503	(836)	(962)
Deferred tax liabilities at 1 January 2020	202	18,569	3,245	22,016
Deferred tax charged to the consolidated statements of profit or loss and other comprehensive income during the year	(150)	628	208	686
Deferred tax liabilities at 31 December 2020	52	19,197	3,453	22,702
Deferred tax charged to the consolidated statements of profit or loss and other comprehensive income during the year	(52)	1,140	(592)	496
Gross deferred tax liabilities at 31 December 2021	–	20,337	2,861	23,198
Deferred tax charged to the consolidated statements of profit or loss and other comprehensive income during the period	–	(110)	(905)	(1,015)
Gross deferred tax liabilities at 30 April 2022	–	20,227	1,956	22,183

The Company

	Right-of-use assets	Change in fair value of investment properties	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2019	831	384	1,215
Deferred tax charged to the consolidated statements of profit or loss and other comprehensive income during the year	(629)	4	(625)
Deferred tax liabilities at 1 January 2020	202	388	590
Deferred tax charged to the consolidated statements of profit or loss and other comprehensive income during the year	(150)	651	501
Deferred tax liabilities at 31 December 2020	52	1,039	1,091
Deferred tax charged to the consolidated statements of profit or loss and other comprehensive income during the year	(52)	110	58
Gross deferred tax liabilities at 31 December 2021	–	1,149	1,149
Deferred tax charged to the consolidated statements of profit or loss and comprehensive income during the period	–	(10)	(10)
Gross deferred tax liabilities at 30 April 2022	–	1,139	1,139

There were no income tax or withholding tax consequences attaching to the payment of dividends by the Company to its shareholders during the Relevant Periods.

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	6,486	8,315	5,359	6,804
Net deferred tax liabilities recognised in the consolidated statement of financial position	22,016	22,702	21,311	20,335

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses not recognised	–	–	72	10
Losses attributable to an associate	–	–	752	195

Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

29. OTHER LIABILITIES

The Group's other liabilities represented an earmarked governmental loan with nominal value of RMB200,000,000 and an annual nominal interest at 3.37% to be paid in ten years. The fair values of other liabilities were RMB165,463,000, RMB168,074,000 and RMB169,027,000, respectively, as assessed by the management of the Company as at 31 December 2020 and 2021 and 30 April 2022. The other liabilities are dedicated to the construction of the waste collection centers.

30. SHARE CAPITAL/PAID-IN CAPITAL

The Group and the Company

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Registered and paid-in capital	20,000	43,662	–	–
Share capital	–	–	75,000	75,000
	20,000	43,662	75,000	75,000

A summary of movements in the Company's share capital is as follows:

	Paid-in capital			Share capital	
	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2021	Four months ended 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of the year	20,000	20,000	43,662	–	75,000
Shareholders' capital injection	–	23,662	–	–	–
Transformation into a joint stock company*					
– Conversion into share capital	–	–	(43,662)	43,662	–
– Capitalisation of retained profits and statutory surplus reserve	–	–	–	31,338	–
At end of the year	20,000	43,662	–	75,000	75,000

* Pursuant to a shareholders' resolution of the Company in April 2021, the Company was converted into a joint stock company with 75,000,000 shares with a nominal value of RMB1 each issued to the then shareholders of the Company in proportion to their capital contribution to the Company. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the capital reserve.

31. RESERVES

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(a) Capital reserve

The capital reserve of the Group includes the share premium contributed by the shareholders of the Company, the equity interest of Suzhou Golden Lion and Kejin Property service transferred to the Company pursuant to the equity transfer agreement in January 2021, and the share premium arising from conversion of the Company into a joint stock company in April 2021.

(b) Merger reserve

The merger reserve of the Group represents the capital contribution of the then shareholders of Suzhou Golden Lion and Kejin Property Service.

Pursuant to the capital increase agreement entered into between Suzhou Golden Lion and SND Company (the then shareholder of Suzhou Golden Lion) in January 2020, SND Company contributed certain commercial properties to Suzhou Golden Lion's capital, of which approximately RMB4,271,000 and RMB7,513,000 were credited to Suzhou Golden Lion's paid-in capital and capital reserve, respectively.

Pursuant to the capital increase agreement entered between Kejin Property Service and the then shareholder, Taihu Jingu, in November 2020, Taihu Jingu contributed RMB5,000,000 to Kejin Property Service's paid-in capital.

Upon completion of the acquisition of Suzhou Golden Lion and Kejin Property Service in 2021, merger reserve has been transferred to capital reserve, and there was no merger reserve of the Group as at 30 April 2022.

(c) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the subsidiaries, the statutory surplus reserve may be used either to offset losses, or to be converted to increase paid-in capital, provided that the balance after such conversion is not less than 25% of the registered capital of the respective entities. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(d) Fair value reserve of financial assets at fair value through other comprehensive income

The fair value reserve of financial assets at fair value through other comprehensive income represents unrealised fair value gains or losses for equity investments designated at FVOCI.

32. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Bank loans	Lease liabilities	Due to related companies non-trade	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	384,000	3,353	469,709	857,062
Changes from financing cash flows	286,393	(2,512)	–	283,881
Advanced from related parties classified as investing cash flows	–	–	200,000	200,000
Interest expense	31,407	111	–	31,518
Interest paid classified as operating cash flows	–	(111)	–	(111)
At 31 December 2019	701,800	841	669,709	1,372,350

	Bank loans	Other liabilities	Lease liabilities	Due to related companies non-trade	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020	701,800	–	841	669,709	1,372,350
Changes from financing cash flows	(594,914)	196,630	(615)	(54,209)	(453,108)
Advanced from related parties classified as investing cash flows	–	–	–	(600,000)	(600,000)
Assets-related government grant	–	(38,926)	–	–	(38,926)
Interest expense	33,114	7,759	24	–	40,897
Interest paid classified as operating cash flows	–	–	(24)	–	(24)
At 31 December 2020	140,000	165,463	226	15,500	321,189

	Bank loans	Other liabilities	Lease liabilities	Due to related companies non-trade	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021	140,000	165,463	226	15,500	321,189
Changes from financing cash flows	(12,934)	(6,740)	(226)	41,500	21,600
Interest expense	6,684	9,351	3	–	16,038
Interest paid classified as operating cash flows	–	–	(3)	–	(3)
At 31 December 2021	133,750	168,074	–	57,000	358,824

	Bank loans	Other liabilities	Interest payable	Due to related companies non-trade	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	133,750	168,074	–	57,000	358,824
Changes from financing cash flows	(2,155)	(2,247)	2,763	(57,000)	(58,639)
Interest expense	2,155	3,200	–	–	5,355
At 30 April 2022	133,750	169,027	2,763	–	305,540

(b) Total cash outflow for leases

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within operating activities	3,931	3,819	42	42
Within financing activities	2,512	615	226	–
	6,443	4,434	268	42

33. PLEDGE OF ASSETS

Details of the Group's assets pledged are included in notes 14, 15 and 23 to the Historical Financial Information.

34. RELATED PARTY TRANSACTIONS

(a) Name of related parties and relationship with the Group

Name	Relationship
蘇州蘇高新集團有限公司 SND Company	The Controlling Shareholder of the Company
蘇州高新北控中科成環保產業有限公司 ("Suzhou Gaoxin Beikong zhongkecheng Environmental Protection Industry Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州高新創業投資集團中小企業發展管理有限公司 ("Suzhou Gaoxin Venture Capital Group SME Development Management Co. Ltd.")	Company controlled by the Controlling Shareholder
蘇州高新地產集團有限公司 ("Suzhou High-tech Real Estate Group Co. Ltd.")	Company controlled by the Controlling Shareholder
蘇州高新環保產業(集團)有限公司 ("Suzhou Gaoxin Environmental Protection Industry Group Co. Ltd.")	Company controlled by the Controlling Shareholder
蘇州高新旅遊產業集團有限公司 ("Suzhou High-tech Tourism Industry Group Co. Ltd.")	Company controlled by the Controlling Shareholder
蘇州高新區自來水有限公司 ("Suzhou High-tech Zone Water Supply Co. Ltd.")	Company controlled by the Controlling Shareholder
蘇州國家環保高新技術產業園發展有限公司	Company controlled by the Controlling Shareholder

Name	Relationship
("Suzhou National Environmental Protection High-tech Industrial Park Development Co. Ltd.")	
蘇州醫療器械產業發展有限公司 ("Suzhou Medical Device Industry Development Co. Ltd.")	Company controlled by the Controlling Shareholder
蘇州市聚創科技小額貸款有限公司 ("Suzhou Juchuang Technology Microfinance Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州市聚鑫商業保理有限公司 ("Suzhou Juxin Commercial Factoring Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州高新智泰創新發展有限公司 ("Suzhou Gaoxin Zhitai Innovation Development Co., Ltd")	Company controlled by the Controlling Shareholder
蘇州蘇高新科技產業發展有限公司 ("Suzhou High-tech Industry Development Co. Ltd.")	Company controlled by the Controlling Shareholder
蘇州蘇銅科嘉機電工程有限公司 ("Suzhou Sutong Kejia Electromechanical Engineering Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州太湖金谷建設發展有限公司 ("Suzhou Taihu Jingu Construction Development Co. Ltd.")	Company controlled by the Controlling Shareholder
蘇州太湖金谷酒店有限公司 ("Suzhou Taihu Jingu Hotel Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州西部生態城發展有限公司 ("Suzhou West Eco City Development Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州新合盛融資租賃有限公司 ("Suzhou Xinhesheng Financial Leasing Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州新區創新科技投資管理有限公司 ("Suzhou New Area Chuangxin Technology Investment Management Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州新區高新技術產業股份有限公司 SND Gaoxin Tech	Company controlled by the Controlling Shareholder
蘇州永新置地有限公司 ("Suzhou Yongxin Land Co., Ltd.")	Company controlled by the Controlling Shareholder
太湖金谷(蘇州)信息技術有限公司 ("Taihu Golden Valley Suzhou Information Technology Co., Ltd.")	Company controlled by the Controlling Shareholder
太湖數谷(蘇州)信息科技有限公司 ("Taihu Digital Valley Suzhou Information Technology Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州高新創業投資集團聚晟資產管理有限公司 ("Suzhou High-tech Venture Capital Group Jusheng Asset Management Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州高新創業投資集團有限公司 ("Suzhou Gaoxin Venture Capital Group Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州蘇高新能源服務有限公司 ("Suzhou High-tech Energy Service Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州新高旅遊開發有限公司 ("Suzhou new high tourism development Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州永華房地產開發有限公司 ("Suzhou Yonghua Real Estate Development Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州高新區中小企業融資擔保有限公司 ("Suzhou High-tech Zone SME Financing Guarantee Co. Ltd.")	Company controlled by the Controlling Shareholder

Name	Relationship
蘇州高新創業投資集團太湖金穀投資信息研究有限公司 ("Suzhou high-tech venture capital group Taihu Jingu investment information research Co. Ltd.")	Company controlled by the Controlling Shareholder
蘇州市集合創業投資服務有限公司 ("Suzhou Jihe Venture Capital Service Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州高新創業投資集團太湖金穀資本管理有限公司 ("Suzhou High-tech Venture Capital Group Taihu Golden Valley Capital Management Co. Ltd.")	Company controlled by the Controlling Shareholder
蘇州高新新聯創業投資管理有限公司 ("Suzhou High Tech Xinlian Venture Capital Management Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州華和創意設計有限公司 ("Suzhou Huahe Creative Design Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州蘇高新商業發展有限公司 ("Suzhou Sugaoxin Commercial Development Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州高新區人力資源開發有限公司 ("Suzhou High Tech Zone Human Resources Development Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州太湖濕地酒店有限公司 ("Suzhou Taihu Wetland Hotel Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇高新教育產業發展(蘇州)有限公司 ("Suzhou Gaoxin Education Industry Development Suzhou Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州高新地產(揚州)有限公司 ("Suzhou Gaoxin Real Estate Yangzhou Co. Ltd.")	Company controlled by the Controlling Shareholder
蘇州高新資產管理有限公司 ("Suzhou High-tech Asset Management Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇高新城建發展(蘇州)有限公司 SND Chengjian	Company controlled by the Controlling Shareholder
蘇州高新投資管理有限公司 ("Suzhou Gaoxin Investment Management Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州高新物產有限公司 ("Suzhou Gaoxin Products Co. Ltd.")	Company controlled by the Controlling Shareholder
蘇州太湖濕地世界旅遊發展有限公司 ("Suzhou Taihu Wetland World Tourism Development Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州金合盛控股有限公司 Suzhou Jinhesheng	Company controlled by the Controlling Shareholder
蘇州市新合盛科技小額貸款有限公司 ("Suzhou Xinhesheng Technology Small Loan Co., Ltd.")	Company controlled by the Controlling Shareholder
銅仁市萬山區蘇高新科技產業發展有限公司 ("Tongren Wanshan District Su High-tech Industry Development Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州智匯高新科技產業發展有限公司 ("Suzhou Zhihui High-tech Industry Development Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州獅山廣場發展有限公司 ("Suzhou Shishan Plaza Development Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州蘇繡小鎮發展有限公司 ("Suzhou Embroidery Town Development Co., Ltd.")	Company controlled by the Controlling Shareholder
太湖金谷(蘇州)發展有限公司 Taihu Jingu	Company controlled by the Controlling Shareholder

Name	Relationship
蘇州高新區人力資源服務產業園有限公司 ("Suzhou High Tech Zone Human Resources Service Industrial Park Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州高新區新迪數字信息發展有限公司 ("Suzhou Sugaoxin Digital Economy Industry Development Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州高新科技招商中心有限公司 ("Suzhou Hi Tech Investment Center Co., Ltd.")	Company controlled by the Controlling Shareholder
蘇州新景天商務地產發展有限公司 ("Suzhou Xinjingtian Business Land Development Co., Ltd.")	Joint venture or associate of SND Group
蘇州創新設計製造中心發展有限公司 ("Suzhou Innovation Design and Manufacturing Center Development Co., Ltd.")	Joint venture or associate of SND Group
蘇州港陽新能源股份有限公司 ("Suzhou Gangyang New Energy Co., Ltd.")	Joint venture or associate of SND Group
蘇州融洲旅業發展有限公司匯融廣場酒店 ("Suzhou Rongzhou Tourism Development Co., Ltd. Huirong Plaza Hotel")	Joint venture or associate of SND Group
蘇州新創建設發展有限公司 ("Suzhou Xinchuang Construction Development Co., Ltd.")	Joint venture or associate of SND Group
蘇州新高綠建建設發展有限公司 ("Suzhou new green construction development Co., Ltd.")	Joint venture or associate of SND Group
蘇州新高置地有限公司 ("Suzhou Xingao Land Co., Ltd.")	Joint venture or associate of SND Group
蘇州新滸投資發展有限公司 ("Suzhou Xinxu Investment Development Co., Ltd.")	Joint venture or associate of SND Group
蘇州高新福瑞融資租賃有限公司 ("Suzhou Gaoxin Furui Finance Leasing Co., Ltd.")	Joint venture or associate of SND Group
蘇州高新供應鏈管理有限公司 ("Suzhou Gaoxin Supply Chain Management Co., Ltd.")	Joint venture or associate of SND Group
蘇州高新金屋工程建設發展有限公司 ("Suzhou High-tech Golden House Engineering Construction Development Co., Ltd.")	Joint venture or associate of SND Group
蘇州高新生產資料商貿發展有限公司 ("Suzhou high-tech means of production business development Co., Ltd.")	Joint venture or associate of SND Group
蘇州新獅重建發展有限公司 ("Suzhou New Lion Reconstruction and Development Co., Ltd.")	Joint venture or associate of SND Group
蘇州高新風投創業投資管理有限公司 ("Suzhou High-tech Venture Capital Management Co., Ltd.")	Joint venture or associate of SND Group
蘇州高新創業投資集團融聯管理有限公司 ("Suzhou High-tech Venture Capital Group")	Joint venture or associate of SND Group
鐘山蘇新發展有限公司 ("Suzhou Sugaoxin Digital Economy Industry Development Co., Ltd.")	Joint venture or associate of SND Group
蘇州高新區新迪數字信息發展有限公司 ("Suzhou Sugaoxin Digital Economy Industry Development Co., Ltd.")	Joint venture or associate of SND Group
蘇州高新科技招商中心有限公司 ("Suzhou Hi Tech Investment Center Co., Ltd.")	Joint venture or associate of SND Group

Name	Relationship
蘇州市合力電纜有限公司 ("Suzhou Heli Cable Co., Ltd.")	Joint venture or associate of SND Group
蘇州高新私募基金管理有限公司 ("Suzhou Hi Tech Private Equity Fund Management Co., Ltd.")	Joint venture or associate of SND Group
蘇州東菱振動試驗儀器有限公司 ("Suzhou Dongling Vibration Test Instrument Co. Ltd.")	Joint venture or associate of SND Group
蘇州高新區振中旅遊開發有限公司 ("Suzhou High-tech Zone Zhenzhong Tourism Development Co. Ltd.")	Joint venture or associate of SND Group
蘇州高新區新合盛融資擔保有限公司 ("Suzhou High Tech Zone Xinhesheng Financing Guarantee Co., Ltd.")	Joint venture or associate of SND Group
蘇州滸新置業有限公司 ("Suzhou Xuxin Real Estate Co., Ltd.")	Joint venture or associate of SND Group
蘇州新合盛商業保理有限公司 ("Suzhou Xinhesheng Commercial Factoring Co., Ltd.")	Joint venture or associate of SND Group
蘇州滸潤投資有限公司 ("Suzhou Xurun Investment Co. Ltd.")	Joint venture or associate of SND Group
蘇州高新創業投資集團融晟投資管理有限公司 ("Suzhou High-tech Venture Capital Group Rongsheng Investment Management Co. Ltd.")	Joint venture or associate of SND Group
蘇州高新明鑫創業投資管理有限公司 ("Suzhou Gaoxin Mingxin Venture Capital Management Co. Ltd.")	Joint venture or associate of SND Group
蘇州公共科學文化發展有限公司 ("Suzhou Public Science and Culture Development Co. Ltd.")	Joint venture or associate of SND Group
蘇州鑽石金屬粉有限公司 ("Suzhou Diamond Metal Powder Co. Ltd.")	Joint venture or associate of SND Group
蘇州市獅山總部園發展有限公司 ("Suzhou Shishan Headquarters Park Development Co. Ltd.")	Joint venture or associate of SND Group
蘇州新碧捷置業有限公司 ("Suzhou New Bijie Real Estate Co., Ltd.")	Joint venture or associate of SND Group
蘇州高新區振蘇產業園管理有限公司 ("Suzhou High-tech Zone Zhensu Industrial Park Management Co. Ltd.")	Joint venture or associate of SND Group
蘇州高新管網管理有限公司 ("Suzhou Gaoxin Pipeline Network Management Co. Ltd.")	Joint venture or associate of SND Group
蘇州匯融商旅發展有限公司 ("Suzhou Huirong Business Travel Development Co., Ltd.")	Joint venture or associate of SND Group
蘇州蘇高新城市更新有限公司 ("Suzhou Sugaoxin Urban Renewal Co., Ltd.")	Joint venture or associate of SND Group
蘇州食行生鮮電子商務有限公司 ("Suzhou Fresh Service E-commerce Co., Ltd.")	Joint venture or associate of SND Group

(b) In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods:

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021	Four months ended 30 April 2021	Four months ended 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Property management service and city services income					
Companies controlled by the Controlling Shareholder	23,713	24,904	30,262	9,165	11,489
Joint ventures or associates of SND Group	12,311	9,227	16,169	7,783	3,819
The Controlling Shareholder of the Company	2,247	2,183	2,156	504	425
	38,271	36,314	48,587	17,452	15,733
Rental income:					
Joint ventures or associates of SND Group	686	686	686	229	285
Companies controlled by the Controlling Shareholder	379	90	–	–	–
	1,065	776	686	229	285

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021	Four months ended 30 April 2021	Four months ended 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interest income:					
The Controlling Shareholder of the Company	21,178	20,789	–	–	–
Lease payments:					
The Controlling Shareholder of the Company	3,780	3,780	–	–	–
Joint ventures or associates of SND Group	458	458	136	90	–
	4,238	4,238	136	90	–

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021	Four months ended 30 April 2021	Four months ended 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Other purchases from related companies:					
Companies controlled by the Controlling Shareholder	8,320	8,320	8,118	4,341	2,019
Joint ventures or associates of SND Group	564	209	767	108	14
	8,884	8,529	8,885	4,449	2,033

(c) Other transactions with related parties

As at 31 December 2019, certain of the Group's bank loans were secured by SND Company and certain of the Group's bank loans was secured by a company controlled by the Controlling Shareholder (note 27). The related guarantees have been released in 2020.

(d) Outstanding balances with related parties

The Group

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due from related companies:				
Trade related				
Companies controlled by the Controlling Shareholder	13,576	19,208	23,094	20,842
Joint ventures or associates of SND Group	8,344	2,795	12,019	10,847
The Controlling Shareholder of the Company	–	–	10	10
	21,920	22,003	35,123	31,699

	Note	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due from related companies:					
Non-trade related					
Companies controlled by the Controlling Shareholder		4,500	–	–	–
The Controlling Shareholder of the Company	*(i)*	464,880	–	–	–
Joint ventures or associates of SND Group		600,000	–	–	–
		1,069,380	–	–	–

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due to related companies:				
Trade related				
Joint ventures or associates of SND Group	15,322	22,235	2,228	1,121
Companies controlled by the Controlling Shareholder	1,660	1,742	6,077	10,604
The Controlling Shareholder of the Company	284	319	370	51
	17,266	24,296	8,675	11,776

	Note	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due to related companies:					
Non-trade related					
The Controlling Shareholder of the Company		600,000	–	–	–
Joint ventures or associates of SND Group	*(ii)*	57,000	7,000	57,000	–
Company controlled by the Controlling Shareholder		12,709	8,500	–	–
		669,709	15,500	57,000	–

The Company

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due from subsidiaries:	36,497	45,241	66,881	91,885

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due from related companies:				
Trade related				
Companies controlled by the Controlling Shareholder	13,052	14,609	20,250	16,564
Joint ventures or associates of SND Group	6,715	1,363	8,535	7,364
	19,767	15,972	28,785	23,928

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due from related companies:				
Non-trade related				
The Controlling Shareholder of the Company	128,580	–	–	–

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due to subsidiaries:	19,471	21,349	26,212	12,034

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due to related companies:				
Trade related				
Companies controlled by the Controlling Shareholder	1,347	843	4,699	9,071
Joint ventures or associates of SND Group	151	125	138	12
	1,498	968	4,837	9,083

Note:

(i) During the Relevant Periods, the Group made advances to SND Company, which are unsecured and charged interest at rates of 4.35% to 5.7% with a repayment term of one to fifteen years.

(ii) The non-trade balances due to a related company have been fully settled in March 2022.

Except for the balances mentioned above, other balances are unsecured, interest-free and have no fixed terms of repayment.

35. COMMITMENTS

(a) The Group had the following capital commitments at the end of each of the Relevant Periods:

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
Construction in progress	288,198	214,893	72,633	32,164

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of each of the Relevant Periods were as follows:

As at 31 December 2019

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments at fair value through other comprehensive income	–	93,977	–	93,977
Financial assets at fair value through profit or loss	5,000	–	–	5,000
Trade receivables	–	–	101,225	101,225
Financial assets included in prepayments, other receivables and other assets *(note 22)*	–	–	5,869	5,869
Amounts due from related parties	–	–	1,091,300	1,091,300
Restricted cash	–	–	5,713	5,713
Cash and cash equivalents	–	–	223,299	223,299
	5,000	93,977	1,427,406	1,526,383

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	178,588
Financial liabilities included in other payables and accruals *(note 25)*	77,426
Interest-bearing bank loans	701,800
Amount due to related parties	686,975
	1,644,789

As at 31 December 2020

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Equity investments at fair value through other comprehensive income	94,807	–	94,807
Trade receivables	–	96,359	96,359
Financial assets included in prepayments, other receivables and other assets *(note 22)*	–	8,441	8,441
Amounts due from related parties	–	22,003	22,003
Cash and cash equivalents	–	288,210	288,210
	94,807	415,013	509,820

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	192,853
Financial liabilities included in other payables and accruals *(note 25)*	94,510
Interest-bearing bank loans	140,000
Other liabilities	165,463
Amount due to related parties	39,796
	632,622

As at 31 December 2021

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Equity investments at fair value through other comprehensive income	92,440	–	92,440
Trade receivables	–	101,222	101,222
Financial assets included in prepayments, other receivables and other assets *(note 22)*	–	8,753	8,753
Amounts due from related parties	–	35,123	35,123
Restricted cash	–	442	442
Cash and cash equivalents	–	302,644	302,644
	92,440	448,184	540,624

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	192,532
Financial liabilities included in other payables and accruals *(note 25)*	103,106
Interest-bearing bank loans	133,750
Other liabilities	168,074
Amounts due to related parties	65,675
	663,137

As at 30 April 2022

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Equity investments at fair value through other comprehensive income	88,820	–	88,820
Trade receivables	–	143,831	143,831
Financial assets included in prepayments, other receivables and other assets *(note 22)*	–	9,001	9,001
Amounts due from related parties	–	31,699	31,699
Restricted cash	–	280	280
Cash and cash equivalents	–	175,814	175,814
	88,820	360,625	449,445

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	188,080
Financial liabilities included in other payables and accruals *(note 25)*	103,814
Interest-bearing bank loans	133,750
Other liabilities	169,027
Amounts due to related parties	11,776
	606,447

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

As at 31 December 2019

	Carrying amounts	**Fair values**
	RMB'000	*RMB'000*
Financial assets		
Financial assets at fair value through profit or loss	5,000	5,000
Equity investments at fair value through other comprehensive income	93,977	93,977
	98,977	98,977
Financial liabilities		
Interest-bearing bank loans	701,800	701,800

As at 31 December 2020

	Carrying amounts	**Fair values**
	RMB'000	*RMB'000*
Financial assets		
Equity investments at fair value through other comprehensive income	94,807	94,807
Financial liabilities		
Other liabilities	165,463	165,463
Interest-bearing bank loans	140,000	140,000
	305,463	305,463

As at 31 December 2021

	Carrying amounts	Fair values
	RMB'000	*RMB'000*
Financial assets		
Equity investments at fair value through other comprehensive income	92,440	92,440
Financial liabilities		
Other liabilities	168,074	168,074
Interest-bearing bank loans	133,750	133,750
	301,824	301,824

As at 30 April 2022

	Carrying amounts	Fair values
	RMB'000	*RMB'000*
Financial assets		
Equity investments at fair value through other comprehensive income	88,820	88,820
Financial liabilities		
Other liabilities	169,027	169,027
Interest-bearing bank loans	133,750	133,750
	302,777	302,777

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, other receivables, time deposits, pledged bank deposits, current interest-bearing bank loans and other borrowings, trade payables, other liabilities, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The finance manager of each subsidiary of the Group is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The Group's finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at the end of each of the Relevant Periods were assessed to be insignificant.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using the market approach based on the market interest rates of instruments with similar terms and risks and asset-based approach based on the general concept that the earning power of a business entity is derived primarily from its existing assets.

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 31 December 2019, 2020, 2021 and as at 30 April 2022.

Equity investments designated at fair value through other comprehensive income	Valuation techniques	Significant unobservable inputs	Range	Sensitivity of fair value to the input
Suzhou Huirong Business Travel Development Co., Ltd.	Market approach	Discounts for lack of marketability ("DLOM")	31 December 2019: 20% to 30%	5% increase/(decrease) in discount would result in (decrease)/increase in fair value by (RMB1,200,000)/ RMB1,300,000
			31 December 2020: 20% to 30%	5% increase/(decrease) in discount would result in (decrease)/increase in fair value by (RMB1,300,000)/ RMB1,600,000
			31 December 2021: 20% to 30%	5% increase/(decrease) in discount would result in (decrease)/increase in fair value by (RMB1,300,000)/ RMB1,200,000
			30 April 2022: 20% to 30%	5% increase/(decrease) in discount would result in (decrease)/increase in fair value by RMB(900,000)/ RMB1,000,000
Equity investments designated at fair value through other comprehensive income				
Suzhou Xinjingtian Business Land Development Co., Ltd.	Asset-based approach	Unit price (RMB per sq.m)	31 December 2019: 11,810 to 19,600	5% increase/(decrease) in discount would result in increase/(decrease) in fair value by RMB3,050,000/ (RMB3,110,000)
			31 December 2020: 11,856 to 20,600	5% increase/(decrease) in discount would result in increase/(decrease) in fair value by RMB3,080,000/ (RMB3,010,000)
			31 December 2021: 11,433 to 20,000	5% increase/(decrease) in discount would result in increase/(decrease) in fair value by RMB2,970,000/ (RMB2,980,000)
			30 April 2022: 11,500 to 20,000	5% increase/(decrease) in discount would result in increase/(decrease) in fair value by RMB2,960,000/ (RMB2,970,000)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

		Fair value measurement using		
	As at 31 December 2019	**Quoted prices in active markets Level 1**	**Significant observable inputs Level 2**	**Significant unobservable inputs Level 3**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	93,977	–	–	93,977
Financial assets at fair value through profit and loss	5,000	–	5,000	–
	98,977	–	5,000	93,977

		Fair value measurement using		
	As at 31 December 2020	**Quoted prices in active markets Level 1**	**Significant observable inputs Level 2**	**Significant unobservable inputs Level 3**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	94,807	–	–	94,807

		Fair value measurement using		
	As at 31 December 2021	**Quoted prices in active markets Level 1**	**Significant observable inputs Level 2**	**Significant unobservable inputs Level 3**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	92,440	–	–	92,440

		Fair value measurement using		
	As at 30 April 2022	**Quoted prices in active markets Level 1**	**Significant observable inputs Level 2**	**Significant unobservable Level 3**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	88,820	–	–	88,820

The movements in fair value measurements in Level 3 during the Relevant Periods are as follows:

	As at 31 December 2019	**As at 31 December 2020**	**As at 31 December 2021**	**As at 30 April 2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January	97,321	93,977	94,807	92,440
Remeasurement recognised in other comprehensive income	(3,344)	830	(2,367)	(3,620)
At 31 December/30 April	93,977	94,807	92,440	88,820

During the years ended 31 December 2019, 2020, 2021 and four months ended 30 April 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans, finance leases, other liabilities, and cash and time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end/period-end staging classification as at 31 December/30 April.

The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	116,682	116,682
Financial assets included in prepayments, other receivables and other assets					
– Normal**	5,869	–	–	–	5,869
Due from related parties					
– Not yet past due	1,091,300	–	–	–	1,091,300
Pledged deposits					
– Not yet past due	349	–	–	–	349
Time deposits					
– Not yet past due	5,713	–	–	–	5,713
Cash and cash equivalents					
– Not yet past due	223,299	–	–	–	223,299
	1,326,530	–	–	116,682	1,443,212

As at 31 December 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	116,555	116,555
Financial assets included in prepayments, other receivables and other assets					
– Normal**	8,441	–	–	–	8,441
Due from related parties					
– Not yet past due	22,003	–	–	–	22,003
Cash and cash equivalents					
– Not yet past due	288,210	–	–	–	288,210
	318,654	–	–	116,555	435,209

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	119,996	119,996
Financial assets included in prepayments, other receivables and other assets					
– Normal**	8,753	–	–	–	8,753
Due from related parties					
– Not yet past due	35,123	–	–	–	35,123
Restricted cash					
– Not yet past due	442	–	–	–	442
Cash and cash equivalents					
– Not yet past due	302,644	–	–	–	302,644
	346,962	–	–	119,996	466,958

As at 30 April 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	160,169	160,169
Financial assets included in prepayments, other receivables and other assets					
– Normal**	9,001	–	–	–	9,001
Due from related parties					
– Not yet past due	31,699	–	–	–	31,699
Restricted cash					
– Not yet past due	280	–	–	–	280
Cash and cash equivalents					
– Not yet past due	175,814	–	–	–	175,814
	216,794	–	–	160,169	376,963

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 21 to the Historical Financial Information.

Concentrations of credit risk are managed by customer and geographical region. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different regions.

Liquidity risk

The Group monitors its exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans. The Group's policy is that all the borrowings should be approved by the chief financial officer.

The tables below summarise the maturity profile of the Group's financial liabilities at the end of each reporting period based on contractual undiscounted payments:

31 December 2019

	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank loans	–	9,169	215,207	271,031	413,446	908,853
Other liabilities	–	295	344	226	–	865
Trade payables	178,588	–	–	–	–	178,588
Due to related parties	686,975	–	–	–	–	686,975
Other payables and accruals	77,426	–	–	–	–	77,426
	942,989	9,464	215,551	271,257	413,446	1,852,707

31 December 2020

	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank loans	–	1,715	11,304	73,544	89,825	176,388
Other liabilities	–	–	6,740	26,960	229,210	262,910
Lease liabilities	–	114	115	–	–	229
Trade payables	192,853	–	–	–	–	192,853
Due to related parties	39,796	–	–	–	–	39,796
Other payables and accruals	94,510	–	–	–	–	94,510
	327,159	1,829	18,159	100,504	319,035	766,686

31 December 2021

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank loans	–	1,638	16,052	78,206	67,586	163,482
Other liabilities	–	–	6,740	26,960	222,470	256,170
Trade payables	192,532	–	–	–	–	192,532
Due to related parties	65,675	–	–	–	–	65,675
Other payables and accruals	103,106	–	–	–	–	103,106
	361,313	1,638	22,792	105,166	290,056	780,965

30 April 2022

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank loans	–	4,331	13,694	77,329	66,488	161,842
Other liabilities	–	3,370	3,370	26,960	222,470	256,170
Trade payables	188,080	–	–	–	–	188,080
Due to related parties	11,776	–	–	–	–	11,776
Other payables and accruals	103,814	–	–	–	–	103,814
	303,670	7,701	17,064	104,289	288,958	721,682

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year/period.

The Group monitors capital using the debt/asset ratio, which is total liabilities divided by total assets. The debt-to-asset ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 April 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	2,083,727	1,204,519	1,315,660	1,256,734
Total liabilities	1,718,874	705,734	762,133	685,839
Debt/asset ratio	82%	59%	58%	55%

39. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

As at 31 December 2019

	Percentage of equity interest held by non-controlling interests	Profit for the period allocated to non-controlling interests	Accumulated balances of non-controlling interests
	%	*RMB'000*	*RMB'000*
Keshang Property Service	20	1,032	2,559

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	Keshang Property Service
	RMB'000
Revenue	56,753
Total expenses	(49,870)
Income tax expense	(1,721)
Profit and total comprehensive income for the year	5,162
Current assets	42,086
Non-current assets	859
Current liabilities	(25,323)
Non-current liabilities	–
Net cash flows used in operating activities	(974)
Net cash flows from investing activities	63
Net cash flows from financing activities	(200)
Net decrease in cash and cash equivalents	(1,111)

As at 31 December 2020

	Percentage of equity interest held by non-controlling interests	Profit for the period allocated to non-controlling interests	Accumulated balances of non-controlling interests
	%	*RMB'000*	*RMB'000*
Keshang Property Service	20	764	3,323

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	Keshang Property Service
	RMB'000
Revenue	60,796
Total expenses	(55,697)
Income tax expense	(1,274)
Profit and total comprehensive income for the year	3,825
Current assets	49,078
Non-current assets	666
Current liabilities	(28,300)
Non-current liabilities	–
Net cash flows used in operating activities	6,937
Net cash flows from investing activities	(66)
Net cash flows from financing activities	–
Net decrease in cash and cash equivalents	6,871

As at 31 December 2021

	Percentage of equity interest held by non-controlling interests	**Profit for the period allocated to non-controlling interests**	**Accumulated balances of non-controlling interests**
	%	*RMB'000*	*RMB'000*
Keshang Property Service	20	1,052	4,375

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	Keshang Property Service
	RMB'000
Revenue	60,438
Total expenses	(53,429)
Income tax expense	(1,753)
Profit and total comprehensive income for the year	5,256
Current assets	60,341
Non-current assets	902
Current liabilities	(34,543)
Non-current liabilities	–
Net cash flows used in operating activities	(4,418)
Net cash flows from investing activities	72
Net cash flows from financing activities	–
Net decrease in cash and cash equivalents	(4,346)

As at 30 April 2021

	Percentage of equity interest held by non-controlling interests	Profit/(loss) for the year allocated to non-controlling interests	Accumulated balances of non-controlling interests
	%	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Keshang Property Service	20	284	3,607

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	Keshang Property Service
	RMB'000 (unaudited)
Revenue	20,718
Total expenses	(18,822)
Income tax expense	(474)
Profit and total comprehensive income for the year	1,422
Current assets	45,108
Non-current assets	806
Current liabilities	(23,048)
Non-current liabilities	–
Net cash flows from operating activities	497
Net cash flows from investing activities	23
Net cash flows from financing activities	–
Net increase in cash and cash equivalents	520

As at 30 April 2022

	Percentage of equity interest held by non-controlling interests	Profit/(loss) for the year allocated to non-controlling interests	Accumulated balances of non-controlling interests
	%	*RMB'000*	*RMB'000*
Keshang Property Service	20	391	4,766

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	Keshang Property Service
	RMB'000
Revenue	25,520
Total expenses	(22,912)
Income tax expense	(652)
Profit and total comprehensive income for the year	1,956
Current assets	64,415
Non-current assets	1,121
Current liabilities	(36,879)
Non-current liabilities	–
Net cash flows from operating activities	3,842
Net cash flows from investing activities	14
Net cash flows from financing activities	–
Net increase in cash and cash equivalents	3,856

40. EVENTS AFTER THE RELEVANT PERIODS

There are no significant events subsequent to 30 April 2022.

41. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 April 2022.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets of the Group have been prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 "*Preparation of Pro Forma Financial Information for inclusion in Investment Circulars*" issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the [**REDACTED**] on the consolidated net tangible assets of the Group attributable to owners of the Company as at April 30, 2022 as if [**REDACTED**] had taken place on that date.

The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the [**REDACTED**] been completed as at April 30, 2022 or any future date. It is prepared based on the consolidated net tangible assets as at April 30, 2022 as set out in the Accountants' Report as set out in Appendix I to this document, and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets do not form part of the Accountants' Report as set out in Appendix I to this document.

	Consolidated net tangible assets of our Group attributable to owners of the Company as at April 30, 2022	Estimated net proceeds from the [REDACTED]	Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of the Company	Unaudited pro forma adjusted consolidated net tangible assets per Share	
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB)*	*(HK$)*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on [**REDACTED**] of [HK$[**REDACTED**]] per Share	564,298	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on [**REDACTED**] of [HK$[**REDACTED**]] per Share	564,298	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on [**REDACTED**] of [HK$[**REDACTED**]] per Share	564,298	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) The consolidated net tangible assets attributable to owners of the Company as at April 30, 2022 is arrived at after deducting intangible asset of RMB808,000 from the consolidated equity attributable to owners of the Company of RMB565,106,000 as at April 30, 2022, as shown in Appendix I to this document.

(2) The estimated net proceeds from the [**REDACTED**] are based on the [**REDACTED**] of HK$[**REDACTED**] per Share and HK$[**REDACTED**] per Share, after deduction of the [**REDACTED**] and other related expenses payable by our Group and does not take into account of any Shares which may be issued upon the exercise of the [**REDACTED**]. The estimated net proceeds from the [**REDACTED**] are converted into Hong Kong dollars at an exchange rate of RMB0.8597 to HK$1.00.

(3) The unaudited pro forma adjusted net tangible assets per Share is calculated based on [**REDACTED**] Shares in issue immediately following the completion of the [**REDACTED**] without taking into account any Shares which may be issued upon the exercise of the [**REDACTED**].

(4) The unaudited pro forma adjusted consolidated net tangible assets per Share are converted into Hong Kong dollars at an exchange rate of RMB0.8597 to HK$1.00.

(5) No adjustment has been made to reflect any trading result or open transaction of the Group entered subsequent to April 30, 2022.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

The following is the text of a letter, summary of valuations and valuation reports prepared for the purpose of incorporation in this document received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of market values of the Properties as at June 30, 2022.

CUSHMAN & WAKEFIELD
戴 德 梁 行

27/F One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

[**REDACTED**]

The Board of Directors
Suxin Joyful Life Services Co., Ltd.
Room 3001
30/F, SND International Commerce Tower
28 Shishan Road
Gaoxin District
Suzhou
Jiangsu Province
the PRC

Dear Sirs,

Re: Portfolio Valuations in the People's Republic of China

INSTRUCTIONS, PURPOSE & VALUATION DATE

In accordance with the instructions from Suxin Joyful Life Services Co., Ltd. (蘇新美好生活服務股份有限公司) (formerly known as Suzhou Xingang Property Management Company (蘇州新港物業管理公司) (the "Company") for us to prepare market valuations of the Properties held by the Company or its subsidiaries (the "Group") in the People's Republic of China (the "PRC"); we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value in existing state of the Properties as at June 30, 2022 (the "Valuation Date").

DEFINITION OF MARKET VALUE

Our valuations of each of the Properties represent its Market Value which in accordance with HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors ("HKIS") is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

VALUATION BASIS & ASSUMPTIONS

Our valuations exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In the course of our valuations of the Properties situated in the PRC, with reference to the PRC Legal opinion of the legal adviser, Commerce & Finance Law Offices (北京市通商律師事務所), we have prepared our valuation on the basis that transferable land use rights in respect of the Properties for its specific term at nominal annual land use fees have been granted and that any premium payable have already been fully paid. We have relied on the information and advice given by the Company and the PRC legal opinion of the Company's legal adviser, dated [●] 2022, regarding the title to the Properties and the interest in the Properties. In valuing the Properties, we have prepared our valuation on the basis that the owner has enforceable title to the Properties and have free and uninterrupted rights to use, occupy or assign the Properties for the whole of the unexpired terms as granted.

No allowance has been made in our valuations for any charges, pledges or amounts owing on the Properties nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is valued on the basis that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

METHOD OF VALUATION

In valuing the Properties Nos. 1, 2 in Group I and Property 11 in Group III, we have adopted the Depreciated Replacement Cost Method which is appropriate for specialised properties without appropriate market-based evidence.

Depreciated Replacement Cost Method

In the absence of relevant market data to arrive at the market value of the Properties by means of market-based evidence, we have valued the Properties by Depreciated Replacement Cost Method which requires a valuation of the market value of the land in its existing use and an estimate of the new replacement cost of the buildings and structures, from which deductions are made to allow for the age, condition and functional obsolescence. The reported market values by Depreciated Replacement Cost Method only apply to the whole of the Properties as a unique interest, and no piecemeal transaction of the Properties is assumed.

In valuing the Properties Nos. 3 and 4 in Group I, we have adopted Market Comparison Method. Market Comparison Method is appropriate for valuations of the Properties which appropriate market-based evidence.

In valuing the Properties in Group II, we have adopted the Income Capitalisation Method and cross-checked by the Market Comparison Method. Income Capitalisation Method is appropriate for valuations of the Properties held for investment; or where appropriate, Market Comparison Method by making reference to comparable sales evidences as available in the relevant market.

Income Capitalisation Method

Income Capitalisation Method estimates the values of the Properties on a market basis by capitalising the existing rental of all lettable units of each of the Properties for the respective unexpired terms of contractual tenancies whilst vacant units are assumed to be let at their respective market rents as at the Valuation Date. Upon expiry of the existing tenancies, each unit is assumed to be let at its market rent as at the Valuation Date, which is in turn capitalised for the unexpired term of the land use right under which the Property is held. The summation of the capitalised value of the term rental for the leased portion, the capitalised value of the reversion market rental as appropriately deferred for the leased portion and the capitalised value of the vacant portion provides the market value of each of the Properties.

Market Comparison Method

In valuing the Properties by Market Comparison Method, we have made reference to comparable sales evidence of properties with similar characteristics as available in the relevant market.

Key Assumptions adopted in Depreciated Replacement Cost Method for the Properties in the PRC:

Use	Market Unit Value
	RMB/sq m
Industrial Land	RMB487 to 578

Key Assumptions adopted in Income Capitalisation Method for the Properties in the PRC:

Use	Market Unit Rent	Yield
	RMB/sq m/per month	
Office	RMB85 to 131	6%
Commercial	RMB101 to 135	6%
Industrial/Communal facility	RMB30 to 58	7%

Key Assumptions adopted in Market Comparison Method for the Properties in the PRC:

Use	**Market Unit Value**
	RMB/sq m
Office	RMB8,483 to 22,400
Commercial	RMB13,244 to 22,074

SOURCE OF INFORMATION

In the course of our valuations, we have relied to a very considerable extent on the information given to us by the Group and its legal adviser regarding the title to the Properties and the interests of the Group in the Properties. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, particulars of occupancy, tenancy details, completion date of buildings, interest attributable to the Group, site and floor areas, and all other relevant matters.

Dimensions, measurements and areas are based on the copies of documents or other information provided to us by the Group and are therefore only approximations. No on-site measurement has been carried out. We have had no reason to doubt the truth and accuracy of the information provided by the Group which is material to the valuation. We were also advised that no material facts have been omitted from the information provided to us.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

TITLE INVESTIGATION

We have been provided by the Group with copies of documents in relation to the current title to the Properties. However, we have not been able to conduct searches to verify the ownership of the Properties; we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the Properties in the PRC and we have therefore relied on the advice given by the PRC Legal adviser and the Group.

SITE INSPECTION

Our Shanghai Office valuer, Rick Sun (with 15 years of valuation experience in the PRC) has inspected the exterior and, wherever possible, the interior of the Properties in November 2020. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the Property is free from rot, infestation or any other structural defects. No test was carried out to any of the services. Moreover, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period.

Unless otherwise stated, we have not carried out detailed on-site measurements to verify the site and floor areas of the Properties and we have assumed that the areas shown on the documents handed to us are correct.

CURRENCY

Unless otherwise stated, all monetary amounts stated in our valuation report are in Renminbi ("RMB"), the official currency of the PRC.

OTHER DISCLOSURE

We hereby confirm that we and the undersigned have no pecuniary or other interests that could conflict with the proper valuation of the Properties or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

In valuing the Properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules governing the Listing of Securities published by the Stock Exchange of the Hong Kong Limited and HKIS Valuation Standards 2020.

We also confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

INTENDED USE AND USER OF REPORT

This valuation report is issued for the use of the Company for the purpose of incorporating into the document only.

We attach herewith Summary of Valuations and Valuation Reports.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Philip C Y Tsang
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc, MHKIS
Director
Valuation & Advisory Services

Note: Philip C.Y. Tsang is a Member of HKIS and a Registered Professional Surveyor (General Practice). Mr. Tsang has over 29 years of experience in the professional property valuation and advisory services in the PRC. Mr. Tsang has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuation competently.

SUMMARY OF VALUATIONS

	Property	Market value in existing state as at June 30, 2022	Interest attributable to the Group	Market value in existing state attributable to the Group as at June 30, 2022
		(RMB)	*(%)*	*(RMB)*
Group I—Properties held for owner-occupation by the Group in the PRC				
1.	Jinshan Waste Collection Centers (excluding Level 4 to 6), Jinshan Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市高新區金山路金山垃圾收集中心(不包括4至6層)	83,000,000	100%	83,000,000
2.	Science & Technology City Waste Collection Centers, East of 230 Provincial Road, North of Planning Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市高新區230省道東,規劃道路北科技城城市垃圾收集中心	153,000,000	100%	153,000,000

SUMMARY OF VALUATIONS

	Property	Market value in existing state as at June 30, 2022	Interest attributable to the Group	Market value in existing state attributable to the Group as at June 30, 2022
		(RMB)	*(%)*	*(RMB)*
3.	Office Units Nos. 3001, 3002, 3003, 3004, 3005, SND International Commerce Tower, 28 Shishan Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市高新區獅山路28號蘇州高新廣場3001、3002、3003、3004、3005室	39,260,000	100%	39,260,000
4.	Office Units Nos. 303-2, 104, 307, Golden Lion Building, 1156 Binhe Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市高新區濱河路1156號金獅大廈303-2、104、307室	8,000,000	100%	8,000,000
	Sub-total:	**283,260,000**		**283,260,000**

SUMMARY OF VALUATIONS

	Property	Market value in existing state as at June 30, 2022	Interest attributable to the Group	Market value in existing state attributable to the Group as at June 30, 2022
		(RMB)	*(%)*	*(RMB)*
Group II—Properties held for investment by the Group in the PRC				
5.	91 Units of Golden Lion Building, 1156 Binhe Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市高新區濱河路1156號金獅大廈91個單位	79,000,000	100%	79,000,000
6.	Block Nos. 1 to 11, 365 Heshan Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市高新區何山路365號1至11幢	227,000,000	100%	227,000,000
7.	Commercial Unit No. 14, Xinsheng Xinyuan, Xinyuan Second Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市高新區新苑二路新升新苑商業房14號	1,580,000	100%	1,580,000

SUMMARY OF VALUATIONS

	Property	Market value in existing state as at June 30, 2022	Interest attributable to the Group	Market value in existing state attributable to the Group as at June 30, 2022
		(RMB)	*(%)*	*(RMB)*
8.	Commercial Units C and M, Block No. 42, Xintai Huayuan, 99 Zhuyuan Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市高新區竹園路99號馨泰花苑42幢商舖C及M	520,000	100%	520,000
9.	Commercial Unit Nos. 2A, 2B, 2C, 2E, 2F, 2G, 3A, 3B, 3C, 3D, 3E, DY, 4 Huaihai Street, Gaoxin District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市高新區淮海街4號商業房2A、2B、2C、2E、2F、2G、3A、3B、3C、3D、3E、DY室	28,910,000	100%	28,910,000

SUMMARY OF VALUATIONS

	Property	Market value in existing state as at June 30, 2022	Interest attributable to the Group	Market value in existing state attributable to the Group as at June 30, 2022
		(RMB)	*(%)*	*(RMB)*
10.	Level 4 to 6, Jinshan Waste Collection Centers, Jinshan Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市高新區金山路金山垃圾收集中心4至6層	12,600,000	100%	12,600,000
	Sub-total:	**349,610,000**		**349,610,000**

SUMMARY OF VALUATIONS

	Property	Market value in existing state as at June 30, 2022	Interest attributable to the Group	Market value in existing state attributable to the Group as at June 30, 2022
		(RMB)	*(%)*	*(RMB)*
Group III—Properties held for development by the Group in the PRC				
11.	Huanshan Waste Collection Centers, east of Shiyang Road green land, south of planning green space, Gaoxin District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市高新區石陽路綠化地東,規劃綠地南環山路城市垃圾收集中心	99,000,000	100%	99,000,000
	Sub-total:	**99,000,000**		**99,000,000**
	Grand Total:	**731,870,000**		**731,870,000**

VALUATION REPORT

Group I—Properties held for owner–occupation by the Group in the PRC

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at June 30, 2022
1.	Jinshan Waste Collection Centers (excluding Level 4 to 6), Jinshan Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市高新區金山路城市垃圾收集中心 (不包括4至6層)	Jinshan Waste Collection Centers is a 6-storey communal facility building with basement erected on a parcel of land with total site area of 7,337.10 sq m completed in 2019. The Property comprises Jinshan Waste Collection Centers (excluding Level 4 to 6) with total gross floor area of 8,500.35 sq m. The Property is located at the north of Jinshan Road in the center area of Gaoxin District. Developments nearby are mainly residential in nature. The Property is planned for communal facility use; there is no environmental issues and litigation dispute; there is no plan for renovation or change the use of the Property. The land use rights of the Property have been granted for a term due to expire on January 24, 2068 for communal facility use.	As at the Valuation Date, the Property was operated by the Group as a Waste Collection Centers.	RMB83,000,000 (RENMINBI EIGHTY THREE MILLION) (100% interest attributable to the Group: RMB83,000,000 (RENMINBI EIGHTY THREE MILLION))

Notes:

(1) According to Certificate of Real Estate Ownership No. (2021)5040576 issued by the Suzhou Nature Resource and Planning Bureau on December 10, 2021, the land use rights of the Property comprising a parcel of land with total site area of 7,337.10 sq m and total gross floor area of 9,875.35 sq m have been granted to Suzhou Xingang Municipal Greening Service Co., Ltd. (蘇州新港市政綠化服務有限公司) ("Xingang Municipal Greening"), a wholly-owned subsidiary of the Company, for a term due to expire on January 24, 2068 for communal facility use.

As advised by the Company, the Property is a portion of the above-said communal facility building with total gross floor area of 8,500.35 sq m.

(2) According to Business Licence No. 913205055725967941 dated May 30, 2019, Xingang Municipal Greening was established on April 13, 2011 with a registered capital of RMB12,000,000.

(3) According to the PRC legal opinion:

(i) Xingang Municipal Greening has obtained Certificates of Real Estate Rights;

(ii) Xingang Municipal Greening has the right to independently possess, use, handsel, transfer, lease, mortgage or otherwise dispose of such land use rights in accordance with relevant Chinese laws and regulations; and

(iii) Ownership title is being processed.

(4) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group:

Certificate of Real Estate Rights	Yes
Business Licence	Yes

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at June 30, 2022
2.	Science & Technology City Waste Collection Centers, East of 230 Provincial Road, North of Planning Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市高新區230省道東,規劃道路北科技城城市垃圾收集中心	The Property, Science & Technology City Waste Collection Centers, comprises a composite communal facility building erected on a parcel of land with total site area of 10,012.80 sq m completed in 2021. The Property comprises a Waste Collection Centers with total gross floor area of 13,410.93 sq m. The Property is located at the east of 230 Provincial Road, north of Planning Road of Gaoxin District. Developments nearby are mainly residential in nature. The Property is planned for communal facility use; there is no environmental issues and litigation dispute; there is no plan for renovation or change the use of the Property. The land use rights of the Property have been granted for a term due to expire on May 2, 2068 for communal facility use.	As at the Valuation Date, the Property was operated by the Group as a Waste Collection Centers.	RMB153,000,000 (RENMINBI ONE HUNDRED FIFTY THREE MILLION) (100% interest attributable to the Group: RMB153,000,000 (RENMINBI ONE HUNDRED FIFTY THREE MILLION))

Notes:

(1) According to Certificate of Real Estate Rights No. (2018)5096718 issued by the Suzhou State-owned Land Resource Bureau on June 19, 2018, the land use rights of the Property comprising a parcel of land with total site area of 10,012.80 sq m have been granted to Suzhou Xingang Municipal Greening Service Co., Ltd. (蘇州新港市政綠化服務有限公司) ("Xingang Municipal Greening"), a wholly-owned subsidiary of the Company, for a term due to expire on May 2, 2068 for communal facility use.

(2) According to Planning Permit for Construction Works No. 320505201800091 issued by Suzhou Government Approval Bureau on July 5, 2018, the construction works of a communal facility building with total gross floor area of approximately 13,410.93 sq m are in compliance with the requirement of urban planning and were permitted to be developed.

(3) According to Permit for Commencement of Construction Works No. 320505201808310201 issued by the Housing and Construction Bureau of Gaoxin District on August 31, 2018, the construction works of a communal facility building with total gross floor area of approximately 13,410.93 sq m, are in compliance with the requirements for the works commencement and have been permitted by relevant authorities.

(4) According to Business Licence No. 913205055725967941 dated May 30, 2019, Xingang Municipal Greening was established on April 13, 2011 with a registered capital of RMB12,000,000.

(5) According to the PRC legal opinion:

(i) Xingang Municipal Greening has obtained Certificate of Real Estate Rights (Land); and

(ii) Xingang Municipal Greening has the right to independently possess, use, handsel, transfer, lease, mortgage or otherwise dispose of such land use rights and building ownership in accordance with relevant Chinese laws and regulations.

(6) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group:

Certificate of Real Estate Rights	Yes (Land)
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Business Licence	Yes

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at June 30, 2022
3.	Office Units Nos. 3001, 3002, 3003, 3004, 3005, SND International Commerce Tower, 28 Shishan Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市高新區獅山路28號高新廣場3001、3002、3003、3004、3005室	SND International Commerce Tower is a 45-storey office building completed in 2012. The Property comprises 5 Units of SND International Commerce Tower with total gross floor area of approximately 1,753.08 sq.m. The Property is located at the west of Talent Plaza, the north of Shishan Road, the east of Golden Lion Building in Gaoxin District. Developments nearby are mainly commercial and office properties in nature. The Property is planned for office use; there is no environmental issues and litigation dispute; there is no plan for renovation or change the use of the Property. The land use rights of the Property have been granted for a term due to expire on April 24, 2047 for commercial and financial use.	As at the Valuation Date, the Property was owner–occupied by the Group for office use.	RMB39,260,000 (RENMINBI THIRTY NINE MILLION TWO HUNDRED SIXTY THOUSAND)) (100% interest attributable to the Group: RMB39,260,000 (THIRTY NINE MILLION TWO HUNDRED SIXTY THOUSAND))

Notes:

(1) According to 5 Certificates of Real Estate Rights issued by Suzhou Natural Resources and Planning Bureau (蘇州市自然資源和規劃局), the land use rights of the Property with total attributable site area of 85.63 sq m and total gross floor area of 1,753.08 sq m has been vested in (蘇新美好生活服務股份有限公司) (the "Company"), for a term due to expire on April 24, 2047 for commercial and financial use with details as follows:

No.	Certificate Nos.	Unit Nos.	Usage	Attributable Site Area	Gross Floor Area
				(sq m)	*(sq m)*
1	(2020)5008528	3001	office	11.04	225.97
2	(2020)5008579	3002	office	20.43	418.25
3	(2020)5008577	3003	office	16.86	345.28
4	(2020)5008576	3004	office	16.87	345.30
5	(2020)5008572	3005	office	20.43	418.28
			Total:	**85.63**	**1,753.08**

(2) According to Business Licence No. 91320505251617013D dated April 3, 2021, the Company was established on April 12, 1994 with a registered capital of RMB75,000,000.

(3) According to the PRC legal opinion:

(i) the Company has obtained Certificate of Real Estate Rights; and

(ii) the Company has the right to independently possess, use, handsel, transfer, lease, mortgage or otherwise dispose of such land use rights and building ownership in accordance with relevant Chinese laws and regulations.

(4) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group:

Certificate of Real Estate Rights	Yes
Business Licence	Yes

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at June 30, 2022
4.	Office Units Nos. 303-2, 104, 307 Golden Lion Building, 1156 Binhe Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市高新區濱河路1156號金獅大廈303-2、104、307室	Golden Lion Building is a 26-storey office building completed in 1997. The Property comprises 3 Units of Golden Lion Building with total gross floor area of approximately 927.89 sq.m. The Property is located at the south of Canal Street, the west of SND International Commerce Tower, the north of Shishan Road, the east of Binhe Road in Gaoxin District. Developments nearby are mainly commercial and office properties in nature. The Property is planned for office use; there is no environmental issues and litigation dispute; there is no plan for renovation or change the use of the Property. The land use rights of the Property have been granted for terms due to expire on October 27, 2042 for other commercial service/office use.	As at the Valuation Date, the Property was owner–occupied by the Group for office use.	RMB8,000,000 (RENMINBI EIGHT MILLION) (100% interest attributable to the Group: RMB8,000,000 (RENMINBI EIGHT MILLION))

Notes:

(1) According to 3 Certificates of State-owned Land Use Rights issued by the Suzhou Land and Resources Bureau High Tech Zone (Huqiu) Branch (蘇州市國土資源局高新區(虎丘)分局), the land use rights of the Property comprising a parcel of land with total attributable site area of 419.90 sq m have been vested in Suzhou Golden Lion Building Development Management Co., Ltd (蘇州金獅大廈發展管理有限公司) ("Suzhou Golden Lion"), a wholly-owned subsidiary of the Company, for terms due to expire on October 27, 2042 for other commercial service use with details as follows:

No.	Certificate Nos.	Unit Nos.	Attributable Site Area
			(sq m)
1	(2013)011093	303-2	151.1
2	(2008)005965	104	70.5
3	(2013)011095	307	198.3
			419.90

(2) According to 3 Certificates of Building Ownership issued by Suzhou Gaoxin District Property Management Bureau (蘇州高新區房產管理局), the building ownership of the Property with total gross floor area of 927.89 sq m has been vested in Suzhou Golden Lion for non-residential use with details as follows:

No.	Certificate Nos.	Unit Nos.	Gross Floor Area
			(sq m)
1	00200496	303-2	333.91
2	00229748	104	155.73
3	00200629	307	438.25
			927.89

(3) According to Business Licence No. 9132050560819590X1 dated July 2, 2020, Suzhou Golden Lion was established on October 28, 1992 with a registered capital of RMB104,271,300 for an operating period from October 28, 1992 to October 27, 2032.

(4) According to the PRC legal opinion:

(i) Suzhou Golden Lion has obtained Certificates of State-owned Land Use Rights and Certificates of Building Ownership; and

(ii) Suzhou Golden Lion has the right to independently possess, use, handsel, transfer, lease, mortgage or otherwise dispose of such land use rights and building ownership in accordance with relevant Chinese laws and regulations.

(5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group:

Certificate of State-owned Land Use Rights	Yes
Certificate of Building Ownership	Yes
Business Licence	Yes

VALUATION REPORT

Group II—Properties held for investment by the Group in the PRC

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at June 30, 2022
5.	91 Units of Golden Lion Building, 1156 Binhe Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市高新區濱河路1156號金獅大廈91個單位	Golden Lion Building is a 26-storey office building completed in 1997. The Property comprises 91 Units of Golden Lion Building with a total gross floor area of approximately 8,835.17 sq.m. The Property is located at the south of Canal Street, the west of SND International Commerce Tower, the north of Shishan Road, the east of Binhe Road in Gaoxin District. Developments nearby are mainly commercial and office properties in nature. The Property is planned for office use; there is no environmental issues and litigation dispute; there is no plan for renovation or change the use of the Property. The land use rights of the Property have been granted for terms due to expire on October 27, 2042 for other commercial service/office use.	As at the Valuation Date, portion of the Property with total gross floor area of approximately 8,835.17 sq m was subject to various tenancies, at total monthly rent of approximately RMB179,000 exclusive of management fee. The remaining part of the Property was vacant.	RMB79,000,000 (RENMINBI SEVENTY NINE MILLION) (100% interest attributable to the Group: RMB79,000,000 (RENMINBI SEVENTY NINE MILLION))

Notes:

(1) According to 74 Certificates of State-owned Land Use Rights issued by the Suzhou Land and Resources Bureau High Tech Zone (Huqiu) Branch (蘇州市國土資源局高新區(虎丘)分局) on September 30, 2010, the land use rights of the Property comprising a parcel of land with total attributable site area of 3,259.7 sq m have been vested in Suzhou Golden Lion Building Development Management Co., Ltd (蘇州金獅大廈發展管理有限公司) ("Suzhou Golden Lion"), a wholly-owned subsidiary of the Company, for terms due to expire on October 27, 2042 for other commercial service use with details as follows:

No.	Certificate Nos.	Unit Nos.	Attributable Site Area
			(sq m)
1	(2010)029946	101	205.6
2	(2013)011096	302-2	176.1
3	(2013)011094	304	87.2
4	(2013)011082	305-2	50.3
5	(2013)011083	305-3	23.7
6	(2013)011084	305-4	9.0
7	(2013)011099	305-5	17.3
8	(2013)011086	305-6	39.0
9	(2013)011087	305-7	25.0

No.	Certificate Nos.	Unit Nos.	Attributable Site Area
			(sq m)
10	(2011)017049	305-8	51.0
11	(2013)011088	305-9	7.7
12	(2011)017050	305-10	41.4
13	(2013)011089	305-11	35.5
14	(2013)011091	305-12	155.1
15	(2013)011092	305-13	48.2
16	(2013)011090	305-14	22.3
17	(2013)011079	305-15	25.6
18	(2013)011080	305-16	46.9
19	(2013)011100	305-17	22.3
20	(2011)017048	305-18	22.3
21	(2013)011098	305-19	41.5
22	(2013)011081	305-20	66.0
23	(2013)011097	305-21	33.1
24	(2008)005973	306-1	249.8
25	(2008)005977	306-2	269.8
26	(2008)005976	306-3	17.7
27	(2008)005978	5A	29.7
28	(2008)005986	5C	29.7
29	(2008)005984	5D1	29.7
30	(2008)005985	5D2	29.7
31	(2008)005983	5E1	29.7
32	(2008)005987	5E2	29.7
33	(2008)005988	5E3	29.7
34	(2008)005989	5F	44.6
35	(2008)005990	5F1	29.7
36	(2008)005939	5G	29.7
37	(2008)005938	5H	29.7
38	(2008)005940	5I	29.7
39	(2008)005951	5J	29.7
40	(2008)005941	6A	29.7
41	(2008)005952	6B	29.7
42	(2008)005942	6C	29.7
43	(2008)005943	6D1	29.7
44	(2008)005944	6D2	29.7
45	(2008)005945	6E1	29.7
46	(2008)005946	6E2	29.7
47	(2008)005947	6E3	29.7
48	(2008)005948	6F	44.6
49	(2008)005949	6F1	29.7
50	(2008)010535	6G	29.7
51	(2008)010536	6H	29.7
52	(2008)010533	6I	29.7
53	(2008)010534	6J	29.7
54	(2008)005950	7A	29.7
55	(2008)005954	7B	29.7
56	(2008)005953	7C	29.7
57	(2008)005958	7D1	29.7
58	(2008)005957	7D2	29.7
59	(2008)005956	7E1	29.7
60	(2008)005955	7E2	29.7
61	(2008)005966	7E3	29.7
62	(2008)005982	7F	44.6
63	(2008)005981	7F1	29.7
64	(2008)010537	7G	29.7

No.	Certificate Nos.	Unit Nos.	Attributable Site Area
			(sq m)
65	(2008)010538	7H	29.7
66	(2008)010532	7I	29.7
67	(2008)010531	7J	29.7
68	(2008)005980	9A	29.7
69	(2008)005979	9B	29.7
70	(2008)005974	9G	29.7
71	(2008)005968	11E3	29.7
72	(2008)005959	13E1	29.7
73	(2008)005960	13E2	29.7
74	(2008)005967	13E3	29.7
			3,259.7

(2) According to 74 Certificates of Building Ownership issued by Suzhou Gaoxin District Property Management Bureau (蘇州高新區房產管理局), the building ownership of the Property with total gross floor area of 7,207.34 sq m has been vested in Suzhou Golden Lion for non-residential use with details as follows:

No.	Certificate Nos.	Unit Nos.	Gross Floor Area
			(sq m)
1	00229747	101	454.34
2	00200519	302-2	389.16
3	00200497	304	192.78
4	00174381	305-8	112.69
5	00174377	305-10	91.56
6	00174380	305-18	49.38
7	00200562	305-3	52.32
8	00200562	305-4	19.82
9	00200562	305-5	38.23
10	00200562	305-6	86.12
11	00200562	305-7	55.34
12	00200562	305-9	16.93
13	00200562	305-11	78.55
14	00200562	305-12	342.81
15	00200562	305-13	106.50
16	00200562	305-14	49.38
17	00200562	305-15	56.60
18	00200562	305-16	103.62
19	00200562	305-17	49.38
20	00200562	305-19	91.70
21	00200562	305-2	111.16
22	00200562	305-20	145.83
23	00200562	305-21	73.22
24	00033122	306-1	552.15
25	00033122	306-2	596.34
26	00033122	306-3	39.07
27	00033131	5A	65.70
28	00033131	5C	65.70
29	00033131	5D1	65.70
30	00033131	5D2	65.70
31	00033131	5E1	65.70
32	00033131	5E2	65.70
33	00033131	5E3	65.70
34	00033131	5F	98.62

No.	Certificate Nos.	Unit Nos.	Gross Floor Area
			(sq m)
35	00033131	5F1	65.70
36	00033131	5G	65.70
37	00033131	5H	65.70
38	00033131	5I	65.70
39	00033131	5J	65.70
40	00033133	6A	65.70
41	00033133	6B	65.70
42	00033133	6C	65.70
43	00033133	6D1	65.70
44	00033133	6D2	65.70
45	00033133	6E1	65.70
46	00033133	6E2	65.70
47	00033133	6E3	65.70
48	00033133	6F	98.62
49	00033133	6F1	65.70
50	00033133	6G	65.70
51	00033133	6H	65.70
52	00033133	6I	65.70
53	00033133	6J	65.70
54	00033125	7A	65.70
55	00033125	7B	65.70
56	00033125	7C	65.70
57	00033125	7D1	65.70
58	00033125	7D2	65.70
59	00033125	7E1	65.70
60	00033125	7E2	65.70
61	00033125	7E3	65.70
62	00033125	7F	98.62
63	00033125	7F1	65.70
64	00033125	7G	65.70
65	00033125	7H	65.70
66	00033125	7I	65.70
67	00033125	7J	65.70
68	00229751	9A	65.70
69	00229753	9B	65.70
70	00229643	9G	65.70
71	00239771	11E3	65.70
72	00051193	13E1	65.70
73	00051193	13E2	65.70
74	00051193	13E3	65.70
			7,207.34

(3) According to 17 Certificates of Real Estate Rights issued by Suzhou Natural Resources and Planning Bureau (蘇州市自然資源和規劃局), the land use rights of the Property with total attributable site area of 736.7 sq m and total gross floor area of 1,627.83 sq m has been vested in Suzhou Golden Lion for terms due to expire on October 27, 2042 for office use with details as follows:

No.	Certificate Nos.	Unit Nos.	Usage	Attributable Site Area	Gross Floor Area
				(sq m)	*(sq m)*
1	(2020)5015688	8A	office	29.7	65.70
2	(2020)5015742	8B	office	29.7	65.70
3	(2020)5015745	8C	office	29.7	65.70
4	(2020)5015771	8D1	office	29.8	65.70
5	(2020)5015775	8D2	office	29.8	65.70
6	(2020)5015776	8E1	office	29.7	65.70
7	(2020)5015777	8E2	office	29.7	65.70
8	(2020)5015784	8E3	office	29.7	65.70
9	(2020)5015751	8F	office	44.6	98.62
10	(2020)5015763	8F1	office	29.7	65.70
11	(2020)5015752	8G	office	29.7	65.70
12	(2020)5015760	8H	office	29.7	65.70
13	(2020)5015761	8I	office	29.7	65.70
14	(2020)5015762	8J	office	29.7	65.70
15	(2016)5003248	21C	office	97.2	214.83
16	(2016)5003255	22C	office	97.2	214.83
17	(2016)5003442	22D	office	111.1	245.45
			Total:	**736.7**	**1,627.83**

(4) According to Business Licence No. 9132050560819590X1 dated July 2, 2020, Suzhou Golden Lion was established on October 28, 1992 with a registered capital of RMB104,271,300 for an operating period from October 28, 1992 to October 27, 2032.

(5) According to the PRC legal opinion:

(i) Suzhou Golden Lion has obtained Certificates of State-owned Land Use Rights and Certificates of Building Ownership; and

(ii) Suzhou Golden Lion has the right to independently possess, use, handsel, transfer, lease, mortgage or otherwise dispose of such land use rights and building ownership in accordance with relevant Chinese laws and regulations.

(6) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group:

Certificate of State-owned Land Use Rights	Yes
Certificate of Building Ownership	Yes
Certificate of Real Estate Rights	Yes
Business Licence	Yes

(7) According to the PRC Legal Opinion, Unit No. 13F1 had concluded a Sale and Purchase Contract in 2004 and collected the contract price in full. However, the purchaser subsequently lost contact and this Unit 13F1 did not deliver possession till now. We have not included this Unit 13F1 in our valuation.

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at June 30, 2022
6.	Block Nos. 1 to 11, Jinlin Apartment, 365 Heshan Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市高新區何山路365號1至11幢金鄰公寓	365 Heshan Road is an industrial development with 11 buildings erected on a parcel of industrial land with total site area of 54,811.60 sq m completed in 2005. The Property comprises 11 buildings at 365 Heshan Road with total gross floor area of 78,058.72 sq m. The Property is located at the south of Heshan Road in Gaoxin District. Developments nearby are mainly industrial properties in nature. The Property is planned for public supporting facilities (配套公建) use; there is no environmental issues and litigation dispute; there is no plan for renovation or change the use of the Property. The land use rights of the Property have been granted for a term due to expire on December 30, 2056 for industrial use.	As at the Valuation Date, portion of the Property with total gross floor area of approximately 78,058.72 sq m was subject to various tenancies, at total monthly rent of approximately RMB1,590,000, exclusive of management fee. The remaining part of the Property was vacant.	RMB227,000,000 (RENMINBI TWO HUNDRED TWENTY SEVEN MILLION) (100% interest attributable to the Group: RMB227,000,000 (RENMINBI TWO HUNDRED TWENTY SEVEN MILLION))

Notes:

(1) According to the Certificate of Real Estate Rights No. (2017)5078750 issued by Suzhou Land and Resources Bureau (蘇州市國土資源局), the land use rights of the Property comprising a parcel of land with total site area of 54,811.60 sq m and total gross floor area of 78,058.72 sq m has been vested in Suzhou Golden Lion Building Development Management Co., Ltd. (蘇州金獅大廈發展管理有限公司) ("Suzhou Golden Lion"), a wholly-owned subsidiary of the Company, for a term due to expire on December 30, 2056 for industrial use. The building is for workers building 打工樓 use with details as follows:

Block Nos.	Gross Floor Area
	(sq m)
1	7,114.14
2	7,114.14
3	7,114.14
4	7,114.14
5	7,114.14
6	7,114.14
7	7,114.14
8	7,114.14
9	7,114.14
10	7,114.14
11	6,917.32
	78,058.72

(2) According to Business Licence No. 9132050560819590X1 dated 2 July 2020, Suzhou Golden Lion was established on October 28, 1992 with a registered capital of RMB104,271,300 for an operating period from October 28, 1992 to October 27, 2032.

(3) According to the PRC legal opinion:

(i) Suzhou Golden Lion has obtained Certificate of Real Estate Rights; and

(ii) Suzhou Golden Lion has the right to independently possess, use, handsel, transfer, lease, mortgage or otherwise dispose of such land use rights and building ownership in accordance with relevant Chinese laws and regulations.

(4) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group:

Certificate of Real Estate Rights	Yes
Business Licence	Yes

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at June 30, 2022
7.	Commercial Unit No. 14, Xinsheng Xinyuan, Xinyuan Second Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市高新區新苑二路新升新苑商業房14號	Xinsheng Xinyuan is a 2-storey commercial building completed in 1996. The Property comprises a 2-storey commercial unit in Xinsheng Xinyuan with gross floor area of 104.43 sq m. The Property is located at the east of Zhujiang Road, the south of Yushan Road in the center area of Gaoxin District. Developments nearby are mainly residential in nature. The Property is planned for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation or change the use of the Property. The land use rights of the Property is held for an unspecified term for commercial use.	As at the Valuation Date, the Property with total gross floor area of 104.43 sq m was subject to one tenancy, at total monthly rent of approximately RMB10,861, exclusive of management fee and value-added tax.	RMB1,580,000 (RENMINBI ONE MILLION FIVE HUNDRED EIGHTY THOUSAND) (100% interest attributable to the Group: RMB1,580,000 (RENMINBI ONE MILLION FIVE HUNDRED EIGHTY THOUSAND))

Notes:

(1) According to Certificate of State-owned Land Use Rights No. (2000)2919 issued by Suzhou Municipal Government (蘇州市人民政府), the land use rights of the Property comprising an attributable site area of 50.12 sq m have been vested in (蘇新美好生活服務股份有限公司) (the "Company"), for an unspecified term for commercial use.

(2) According to Certificate of Building Ownership No. 00005714 issued by Suzhou Real Estate Administration (蘇州市房產管理局) on December 19, 2000, the building ownership of the Property comprising total gross floor area of 104.43 sq m have been vested in the Company for non-residential use.

(3) According to Business Licence No. 91320505251617013D dated July 9, 2020, the Company was established on April 12, 1994 with a registered capital of RMB75,000,000.

(4) According to the PRC legal opinion:

(i) the Company has obtained Certificates of State-owned Land Use Rights and Certificates of Building Ownership; and

(ii) the Company has the right to independently possess, use, handsel, transfer, lease, mortgage or otherwise dispose of such land use rights and building ownership in accordance with relevant Chinese laws and regulations.

(5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group:

Certificate of State-owned Land Use Rights	Yes
Certificate of Building Ownership	Yes
Business Licence	Yes

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at June 30, 2022
8.	Commercial Units C and M, Block No. 42, Xintai Huayan, 99 Zhuyuan Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市高新區竹園路99號馨泰花苑42幢商舖C及M	Xintai Huayuan is a 6-storey residential building completed in 1996. The Property comprises two commercial units on ground floor at Block No. 42 of Xintai Huayuan with total gross floor area of 23.57 sq m. The Property is located at the east of Changjiang Road, the south of Shishan Shiyan Primary School in the center area of Gaoxin District. Developments nearby are mainly residential in nature. The Property is planned for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation or change the use of the Property. The land use rights of the Property have been granted for a term due to expire on October 19, 2064 for urban mixed residential use.	As at the Valuation Date, the Property with total gross floor area of 23.57 sq m was subject to two tenancy, at total monthly rent of approximately RMB2,486, exclusive of management fee and value-added tax. The remaining part of the Property was vacant.	RMB520,000 (RENMINBI FIVE HUNDRED TWENTY THOUSAND) (100% interest attributable to the Group: RMB520,000 (RENMINBI FIVE HUNDRED TWENTY THOUSAND))

Notes:

(1) According to 2 Certificates of Real Estate Rights issued by Suzhou Natural Resources and Planning Bureau (蘇州市自然資源和規劃局) on March 11, 2021, the land use rights of the Property with total attributable site area of 5.15 sq m and total gross floor area of 23.57 sq m has been vested in (蘇新美好生活服務股份有限公司) (the "Company"), a term due to expire on October 19, 2064 for urban mixed residential use with details as follows:

No.	Certificate Nos.	Unit Nos.	Usage	Attributable Site Area	Gross Floor Area
				(sq m)	*(sq m)*
1	(2021)5008953	C	urban mixed residential	2.36	10.80
2	(2020)5008952	M	urban mixed residential	2.79	12.77
			Total:	**5.15**	**23.57**

(2) According to Business Licence No. 91320505251617013D dated July 9, 2020, the Company was established on April 12, 1994 with a registered capital of RMB75,000,000.

(3) According to the PRC legal opinion:

(i) the Company has obtained Certificates of Real Estate Rights; and

(ii) the Company has the right to independently possess, use, handsel, transfer, lease, mortgage or otherwise dispose of such land use rights and building ownership in accordance with relevant Chinese laws and regulations.

(4) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group:

Certificate of Real Estate Rights	Yes
Business Licence	Yes

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at June 30, 2022
9.	Commercial Unit Nos. 2A, 2B, 2C, 2E, 2F, 2G, 3A, 3B, 3C, 3D, 3E, DY, 4 Huaihai Street, Gaoxin District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市高新區淮海街4號商業房2A、2B、2C、2E、2F、2G、3A、3B、3C、3D、3E、DY室	4 Huaihai Street is a commercial development completed in 2020. The Property comprises 12 commercial units in 4 Huaihai Street with total gross floor area of 1,987.41 sq m. The Property is located at the west of Huaihai Street, the south of Shishan Road in the center area of Gaoxin District. Developments nearby are mainly commercial in nature. The Property is planned for commercial use; there is no environmental issues and litigation dispute; there is no plan for renovation or change the use of the Property. The land use rights of the Property have been granted for terms due to expire on 19 April 2033 for commercial use.	As at the Valuation Date, the Property with total gross floor area of 1,958.46 sq m was subject to various tenancies, at total monthly rent of approximately RMB194,556, exclusive of management fee and value-added tax.	RMB28,910,000 (RENMINBI TWENTY EIGHT MILLION NINE HUNDRED TEN THOUSAND) (100% interest attributable to the Group: RMB28,910,000 (RENMINBI TWENTY EIGHT MILLION NINE HUNDRED TEN THOUSAND))

Notes:

(1) According to 12 Certificates of Real Estate Rights issued by Suzhou Nature Resource and Planning Bureau (蘇州市自然資源和規劃局), the land use rights and building ownership of the Property with total attributable site area of 691.54 sq m and total gross floor area of 1,987.41 sq m has been vested in (蘇新美好生活服務股份有限公司) (the "Company"), for commercial use with details as follows:

Certificate Nos.	Unit Nos. in 4 Huaihai Street	Attributable Site Area	Gross Floor Area
		(sq m)	*(sq m)*
(2020)5008819	Unit 2A	70.77	203.38
(2020)5008826	Unit 2B	49.52	142.31
(2020)5008827	Unit 2C	84.51	242.88
(2020)5008830	Unit 2E	35.38	101.69
(2020)5008820	Unit 2F	35.38	101.69
(2020)5008822	Unit 2G	91.41	262.69
(2020)5008823	Unit 3A	68.98	198.23
(2020)5008825	Unit 3B	44.55	128.03
(2020)5008973	Unit 3C	68.09	195.67
(2020)5008971	Unit 3D	61.25	176.04
(2020)5008833	Unit 3E	71.63	205.85
(2020)5008831	Unit DY	10.07	28.95
	Total:	**691.54**	**1,987.41**

(2) According to Business Licence No. 91320505251617013D dated April 3, 2021, the Company was established on April 12, 1994 with a registered capital of RMB75,000,000.

(3) According to the PRC legal opinion:

(i) the Company has obtained Certificate of Real Estate Rights; and

(ii) the Company has the right to independently possess, use, handsel, transfer, lease, mortgage or otherwise dispose of such land use rights and building ownership in accordance with relevant Chinese laws and regulations.

(4) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group:

Certificate of Real Estate Rights	Yes
Business Licence	Yes

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at June 30, 2022
10.	Level 4 to 6, Jinshan Waste Collection Centers, Jinshan Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市高新區金山路金山垃圾收集中心4至6層	Jinshan Waste Collection Centers is a 6-storey communal facility building with basement erected on a parcel of land with total site area of 7,337.10 sq m completed in 2019. The Property comprises Level 4 to 6 of Jinshan Waste Collection Centers with total gross floor area of 1,375 sq m. The Property is located at the north of Jinshan Road in the center area of Gaoxin District. Developments nearby are mainly residential in nature. The Property is planned for communal facility use; there is no environmental issues and litigation dispute; there is no plan for renovation or change the use of the Property. The land use rights of the Property have been granted for a term due to expire on January 24, 2068 for communal facility use.	As at the Valuation Date, the Property with total Gross floor area of approximately 1,375 sq m has been leased under one tenancy, at total monthly rent of approximately RMB68,750, exclusive of management fee and value-added tax.	RMB12,600,000 (RENMINBI TWELVE MILLION SIX HUNDRED THOUSAND) (100% interest attributable to the Group: RMB12,600,000 (RENMINBI TWELVE MILLION SIX HUNDRED THOUSAND))

Notes:

(1) According to Certificate of Real Estate Ownership No. (2021)5040576 issued by the Suzhou Nature Resource and Planning Bureau on December 10, 2021, the land use rights of the Property comprising a parcel of land with total site area of 7,337.10 sq m and total gross floor area of 9,875.35 sq m have been granted to Suzhou Xingang Municipal Greening Service Co., Ltd. (蘇州新港市政綠化服務有限公司) ("Xingang Municipal Greening"), a wholly-owned subsidiary of the Company, for a term due to expire on January 24, 2068 for communal facility use.

As advised by the Company, the Property is a portion of the above-said communal facility building with total gross floor area of 1,375 sq m.

(2) According to Business Licence No. 913205055725967941 dated May 30, 2019, Xingang Municipal Greening was established on April 13, 2011 with a registered capital of RMB12,000,000 for an operating period from April 13, 2011.

(3) According to the PRC legal opinion:

(i) Xingang Municipal Greening has obtained Certificates of Real Estate Rights;

(ii) Xingang Municipal Greening has the right to independently possess, use, handsel, transfer, lease, mortgage or otherwise dispose of such land use rights in accordance with relevant Chinese laws and regulations; and

(iii) Ownership title is being processed.

(4) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group:

Certificate of Real Estate Rights	Yes
Business Licence	Yes

VALUATION REPORT

Group III—Properties held for development by the Group in the PRC

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at June 30, 2022
11.	Huanshan Waste Collection Centers, east of Shiyang Road green land, south of Planning green space, Gaoxin District, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市高新區環山路城市垃圾收集中心	The Property, Huanshan Waste Collection Centers, comprises a composite communal facility building under construction on a parcel of land with total site area of 6,609.90 sq m. The Property is scheduled to be completed in 2022. The Property comprises a Waste Collection Centers with total gross floor area of 6,910.56 sq m. The Property is located at the east of Shiyang road green land, the south of Planning green space of Gaoxin District. Developments nearby are mainly residential in nature. The Property is planned for communal facility use; there is no environmental issues and litigation dispute; there is no plan for change the use of the Property. The land use rights of the Property have been granted for a term due to expire on March 15, 2070 for communal facility use.	As at the Valuation Date, the Property was under construction.	RMB99,000,000 (RENMINBI NINETY NINE MILLION) (100% interest attributable to the Group: RMB99,000,000 (RENMINBI NINETY NINE MILLION))

Notes:

(1) According to Certificate of Real Estate Rights No. (2020)5008710 issued by the Suzhou State-owned Land Resource Bureau on 23 April 2020, the land use rights of the Property comprising a parcel of land with total site area of 6,609.90 sq m have been granted to Suzhou Xingang Municipal Greening Service Co., Ltd. (蘇州新港市政綠化服務有限公司), a wholly owned subsidiary of the Company, for a term due to expire on 15 March 2070 for communal facility use.

(2) According to Planning Permit for Construction Works No. 320505202040001 issued by Suzhou Government Approval Bureau on 21 May 2020, the construction works of a communal facility building with total gross floor area of approximately 6,910.56 sq m are in compliance with the requirement of urban planning and were permitted to be developed.

(3) According to Permit for Commencement of Construction Works No. 320505202006220201 issued by the Housing and Construction Bureau of Suzhou Gaoxin District on 22 June 2020, the construction works of a communal facility building with total gross floor area of approximately 6,910.56 sq m, are in compliance with the requirements for the works commencement and have been permitted by relevant authorities.

(4) According to the cost information provided of the under-construction building, the expended costs are RMB94,658,000. In the course of our valuation, we have taken into account the said costs.

(5) According to Business Licence No. 913205055725967941 dated May 30, 2019, Xingang Municipal Greening was established on 13 April 2011 with a registered capital of RMB12,000,000 for an operating period from 13 April 2011.

(6) According to the PRC legal opinion:

(i) Xingang Municipal Greening has obtained Certificates of Real Estate Rights (Land);

(ii) Xingang Municipal Greening has the right to independently possess, use, handsel, transfer, lease, mortgage or otherwise dispose of such land use rights in accordance with relevant Chinese laws and regulations; and

(iii) The necessary construction permit documents at this stage have been obtained.

(7) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group:

Certificate of Real Estate Rights	Yes (Land)
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Business Licence	Yes

HONG KONG TAXATION

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H shares. However, trading gains from the sale of the H shares by persons carrying on a trade, profession or business in Hong Kong, where such gains derived from or arose in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (such as financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains, unless these taxpayers can prove that the security investment are held for long-term investment purposes.

Trading gains from sales of the H shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arose in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H shares effected on the Hong Kong Stock Exchange by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.13% on the higher of the consideration for or the market value of the H shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H shares (in other words, a total of 0.26% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a non-Hong Kong resident and does not pay the ad valorem duty due by it, the duty not paid will be assessed pursuant to the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to 10 times of the tax payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 abolished the provisions on estate duty of deaths occurring on or after February 11, 2006.

TAXATION OF OUR COMPANY IN HONG KONG

Our Directors do not consider that any of our Company's income is derived from or arose in Hong Kong for the purpose of Hong Kong taxation. Our Company will therefore not be subject to Hong Kong taxation.

PRC LAWS AND REGULATIONS RELATING TO TAXES

(i) Income Tax

According to the EIT Law (《中華人民共和國企業所得稅法》) (Order No. 63 of the President), which was promulgated by the NPC 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 of EIT Law (Order No. 512 of the State Council) (《企業所得稅法實施條例》), which was promulgated by the State Council on December 6, 2007 and came into effect on January 1, 2008, the income tax rate of 25% applies to all PRC companies, foreign-invested companies and foreign companies which have established production and operation facilities in the PRC.

These enterprises are classified as either resident enterprises or non-resident enterprises. An enterprise that is established in China in accordance with PRC laws, or that is established in accordance with the law of a foreign country (region) but whose "de facto management bodies" is inside China is resident enterprise, which is subject to enterprise income tax at the rate of 25% on their global income. The Implementation Regulations of EIT Law defines the term "de facto management bodies" as "bodies that conduct substantial and all-round management and control with respect to the production, operations, personnel, finance, property, etc. of the enterprise."

An enterprise that is established according to the law of a foreign country (region) and whose "de facto management bodies" are not in China, but which have established institutions or premises in China or which have not established institutions or premises in China but have income earned in China is non-resident enterprise. According to the Implementation Regulations of EIT Law, non-resident enterprises which have not established institutions or premises in China or which have established institutions in China but whose incomes have no actual connection to its institution or establishment inside China shall be subject to a reduced enterprise income tax rate of 10% on incomes derived from China.

(ii) Income Tax Relating To Dividend Distribution

According to Agreement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) which was promulgated by State Administration of Taxation on August 21, 2006 and came into effect on December 8, 2006, the withholding tax rate 5% applies to dividends paid by a PRC company to a Hong Kong company if such Hong Kong company directly holds at least 25% of the equity interests in the PRC company, otherwise the 10% withholding tax rate applies.

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

According to the Notice of STA on the Issues Relating to the Beneficial Owners in the Tax Treaty (《國家稅務總局關於稅收協定中「受益所有人」有關問題的公告》) (Notice of STA [2018] No. 9), which was promulgated by STA on February 3, 2018 and became effective on April 1, 2018, a comprehensive analysis will be used to determine beneficial ownership based on the actual situation of a specific case combined with certain principles, and if an applicant was obliged to pay more than 50% of its income to a third country (region) resident within 12 months of the receipt of the income, or the business activities undertaken by an applicant did not constitute substantive business activities including substantive manufacturing, distribution, management and other activities, the applicant was unlikely to be recognized as an beneficial owner to enjoy tax treaty benefits.

(iii) Value-added Tax

According to Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) (Order No. 134 of the State Council), which was promulgated by the State Council on December 13, 1993, came into effect on January 1, 1994, and was amended on November 10, 2008, February 6, 2016, November 19, 2017, organizations and individuals engaging in sale of goods or processing, repair and assembly services (hereinafter referred to as "**labor services**"), sale of services, intangible assets, immovables and importation of goods in the PRC shall be taxpayers of Value-added Tax ("**VAT**"), the tax rate for taxpayers engaging in sale of services and intangible assets shall be 6% unless otherwise stipulated.

In addition, in accordance with the Notice on Fully Launch of the Pilot Scheme for the Conversion of Business Tax to Value-Added Tax (關於全面推開營業稅改徵增值稅試點的通知) (Cai Shui [2016] No. 36) which was issued by the Ministry of Finance and the State Administration of Taxation on March 23, 2016 and came into effect on May 1, 2016, the state started to fully implement the pilot change from business tax to value-added tax on May 1, 2016. All taxpayers of business tax in construction industry, real estate industry, financial industry and living service industry have been included in the scope of the pilot and should pay value-added tax instead of business tax.

Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (Cai Shui [2018] No. 32) (《財政部稅務總局關於調整增值稅稅率的通知》) was promulgated on April 4, 2018, and came into force as of May 1, 2018. The VAT rates are adjusted. To be specific, (1) where a taxpayer engages in a taxable sales activity for the VAT purpose or imports goods, the previous applicable 17% and 11% tax rates are adjusted to be 16% and 10% respectively. (2) The original 11% deduction rate, applicable to agricultural products bought by a taxpayer, will be lowered to 10%. (3) For agricultural products bought by a taxpayer for the production or sales purposes or for processing goods on a commission basis subject to 16% tax rate, the input VAT shall be calculated at the 12% deduction rate. (4) Exported goods, originally subject to 17% tax rate and 17% export rebate rate, will be subject to a lower export rebate rate, a decrease to 16%, while exported goods and cross-border taxable activities, subject to 11% tax rate and 11% export rebate rate, will be subject to 10% export rebate rate.

Announcement on Policies for Deepening the VAT Reform (Announcement [2019] No. 39 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs) (《關於深化增值稅改革有關政策的公告》) was promulgated on March 20, 2019, and came into force as of April 1, 2019. The VAT rates was further adjusted, (1) for general VAT payers' sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively; (2) For the agricultural products purchased by taxpayers to which an existing 10% deduction rate is applicable, the deduction rate is adjusted to 9%; and for the agricultural products purchased by taxpayers for production or commissioned processing, which are subject to VAT at 13%, the input VAT will be calculated at a 10% deduction rate; (3) for the exportation of goods or labor services that are subject to VAT at 16%, with the applicable export refund at the same rate, the export refund rate is adjusted to 13%; and for the exportation of goods or cross-border taxable activities that are subject to VAT at 10%, with the export refund at the same rate, the export refund rate is adjusted to 9%. Furthermore, from April 1, 2019 to December 31, 2021, a taxpayer engaged in production or livelihood services is allowed to have a 10% weighted deduction of creditable input VAT in the current period from the tax amount payable.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE CONTROL IN THE PRC

According to Regulations on Foreign Exchange Administration of the PRC (《中華人民共和國外匯管理條例》) (Order No. 193 of the State Council) (the "**Foreign Exchange Administration Regulations**"), which was promulgated by the State Council of on January 29, 1996 and came into effect since April 1, 1996 and was amended on January 14, 1997 and August 5, 2008, PRC imposes no restrictions on regular international payments and transfers, such as trade and service-related foreign exchange transactions and dividend payments, but it shall be based on true and legitimate transactions and financial institutions engaging in conversion and sale of foreign currencies shall carry out reasonable examination, and the foreign exchange control authorities shall have the right to carry out supervision and inspection.

For capital account items, such as capital transfer, direct investment, investment in securities, derivative products or loans, shall be conducted upon the prior approval by the competent authorities for the administration of foreign exchange.

In accordance with the Provisions on Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) (issued by the People's Bank of China on June 20, 1996 and came into effect on July 1, 1996), foreign exchange receipts under the current account of foreign-invested enterprises may be retained within the maximum amount approved by the foreign exchange administration department and the exceeding part shall be sold to a designated foreign exchange bank or sold through the foreign exchange swap center.

According to the Notice of State Administration of Foreign Exchange on Reforming and Regulating the policies for the Administration of Foreign Exchange Settlement under the Capital Account (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) (Hui Fa [2016] No. 16) which was issued by the State Administration of Foreign Exchange on June 9, 2016 and came into effect on the same day, the settlement of foreign exchange receipts under the capital account (including foreign exchange capital, external debts, funds repatriated from overseas listing, etc.) entitled to discretionary settlement according to relevant policies, shall be conducted in the banks as actually needed for business operation. The 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 discretionary exchange settlement ratio of foreign exchange receipts under the capital account of domestic entities is tentatively set as 100%. The State Administration of Foreign Exchange may adjust the above ratio in due time in accordance with the balance of payment status.

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "Constitution") and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the "Legislation Law"), the National People's Congress (the "NPC") and the Standing Committee of the NPC ("SCNPC") are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The Standing Committee of the NPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, PBOC, the State Audit Administration as well as the other organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people's congresses of larger cities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the comparatively larger cities may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the comparatively larger cities within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The SCNPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, the Supreme People's Court of the PRC (the "Supreme People's Court") has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local laws and regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

PRC JUDICIAL SYSTEM

Under the Constitution and the PRC Law on the Organisation of the People's Courts (《中華人民共和國人民法院組織法》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts, military courts and other special people's courts.

The local people's courts are comprised the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are organised into civil, criminal, administrative, supervision and enforcement divisions. The intermediate people's courts are organised into divisions similar to those of the primary people's courts, and are entitled to organise other courts as needed such as the intellectual property division.

The higher level people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the judicial administration of the people's courts at all levels.

The people's courts apply a two-tier appellate system. A party may appeal against a judgement or order of a local people's court to the people's court at the next higher level. Second judgements or orders given at the next higher level are final. First judgements or orders of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at a higher level finds an error in a judgement or an order which has been given in any people's court at a lower level, or the presiding judge of a people's court finds an error in a judgement which has been given in the court over which he presides, the case may then be retried according to the judicial supervision procedures.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》) (the "Civil Procedure Law") sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgement or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff's or the defendant's domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgement or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same.

There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgement made by the court within the stipulated time, the court will, upon application by either party, enforce the judgement in accordance with the law.

A party seeking to enforce a judgement or ruling of a people's court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgement or ruling.

A foreign judgement or ruling may also be recognised and enforced by the people's court according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgement or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgement or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest.

THE PRC COMPANY LAW, SPECIAL REGULATIONS AND MANDATORY PROVISIONS

A joint stock limited company which is incorporated in the PRC and seeking a [**REDACTED**] on the Stock Exchange is mainly subject to the following three laws and regulations in the PRC

- The PRC Company Law (《中華人民共和國公司法》) which was promulgated by the SCNPC on December 29, 1993, came into effect on July 1, 1994, revised on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and respectively and the latest revision of which was implemented on October 26, 2018;

- The Special Regulations of the State Council on Share Offering and Listing Overseas by Joint-Stock Limited Liability Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) (the "Special Regulations") which were promulgated by the State Council on August 4, 1994 pursuant to Articles 85 and 155 of the PRC Company Law in force at that time, and were applicable, to the overseas share offering and listing of joint stock limited companies; and

- The Mandatory Provisions of Articles of Association of Companies Listing Overseas (《到境外上市公司章程必備條款》) (the "Mandatory Provisions") which were issued jointly by the former Securities Commission of the State Council and the former State Economic Restructuring Commission on August 27, 1994, stating the mandatory provisions which must be incorporated into the articles of association of a joint stock limited company seeking an overseas listing. As such, the Mandatory Provisions are set out in the Articles of Association of the Company, the summary of which is set out in "Appendix VI—Summary of The Articles of Association" to this document.

Set out below is a summary of the major provisions of the PRC Company Law, the Special Regulations and the Mandatory Provisions applicable to the Company.

General

A joint stock limited company refers to an enterprise legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A state-owned enterprise ("SOE") that is reorganised into a joint stock limited company shall comply with the conditions and requirements specified by laws and administrative regulations for the modification of its operation mechanisms, the disposal and valuation of the company's assets and liabilities and the establishment of internal management organisations.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of two but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. According to the Special Regulations, SOEs or enterprises with the majority of their assets owned by the PRC government may be restructured into joint stock limited companies which may issue shares to overseas investors and list its stocks abroad in accordance with the relevant regulations. These companies, if incorporated by promotion, may have less than five promoters and may issue new shares once incorporated.

The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting. Within 30 days after the conclusion of the inaugural meeting, the board of directors must apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business licence has been issued by the relevant registration authority. Joint stock limited companies established by the subscription method shall file the approval on the offering of shares issued by the securities administration department of the State Council with the company registration authority for record.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company. According to the Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) promulgated by the State Council on April 22, 1993 (which is only applicable to the issuance and trading of shares in the PRC and their related activities), if a company is established by means of public subscription, the promoters of such company are required to sign on this document to ensure that this document does not contain any misrepresentation, serious misleading statements or material omissions, and assume joint and several responsibility for it.

Share Capital

The promoters of a company can make capital contributions in cash or in kind, which can be valued in currency and transferable according to law such as intellectual property rights or land use rights based on their appraised value. If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

A company may issue registered or bearer share. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered share and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

The Mandatory Provisions provide that shares issued to foreign investors and listed overseas shall be issued in registered form and shall be denominated in Renminbi and subscribed for in foreign currency. Under Mandatory Provisions, shares issued by the company in RMB to domestic investors shall be called domestic shares. Shares issued by the company in foreign currency to foreign investors shall be called foreign shares. Foreign shares which are listed overseas shall be called overseas listed and foreign invested shares.

A company may offer its shares to the public overseas with approval by the securities administration department of the State Council. Specific provisions shall be specifically formulated by the China Securities Regulatory Commission (the "CSRC"). Under the Special Regulations, upon approval of the CSRC, a company may agree, in the underwriting agreement in respect of an issue of overseas listed and foreign invested shares, to retain not more than 15% of the aggregate number of overseas listed and foreign invested shares proposed to be issued after accounting for the number of underwritten shares.

The share offering price may be equal to or greater than nominal value, but shall not be less than nominal value.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of registered shares by a shareholder must be made by means of an endorsement or by other means stipulated by laws or administrative regulations.

Bearer shares are transferred by delivery of the share certificates to the transferee.

Shares held by a promoter of a company shall not be transferred within one year after the date of the company's incorporation. Shares issued by a company prior to the public offer of its shares shall not be transferred within one year from the date of listing of the shares of the company on a stock exchange. Directors, supervisors and senior management of a company shall not transfer over 25% of the shares held by each of them in the company each year during their term of office and shall not transfer any share of the company held by each of them within one year after the listing date.

There is no restriction under the PRC Company Law as to the percentage of shareholding a single shareholder may hold in a company.

Transfers of shares may not be entered in the register of shareholders within 20 days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

A company shall obtain the approval of the CSRC to offer its shares to the overseas public. Under the Special Regulations, shares issued to foreign investors by joint stock limited companies and listed overseas are known as "overseas listed and foreign invested shares." Shares issued to investors within the PRC by joint stock limited companies, which also issues overseas listed and foreign invested shares, are known as "domestic shares." Upon approval of the securities regulatory authority of the State Council, a company issuing overseas listed and foreign invested shares in total shares determined by the issuance programme may agree with underwriters in the underwriting agreement to retain not more than 15% of the aggregate number of overseas listed and foreign invested shares outside the underwritten amount. The issuance of the retained shares is deemed to be a part of this issuance.

Registered Shares

Under the PRC Company Law, the shareholders may make capital contributions in cash, or alternatively may make capital contributions with such valuated non-monetary property as physical items, intellectual property rights, and land-use rights that may be valued in monetary term and may be transferred in accordance with the law. Pursuant to the Special Regulations, overseas listed and foreign invested shares issued shall be in registered form, denominated in Renminbi and subscribed for in a foreign currency. Domestic shares issued shall also be in registered form.

Under the PRC Company Law, when the company issues shares in registered form, it shall maintain a register of shareholders, stating the following matters:

- the name and domicile of each shareholder;
- the number of shares held by each shareholder;
- the serial numbers of shares held by each shareholder; and
- the date on which each shareholder acquired the shares.

Increase of Share Capital

According to the PRC Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' general meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders.

When the company launches a public issuance of new shares with the approval of the securities regulatory authorities of the State Council, it shall publish a prospectus and financial and accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders' general meeting;
- it shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper within 30 days after the resolution approving the reduction has been passed;
- creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts;
- it shall apply to the relevant administration of industry and commerce for the registration of the reduction in registered capital.

Repurchase of Shares

According to the PRC Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares to its employees as incentives; (iv) to purchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at a shareholders' general meeting; (v) where its shares are used to convert corporate bonds issued by a listed company that can be converted into stocks; or (vi) where it is necessary for a listed company to maintain its corporate value and stockholders' equity.

The purchase of shares on the grounds set out in (i) to (ii) above shall require approval by way of a resolution passed by the shareholders' general meeting. Following the purchase of shares in accordance with the foregoing, such shares shall be cancelled within 10 days from the date of purchase in the case of (i) above and transferred or cancelled within six months in the case of (ii) or (iv) above, or in the event of a purchase made pursuant to Item (iii), (v) or (vi), hold a total number of its own shares not more than 10% of the total shares issued by the company and transfer or cancel within three years of the purchase.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the PRC Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail. Pursuant to the Mandatory Provisions, no modifications of registration in the share register caused by transfer of shares shall be carried out within 30 days prior to convening of shareholder's general meeting or five days prior to any base date for determination of dividend distributions.

Under the PRC Company law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Directors, supervisors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the company.

Shareholders

Under the PRC Company Law and the Mandatory Provisions, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;
- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;

- the right to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of shareholder's general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquires on the company's operations;

- the right to bring an action in the people's court to rescind resolutions passed by shareholder's general meetings and board of directors where the articles of association is violated by the above resolutions;

- the right to receive dividends and other types of interest distributed in proportion to the number of shares held;

- in the event of the termination or liquidation of the company, the right to participate in the distribution of residual properties of the company in proportion to the number of shares held; and

- other rights granted by laws, administrative regulations, other regulatory documents and the company's articles of association.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

Shareholders' General Meetings

The shareholders' general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law.

Under the PRC Company Law, the shareholders' general meeting exercises the following principal powers:

- to decide on the company's operational policies and investment plans;

- to elect or remove the directors and supervisors (other than the supervisor representative of the employees of the company) and to decide on matters relating to the remuneration of directors and supervisors;

- to examine and approve reports of the board of directors;

- to examine and approve reports of the board of supervisors;

- to examine and approve the company's proposed annual financial budget and final accounts;

- to examine and approve the company's proposals for profit distribution plans and loss recovery plans;

- to decide on any increase or reduction of the company's registered capital;

- to decide on the issue of bonds by the company;

- to decide on issues such as merger, division, dissolution and liquidation of the company and other matters;

- to amend the company's articles of association; and

- other powers as provided for in the articles of association.

Shareholders' annual general meetings are required to be held once every year. Under the PRC Company Law, an extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two-thirds of the number specified in the articles of association;

- the aggregate losses of the company which are not recovered reach one-third of the company's total paid-up share capital;

- when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting;

- whenever the board of directors deems necessary;

- when the board of supervisors so requests; or

- other circumstances as provided for in the articles of associations

Under the PRC Company Law, shareholders' general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. In case the board of supervisors fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

Under the PRC Company Law, notice of shareholders' general meeting shall state the time and venue and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary shareholder's general meetings shall be given to all shareholders 15 days prior to the meeting.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting. Pursuant to the Special Regulations and the Mandatory Provisions, shareholder's general meeting may be convened where the number of voting shares held by the shareholders present at the meeting reaches one half or more of the company's total voting shares. If this is not attained, the company shall within five days notify the shareholders again of the matters to be considered and time and venue of the meeting to shareholders in the form of public announcement. The company may convene the shareholders' general meeting after such public announcement. Pursuant to the Mandatory Provisions, modification or abrogation of rights conferred to any class of shareholders shall be passed both by special resolution of shareholders' general meeting and by class meeting convened respectively by shareholders of the affected class.

Under the PRC Company Law, where the company convenes a shareholders' general meeting, shareholders who individually or aggregately hold 3% or more of the Company's shares may submit an interim proposal in writing to the board of directors 10 days before the date of the shareholders' general meeting. The board of directors shall notice other shareholders within 2 days after receiving the interim proposal. The content of the interim proposal shall fall within the scope of shareholders' general meeting and shall have specific topic and involve matters to be decided.

Under the PRC Company Law, shareholders present at shareholders' general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the shareholders' general meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the PRC Company Law and the Mandatory Provisions, resolutions of the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the issue of any types of shares, warrants or other similar securities; (iv) the issue of debentures; (v) the merger, division, dissolution, liquidation or change in the form of the company; (vi) other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the PRC Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' general meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board

Under the PRC Company Law, a joint stock limited company shall have a board of directors, which shall consist of 5 to 19 members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors mainly exercises the following powers:

- to convene the shareholders' general meetings and report on its work to the shareholders' general meetings;
- to implement the resolutions passed in shareholders' general meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's proposed annual financial budget and final accounts;
- to formulate the company's profit distribution proposals and loss recovery proposals;

- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;

- to prepare plans for the merger, division, dissolution and change in the form of the company;

- to formulate the company's basic management system; and

- to exercise any other power under the articles of association.

Board Meetings

Under the PRC Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorisation to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from that liability.

Chairman of the Board

Under the PRC Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

Qualification of Directors

The PRC Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;
- a person who has been convicted of an offence of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence;
- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- a person who has been a legal representative of a company or an enterprise that has had its business licence revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation; or
- a person who is liable for a relatively large amount of debts that are overdue.

Other circumstances under which a person is disqualified from acting as a director are set out in the Mandatory Provisions.

Board of Supervisors

A joint stock limited company shall have a board of supervisors composed of not less than three members. The board of supervisors is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one-third of the supervisors. Representatives of the employees of the company in the board of supervisors shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise.

The directors and senior management may not act concurrently as supervisors.

The board of supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the board of supervisors are elected with approval of more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the chairman of the board of supervisors is incapable of performing or not performing his duties, the vice chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the vice chairman of the board of supervisors is incapable of performing or not performing his duties, a supervisor nominated by more than half of the supervisors shall convene and preside over the meetings of the board of supervisors.

Each term of office of a supervisor is three years and he or she may serve consecutive terms if re-elected. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The board of supervisors exercises the following powers:

- to review the company's financial position;
- to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or the resolutions of shareholders' meeting;
- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;
- to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' general meeting under this law;
- to initiate proposals for resolutions to shareholders' general meeting;
- to initiate proceedings against directors and senior management; and
- other powers specified in the articles of association.

Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The board of supervisors may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

Manager and Senior Management

Under the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall report to the board of directors and may exercise the following powers:

- to supervise the business and administration of the company and arrange for the implementation of resolutions of the board of directors;
- to arrange for the implementation of the company's annual business plans and investment proposals;
- to formulate the general administration system of the company;
- to formulate the company's detailed rules;
- to recommend the appointment and dismissal of deputy managers and person in charge of finance;
- to appoint or dismiss other administration officers (other than those required to be appointed or dismissed by the board of directors); and
- to other powers conferred by the board of directors or the articles of association.

The manager shall comply with other provisions of the articles of association concerning his/her powers. The manager shall attend board meetings.

According to the PRC Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating of the company's properties. Directors and senior management are prohibited from:

- misappropriation of the company's capital;
- depositing the company's capital into accounts under his own name or the name of other individuals;

- loaning company funds to others or providing guarantees in favour of others supported by the company's assets in violation of the articles of association or without prior approval of the shareholders' general meeting or board of directors;

- entering into contracts or deals with the company in violation of the articles of association or without prior approval of the shareholders' general meeting;

- using their position and powers to procure business opportunities for themselves or others that should have otherwise been available to the company or operating for their own benefits or managing on behalf of others businesses similar to that of the company without prior approval of the shareholders' general meeting;

- accept and possess commissions paid by a third party for transactions conducted with the company;

- unauthorised divulgence of confidential business information of the company; or

- other acts in violation of their duty of loyalty to the company.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable to the company.

Finance and Accounting

Under the PRC Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the PRC Company Law, the company shall deliver its financial and accounting reports to all shareholders within the time limit stipulated in the articles of association and make its financial and accounting reports available at the company for inspection by the shareholders at least 20 days before the convening of an annual general meeting of shareholders. It must also publish its financial and accounting reports.

When distributing each year's after-tax profits, it shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After allocation of the statutory common reserve fund from after-tax profits, it may, upon a resolution passed at the shareholders' general meeting, allocate discretionary common reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of common reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association.

Shares held by the Company shall not be entitled to any distribution of profit.

The premium received through issuance of shares at prices above par value and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The Company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. However, the capital reserve fund may not be applied to make up the company's losses. Upon the conversion of statutory common reserve fund into capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Retirement of Accounting Firms

Pursuant to the PRC Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' general meeting or board of directors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting or board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

The Special Regulations provide that a company shall employ an independent accounting firm complying with the relevant regulations of the State to audit its annual report and review and check other financial reports of the company. The accounting firm's term of office shall commence from their appointment at a shareholders' annual general meeting to the end of the next shareholders' annual general meeting.

Distribution of Profits

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn. Under the Mandatory Provisions, a company shall appoint receiving agents on behalf of holders of the overseas listed and foreign invested shares to receive on behalf of such shareholders dividends and other distributions payable in respect of their overseas listed and foreign invested shares.

Amendments to Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. Any amendment of provisions incorporated in the articles of association in connection with the Mandatory Provisions will only be effective after approval by the company's approval department authorised by the State Council and the CSRC. In relation to matters involving the company's registration, its registration with the authority must also be changed.

Dissolution and Liquidation

According to the PRC Company Law, a company shall be dissolved by reason of the following: (i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' general meeting have resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business licence is revoked; the company is ordered to close down or be dissolved; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the company would bring significant losses for shareholders.

In the event of (i) above, it may carry on its existence by amending its articles of association. The amendment of the articles of association in accordance with provisions set out above shall require approval of more than two-thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved in the circumstances described in subparagraphs (i), (ii), (iv), or (v) above, a liquidation group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution. The members of the company's liquidation group shall be composed of its directors or the personnel appointed by the shareholders' general meeting. If a liquidation group is not established within the stipulated period, creditors may apply to the people's court and request the court to appoint relevant personnel to form the liquidation group. The people's court should accept such application and form a liquidation group to conduct liquidation in a timely manner.

The liquidation group shall exercise the following powers during the liquidation period:

- to handle the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the company's outstanding businesses related to liquidation;
- to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- to claim credits and pay off debts;
- to handle the company's remaining assets after its debts have been paid off; and
- to represent the company in civil lawsuits.

The liquidation group shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' general meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy.

Following such declaration, the liquidation group shall hand over all matters relating to the liquidation to the people's court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' general meeting or the people's court for verification. Thereafter, the report shall be submitted to the registration authority of the company in order to cancel the company's registration, and a public notice of its termination shall be issued. Members of the liquidation group are required to discharge their duties honestly and in compliance with the relevant laws. Members of the liquidation group shall be prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

A member of the liquidation group is liable to indemnify the company and its creditors in respect of any loss arising from his intentional or gross negligence.

Overseas Listing

According to the Special Regulations, a company shall obtain the approval of the CSRC to list its shares overseas. A company's plan to issue overseas listed and foreign invested shares and domestic shares which has been approved by the CSRC may be implemented by the board of directors of the company by way of separate issue within 15 months after approval is obtained from the CSRC.

Loss of Share Certificates

If a registered share certificate is lost, stolen or destroyed, the relevant shareholder may apply, in accordance with the relevant provisions set out in the Civil Procedure Law, to a people's court to declare such certificate invalid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate. A separate procedure regarding the loss of overseas listed and foreign invested share certificates is provided for in the Mandatory Provisions.

Termination of Listing

The PRC Company Law has deleted provisions governing termination of listing. The PRC Securities Law stipulates that the trading of shares of a company on a stock exchange may be terminated if so decided by the stock exchange.

Merger and Demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

SECURITIES LAW AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the draughting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the draughting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) deals with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

On December 25, 1995, the State Council promulgated and implemented the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations deal mainly with the issue, subscription, trading and declaration of dividends and other distributions of domestic listed and foreign invested shares and disclosure of information of joint stock limited companies having domestic listed and foreign invested shares.

The PRC Securities Law took effect on July 1, 1999 and revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019 respectively. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the PRC Securities Law provides that any domestic enterprise that seeks to issue securities oversea either directly or indirectly or to list its stocks in oversea markets shall comply with the relevant provisions of the State Council. Currently, the issue and trading of foreign issued shares (including H shares) are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

The "Full Liquidity"

According to the CSRC Pilot Programme for the Deepening Reforms on Overseas Listing Systems and the "Full Liquidity" of H Shares (《中國證監會深化境外上市制度改革開展H股"全流通"試點》) issued by the CSRC on December 29, 2017 and the Reply to the Press by the CSRC Spokesperson, Chang Depeng regarding the implementation of the "Full Liquidity" Pilot Programme of H Shares (《中國證監會新聞發言人常德鵬就開展H股"全流通"試點相關事宜答記者問》) issued by the CSRC on December 29, 2017 and approved by the State Council, the CSRC carried out the "Full Liquidity" Pilot Programme of H-share Listed Companies, which required enterprises involved in the pilot programme to perform some procedures and meet the following four basic conditions:

(1) fulfilled the relevant legal provisions and policy requirements of foreign investment access, state-owned assets management, state security and industrial policy.

(2) their respective industries are in line with the development concept of innovative, coordinated, green, open and sharing, the development direction of the industrial policy of the state, as well as the national strategy of serving the real economy and supporting the "One Belt, One Road" construction, they also have to be high-quality enterprises.

(3) the equity structures of existing shares are relatively simple and their respective market value will be not less than HK$1 billion.

(4) the corporate governance is standard, the internal decision-making procedures are in compliance with the laws, which can practicably and adequately protect shareholders' rights of knowledge, participation and voting.

On November 14, 2019, CSRC issued the Guidance of Applying "Full Liquidity" for Domestic Unlisted Shares of H Shares Company (《H股公司境內未上市股份申請「全流通」業務指引》), and the Reply to the Press by the CSRC Spokesperson regarding the Fully Implementation of the "Full Liquidity" Reform of H Shares (《中國證監會新聞發言人就全面推開H股「全流通」改革答記者問》) issued by the CSRC on November 15, 2019, H Shares company can apply for "full liquidity" alone or together with refinance application. Unlisted corporation can apply for "full liquidity" together with IPO application. Once been approved by CSRC, shareholders of domestic unlisted shares shall change shares registration according to relevant rules of China Securities Depository and Clearing Corporation Limited, as well as relevant rules of shares registration and shares listing of HK market, and shall disclose information lawfully.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "Arbitration Law") was passed by the Standing Committee of the NPC on August 31, 1994, became effective on and was amended on August 27, 2009 and September 1, 2017. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid.

The Mandatory Provisions require an arbitration clause to be included in the articles of association of an issuer. Matters in arbitration include any disputes or claims in relation to the issuer's affairs or as a result of any rights or obligations arising under its articles of association, the PRC Company Law or other relevant laws and administrative regulations.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, must comply with the arbitration. Disputes in respect of the definition of shareholder and disputes in relation to the issuer's register of shareholders need not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會) ("CIETAC") in accordance with its rules or the Hong Kong International Arbitration Centre ("HKIAC") in accordance with its Securities Arbitration Rules (the "Securities Arbitration Rules"). Once a claimant refers a dispute or claim to arbitration, the other party shall submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the HKIAC, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules. In accordance with the Arbitration Regulations of CIETAC (《中國國際經濟貿易仲裁委員會仲裁規則》) which was amended on November 4, 2014 and implemented on January 1, 2015, CIETAC shall deal with economic and trading disputes over contractual or non-contractual transactions, including disputes involving Hong Kong based on the agreement of the parties. The arbitration commission is established in Beijing and its branches and centres have been set up in Shenzhen, Shanghai, Tianjin and Chongqing.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognised and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognised and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognise and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland China and Hong Kong (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000. In accordance with this arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

Judicial judgement and its enforcement

According to the Arrangement on Mutual Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) promulgated by the Supreme People's Court on July 3, 2008 and implemented on August 1, 2008, in the case of final judgement, defined with payment amount and enforcement power, made between the court of China and the court of the Hong Kong Special Administrative Region in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement. "Choice of court agreement in written" refers to a written agreement defining the exclusive jurisdiction of either the People's Court of China or the court of the Hong Kong Special Administrative Region in order to resolve dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the party concerned may apply to the Court of China or the court of the Hong Kong Special Administrative Region to recognise and enforce the final judgement made in China or Hong Kong that meet certain conditions of the aforementioned regulations.

SUMMARY OF MATERIAL DIFFERENCES BETWEEN HONG KONG AND PRC COMPANY LAW

The Hong Kong laws applicable to a company incorporated in Hong Kong are the Companies Ordinance and the Companies (Winding up and Miscellaneous Provisions) Ordinance and are supplemented by common law and the rules of equity that are applicable to Hong Kong. As a joint stock limited company established in the PRC that is seeking a [**REDACTED**] of shares on the Stock Exchange, our Company is governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law.

Set out below is a summary of certain material differences between Companies Ordinance applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited company incorporated under the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

Incorporation of Corporate

Under Hong Kong company law, a company with share capital, is incorporated by the Registrar of Companies in Hong Kong which issues a certificate of incorporation to the Company upon its incorporation and the company will acquire an independent corporate existence. A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance, the articles of association of a private company incorporated in Hong Kong shall contain certain preemptive provisions. A public company's articles of association do not contain such pre-emptive provisions.

Under the PRC Company Law, a joint stock limited company may be incorporated by promotion or stock flotation. The newly amended PRC Company Law which came into effect on October 26, 2018, has no provisions on minimum registered capital of joint stock companies, except that laws, administrative regulations and State Council decisions have separate provisions on paid-in registered capital and the minimum registered capital of joint stock companies, in which case the company should follow such provisions.

Hong Kong law does not prescribe any minimum capital requirement for a Hong Kong company.

Share Capital

The Hong Kong company law does not provide for authorized share capital. The share capital of a Hong Kong company would be its issued share capital. The full proceeds of a share issue will be credited to share capital and becomes a company's share capital. The directors of a Hong Kong company may, with the prior approval of the shareholders if required, issue new shares of the company.

The PRC Company Law provides that any increase in our Company's registered capital must be approved by its shareholders' general meeting and the relevant PRC governmental and regulatory authorities.

Under the PRC Company Law, the shares may be subscribed for in the form of money or non-monetary assets (other than assets not entitled to be used as capital contributions under relevant laws and administrative regulations). If capital contribution is made other than in cash, valuation and verification of the assets contributed must be carried out and converted into shares according to the laws. Non-monetary assets used for capital contributions shall not be overvalued or undervalued. Where laws or administrative regulations provide otherwise, those provisions shall prevail. There is no such restriction on a Hong Kong company under Hong Kong Law.

Restrictions on Shareholding and Transfer of Shares

Under the PRC Company Law, a promoter of a joint stock limited company is not allowed to transfer the shares it holds for a period of one year after the date of establishment of the company. Shares issued prior to the public offering cannot be transferred within one year from the listing date of the shares on a stock exchange. Shares transferred each year by the directors, supervisors and senior management of a joint stock limited company during their respective term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after such person leave office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and senior management.

There are no such restrictions on shareholdings and transfers of shares under Hong Kong law apart from the six-month lockup on the company's issue of shares and the 12-month lockup on controlling shareholders' disposal of shares, as illustrated by the undertakings given by the Company and our controlling shareholder to the Stock Exchange.

Financial Assistance for Acquisition of Shares

The PRC Company Law does not prohibit or restrict a joint stock limited company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares. However, the Mandatory Provisions contain special restrictions provisions on a company and its subsidiaries on providing aforesaid financial assistance similar to those under the Companies Ordinance.

Variation of Class Rights

The PRC Company Law has no specific provision relating to variation of class rights. However, the PRC Company Law states that the State Council can promulgate separate regulations relating to other kinds of shares. The Mandatory Provisions contain elaborate provisions relating to the circumstances which are deemed to be variations of class rights and the approval procedures required to be followed in respect thereof. The relevant provisions have been incorporated in the Articles of Association, summary of which is set out in "Appendix VI—Summary of the Articles of Association" to this document.

Under the Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the passing of a special resolution by the shareholders of the relevant class at a separate meeting sanctioning the variation, (ii) with the written consent of shareholders representing at least three-fourths of the total voting rights of shareholders of the relevant class, or (iii) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions.

As required by the Listing Rules and the Mandatory Provisions, our company has adopted in the Articles of Association provisions protecting class rights in a similar manner to those found in Hong Kong law. Holders of overseas listed foreign invested shares and domestic shares are defined in the Articles of Association as different classes of shareholders, provided however that the special procedures for approval by separate class shareholders shall not apply to the following circumstances: (i) where the company issues domestic shares and overseas-listed foreign shares, upon approval by a special resolution of the general meeting, either separately or concurrently once every 12 months, and the quantity of domestic investment shares and overseas listed foreign investment shares intended to be issued does not exceed 20 percent of the outstanding shares of the respective classes; (ii) where the company's plan to issue domestic shares and overseas-listed foreign shares upon its incorporation is implemented within 15 months from the date of approval by the securities regulatory authorities under the State Council; (iii) where, as approved by the State Council or its authorized regulatory authorities, the transfer of domestic shares of the company to foreign shares and the listing and trading of such shares on an overseas stock exchange.

Directors, Senior Management and Supervisors

The PRC Company Law, unlike Companies Ordinance, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on companies providing certain benefits to directors and guarantees in respect of directors' liability and prohibitions against compensation for loss of office without shareholders' approval. The Mandatory Provisions, however, contain certain restrictions on interested contracts and specify the circumstances under which a director may receive compensation for loss of office.

Supervisory Board

Under the PRC Company Law, a joint stock limited company's directors and members of the senior management are subject to the supervision of supervisory board. There is no mandatory requirement for the establishment of supervisory board for a company incorporated in Hong Kong. The Mandatory Provisions provide that each supervisor owes a duty, in the exercise of his powers, to act in good faith and honestly in what he considers to be in the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Derivative Action by Minority Shareholders

Hong Kong law permits minority shareholders to initiate a derivative action on behalf of all shareholders against directors who have committed a breach of their fiduciary duties to the company if the directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name.

The PRC Company Law provides shareholders of a joint stock limited company with the right so that in the event where the directors and senior management violate their obligations and cause damages to a company, the shareholders individually or jointly holding more than 1% of the shares in the company for more than 180 consecutive days may request in writing the supervisory board to initiate proceedings in the people's court. In the event that the supervisory board violates their obligations and cause damages to company, the above said shareholders may send written request to the board of directors to initiate proceedings in the people's court. Upon receipt of aforesaid written request from the shareholders, if the supervisory board or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days from the date of receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the people's court in their own name.

The Mandatory Provisions also provides further remedies against the directors, supervisors and senior management who breach their duties to the company.

Protection of Minorities

Under Hong Kong law, the company may be wound up by the court if the court considers that it is just and equitable to do so, in addition, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to the court to make an appropriate order regulating the affairs of the company. Furthermore, under certain circumstances, the Financial Secretary of Hong Kong may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong. The PRC law does not contain similar safeguards.

The PRC Company Law provides that, a company which encounters substantial operational or management difficulties, and its continuance will cause significant loss to the interests of its shareholders and the situation cannot be resolved by other means, shareholders of the company who hold more than ten percent of the voting rights of all shareholders may apply to a people's court for the dissolution of the company.

The Mandatory Provisions, however, except as required by laws and regulations or the Listing Rules provides that a controlling shareholder shall not exercise its voting rights in a manner prejudicial to the interests of the shareholders generally or of a proportion of the shareholders of a company to relieve a director or supervisor of his duty to act honestly in the best interests of the company or to approve the expropriation by a director or supervisor of the company's assets or the individual rights of other shareholders.

Notice of Shareholders' General Meetings

Under the PRC Company Law, notice of a shareholders' annual general meeting and an interim general meeting must be given to shareholders no less than 20 days and 15 days before the date of such meeting, respectively. For a company incorporated in Hong Kong, the notice period for an annual general meeting is at least 21 days and in any other case, at least 14 days for a limited company and at least 7 days for an unlimited company.

Quorum for Shareholders' General Meetings

Under Hong Kong law, the quorum for a general meeting must be at least two members unless the articles of association of the company otherwise provide. For companies with only one member, the quorum must be one member.

The PRC Company Law does not specify the quorum for a shareholders' general meeting.

Voting

Under Hong Kong law, an ordinary resolution is passed by a simple majority of votes cast by members present in person or by proxy at a general meeting and a special resolution is passed by a majority of not less than three-fourths of votes cast by members present in person or by proxy at a general meeting.

Under the PRC Company Law, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights held by the shareholders who attend the general meeting except in cases of proposed amendments to a company's articles of association, increase or decrease of registered capital, merger, division or dissolution, or change of corporation form, which require affirmative votes of shareholders representing more than two-thirds of the voting rights held by the shareholders who attend the general meeting.

Financial Disclosure

Under the PRC Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its financial report 20 days before its shareholders' annual general meeting. In addition, a joint stock limited company of which the shares are publicly issued must publish its financial report.

The Companies Ordinance requires a company incorporated in Hong Kong to send to every shareholder a copy of its balance sheet, auditors' report and directors' report, which are to be presented before the company in its annual general meeting, not less than 21 days before such meeting.

Information on Directors and Shareholders

The PRC Company Law gives shareholders the right to inspect the company's articles of association, minutes of the shareholders' general meetings and financial and accounting reports. Under the Articles of Association, shareholders have the right to inspect free of charge and the right to make copies, subject to payment of a reasonable fee, of certain information on shareholders and on directors which is similar to the shareholders' rights of Hong Kong companies under Hong Kong law.

The Mandatory Provisions and regulations requires that a company must, in addition to preparing financial statements according to the PRC GAAP, have its financial statements prepared and audited in accordance with international accounting standards or accounting standards of the overseas listing place, and such financial statements must also contain a statement of the financial effect of the material differences (if any) from the financial statements prepared in accordance with the PRC GAAP. The lower of the after-tax profits stated in the abovementioned two kinds of financial statements shall prevail in the allocation of after-tax profits for the accounting year. The company shall publish its financial reports twice in each accounting year. An interim financial report shall be published within 60 days after the end of the first six months of each accounting year, while an annual financial report shall be published within 120 days after the end of each accounting year.

The Special Regulations require that there should not be any contradiction between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

Information on Directors and Shareholders

The PRC Company Law gives shareholders the right to inspect the company's articles of association, minutes of the shareholders' general meetings, share register, counterfoil of company debentures, resolutions of board meetings, resolutions of the supervisory board and financial and accounting reports, which is similar to the shareholders' rights of Hong Kong companies under Hong Kong law.

Receiving Agent

Under the PRC Company Law and Hong Kong law, dividends once declared become liabilities payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years, while under the PRC laws this limitation period is three years. The Mandatory Provisions require the relevant company to appoint a trust company registered under the Hong Kong Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as a receiving agent to receive on behalf of holders of shares dividends declared and all other monies owed by the company in respect of its shares.

Corporate Reorganization

Corporate reorganization involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of voluntary winding up to another company pursuant to Section 237 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to Section 673 and Section 674 of the Companies Ordinance, which requires the sanction of the court. Under the PRC laws, merger, division, dissolution or change the form of a joint stock limited company has to be approved by shareholders at the shareholders' general meeting.

Dispute Arbitration

In Hong Kong, disputes between shareholders on the one hand, and a company incorporated in Hong Kong or its directors on the other hand, may be resolved through legal proceedings in the courts. The Mandatory Provisions provide that such disputes should be submitted to arbitration at either the Hong Kong International Arbitration Centre or the China International Economic and Trade Arbitration Commission, at the claimant's choice.

Mandatory Deductions

Under the PRC Company Law, a joint stock limited company is required to contribute 10% of the profit into their statutory reserve funds upon distribution of their post-tax profits of the current year. There are no corresponding provisions under Hong Kong law.

Remedies of the Company

Under the PRC Company Law, if a director, supervisor or senior management in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or senior management should be responsible to the company for such damages. In addition, the Listing

Rules require listed companies' articles of association to provide for remedies of the company similar to those available under Hong Kong law (including rescission of the relevant contract and recovery of profits from a director, supervisor or senior management).

Dividends

The Company has the power in certain circumstances to withhold, and pay to the relevant tax authorities, any tax payable under PRC laws on any dividends or other distributions payable to a shareholder. Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is three years.

Fiduciary Duties

In Hong Kong, there is the common law concept of the fiduciary duty of directors. Under the PRC Company Law and the Special Regulations, directors, supervisors and senior management should be loyal and diligent. Under the Mandatory Provisions, directors, supervisors and senior management are not permitted, without the knowledge and approval of the shareholders' general meeting, to engage in any activities which compete with the interests of the company.

Closure of Register of Shareholders

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days in certain circumstances) in a year, whereas, as required by the Mandatory Provisions, share transfers shall not be registered within 30 days before the date of a shareholders' general meeting or within five days before the base date set for the purpose of distribution of dividends.

Amendment to Articles of Association

A PRC issuer may not permit or cause any amendment to be made to its articles of association which would contravene the PRC Company Law, the Mandatory Provisions and the Listing Rules.

This appendix contains the summary of the principal provisions of the Articles of Association which was adopted by our Company on May 25, 2021 and shall take effect on the date of the H-Shares being [**REDACTED**] on the Stock Exchange. The main purpose of this appendix is to provide an overview of the Company's Articles of Association for potential investors, so it may not contain all the information that is important to potential investors.

I. SHARES AND REGISTERED CAPITAL

The Company shall issue ordinary shares at all times. With the approval from authorities authorized by the State Council, the Company may issue other classes of shares when needed.

All the shares issued by the Company shall have a par value, which shall be RMB1.00 for each share.

The shares of the Company shall be issued in accordance with the principles of equitability and fairness. Each share of the same class shall have equal rights.

All shares of the same class issued at the same time shall be issued on the same conditions and at the same price; the same price shall be paid for each share subscribed by any entity or individual.

The domestic shares/domestic unlisted shares and overseas listed foreign shares issued by the Company enjoy the same rights to any distribution in the form of dividend or otherwise. The Company shall not exercise any rights to freeze or otherwise prejudice any rights attached to the shares held by any person who directly or indirectly has interest in the Company solely for the reason that such person fails to disclose to the Company any such interest.

II. INCREASE AND DECREASE OF CAPITAL AND REPURCHASE OF SHARES

Increase of Capital

The Company may, based on its business and development needs, increase its registered capital in accordance with the requirements of laws, regulations, the listing rules of the stock exchange where the shares of the Company are listed and the Articles of Association by any of the following methods:

(1) public offering of shares;

(2) private placing of shares;

(3) placement of new shares to its existing Shareholders;

(4) allotment of new shares to its existing Shareholders;

(5) conversion of capital reserve to share capital;

(6) other means permitted by laws and administrative regulations and approved by relevant regulatory authorities.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated in the relevant laws, regulations and the listing rules of the stock exchange where the shares of the Company are listed.

Decrease of Capital

The Company may reduce its registered capital according to the Articles of Association and shall be conducted in accordance with the procedures stipulated in the relevant laws, regulations, the listing rules of the stock exchange where the shares of the Company are listed and the Articles of Association.

In the event of reduction of registered capital, the Company shall prepare a balance sheet and a list of assets.

The Company shall notify its creditors within 10 days from the date of resolution on reduction of registered capital, publish an announcement on newspapers within 30 days. The creditors may demand, within 30 days from receipt of the notice (or within 45 days for those creditors who did not receive the notice), that the Company settle the debts or provide a corresponding security for repayment.

Repurchase of Shares

The Company may, in accordance with the procedures stipulated in the relevant laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the shares of the Company are listed and the Articles of Association, repurchase its own outstanding shares under the following circumstances:

(1) to reduce the Company's registered capital;

(2) to merge with other companies which hold shares in the Company;

(3) to use the shares for employee stock ownership plan or share incentive plan;

(4) to acquire the shares held by Shareholders, who vote against any resolution adopted at any general meeting on the merger or division of the Company, upon their request;

(5) to use the shares for conversion of corporate bonds issued by the Company which are convertible into shares;

(6) to safeguard corporate value and Shareholders' equity as necessary;

(7) other circumstances as permitted by laws and administrative regulations and approved by relevant regulatory authorities.

Where the Company cancels its shares as a result of share repurchases, it shall file an application to its original registration authority for the change of its registered capital. The amount of the Company's registered capital shall be reduced by the aggregate par value of those cancelled shares.

Unless the Company has already entered the liquidation stage, it shall comply with the following provisions regarding the repurchase of its outstanding shares:

(1) where the Company repurchases its shares at their par value, the amount thereof shall be deducted from the book balance of the distributable profits of the Company and from the proceeds of the new issue of shares made for the repurchase of shares;

(2) where the Company repurchases its shares at a price higher than their par value, the portion corresponding to their par value shall be deducted from the book balance of the distributable profits of the Company and from the proceeds of the new issue of shares made for the repurchase of shares. The portion in excess of the par value shall be handled as follows:

   1. if the shares repurchased were issued at their par value, the amount shall be deducted from the book balance of the distributable profits of the Company;

   2. if the shares repurchased were issued at a price higher than their par value, the amount shall be deducted from the book balance of the distributable profits of the Company and from the proceeds of a new issue of shares made for the repurchase of shares, provided that the amount deducted from the proceeds of the new issue of shares shall not be more than the aggregate of premiums received by the Company at the time of the issue of the shares repurchased nor shall it be more than the amount of the Company's share premium account or capital reserve account (including the premiums on the new issue of shares) at the time of such repurchase;

(3) payment by the Company for the following purposes shall be paid out of the Company's distributable profits:

   1. acquisition of the rights to repurchase its shares;

   2. modification of any agreement for the repurchase of its shares;

   3. release from any of its obligations under any repurchase agreement.

(4) after the aggregate par value of the cancelled shares has been deducted from the registered capital of the Company in accordance with the relevant requirements, the amount deducted from the distributable profits for payment of the par value of the repurchased shares shall be credited to the Company's share premium account or capital reserve account.

III. TRANSFER OF SHARES

The shares of the Company held by the promoters shall not be transferred within one year after the incorporation of the Company. The shares issued before the public offering of shares by the Company shall not be transferred within one year of the date on which the shares of the Company are listed and traded on a stock exchange.

The Directors, Supervisors and senior management of the Company shall report to the Company their shareholdings and changes thereof and shall not transfer more than 25% of the total number of their shares in the Company per annum during their terms of office; the shares that they held before the public offering of shares by the Company shall not be transferred within one year of the date on which the shares of the company are listed and traded. The aforesaid persons shall not transfer their shares in the Company within half a year after they terminate service with the Company.

IV. FINANCIAL ASSISTANCE FOR THE PURCHASE OF THE COMPANY'S SHARES

According to the requirements of the Articles of Association, the Company or any of its Subsidiaries shall not, by any means and at any time, provide any financial assistance to purchasers or potential purchasers of the Company's shares. The aforesaid purchasers of the Company's shares include persons directly or indirectly undertaking obligations due to purchase of the Company's shares.

The Company or its Subsidiaries shall not, by any means and at any time, provide any financial assistance to the aforesaid obligors for the purpose of reducing or discharging their obligations.

In respect of the aforesaid rules, the term "financial assistance" includes (but not limited to) financial assistance in the forms set forth below:

(1) gift;

(2) security (including the undertaking of liability or provisions of property by the guarantor in order to secure the performance of the obligation by the obligor), indemnity (excluding, however, indemnity arising from the Company's own fault) and termination or waiver of any rights;

(3) provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled prior to the fulfillment of the obligations of the other party to the contract, and a change in the parties to such loan or contract as well as the assignment of rights under such loan or contract;

(4) financial assistance provided in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a significant reduction in the Company's net assets.

The term "undertaking obligations" shall include the undertaking of an obligation by the obligor by entering into a contract or making an arrangement (whether or not such contract or arrangement is enforceable and whether or not such obligation is assumed by the obligor individually or jointly with any other person), or by changing its financial position in any other way.

The following acts shall not be prohibited:

(1) the Company provides the relevant financial assistance in the interests of the Company in good faith, and the primary purpose of the said financial assistance is not to purchase the Company's shares, or the said financial assistance is an incidental part of a master plan of the Company;

(2) the Company distributes its assets as dividends in accordance with the laws;

(3) the Company distributes dividends in the form of shares;

(4) the Company reduces its registered capital, repurchases its shares and adjusts the shareholding structure in accordance with the Articles of Association;

(5) the Company provides a loan for its normal business operations within its scope of business (provided that such financial assistance shall not result in a reduction in the net assets of the Company, or in the event of such reduction, such financial assistance is provided out of the distributable profits of the Company);

(6) the Company provides the funding for employee stock ownership plan (provided that such financial assistance shall not result in a reduction in the net assets of the Company, or in the event of such reduction, such financial assistance is provided out of the distributable profits of the Company).

V. SHARE CERTIFICATES AND REGISTER OF MEMBERS

(1) Share Certificates

The share certificates of the Company shall be in registered form.

The share certificates of the Company shall contain items provided in the PRC Company Law and other items required to be specified by the stock exchange where the shares of the Company are listed.

The share certificates shall be signed by the chairman of the Board. Where the signatures of other senior management of the Company are required by the stock exchange where the shares of the Company are listed, the share certificates shall also be signed by such other senior management. The share certificates shall become valid after the Company seal is affixed thereto or imprinted thereon. The affixing or imprinting of the Company seal to the share certificates shall be authorized by the Board. The signatures of the chairman of the Board or such other senior management of the Company on the share certificates may also be in printed form.

In case of paperless issuance and trading of the shares of the Company, provisions otherwise provided by the securities regulatory authorities and the stock exchange where the shares of the Company are listed shall apply.

(2) Register of Members

The Company shall establish a register of members and shall register therein the following particulars:

(1) the name, address (domicile), occupation or nature of each Shareholder;

(2) the class and number of shares held by each Shareholder;

(3) the amount paid or payable for the shares held by each Shareholder;

(4) the serial number of the shares held by each Shareholder;

(5) the date on which each Shareholder is registered as a Shareholder;

(6) the date on which each Shareholder ceases to be a Shareholder.

The register of members is a sufficient evidence of the Shareholders' shareholding in the Company unless there is evidence to the contrary.

The Company may keep overseas the original register of members of overseas listed foreign shares and entrust the administration thereof to an overseas agent in accordance with the understanding and agreement reached between the securities regulatory authority of the State Council and the overseas securities regulatory authorities. The original register of members of overseas listed foreign shares listed on the Stock Exchange shall be kept in Hong Kong.

The Company shall keep at its domicile a copy of the register of members of overseas listed foreign shares. The entrusted overseas agent shall always ensure that the original and copies of the register of members of overseas listed foreign shares are consistent.

Where there is any inconsistency between the original and the copies of the register of members of overseas listed foreign shares, the original shall prevail.

The Company shall keep a complete register of members, which shall include the following parts:

(1) the register(s) of members kept at the Company's domicile other than those specified in items (2) and (3);

(2) the register(s) of members of overseas listed foreign shares kept at the place(s) of the overseas stock exchange(s) where the shares are listed;

(3) the register(s) of members kept at other places as the Board may decide and consider necessary for listing purposes.

The various parts of the register of members shall not overlap with each another. The transfer of shares registered in a certain part of the register of members shall not, during the continuance of the registration of such shares, be registered in any other part of the register of members.

Changes and corrections to each part of the register of members shall be carried out in accordance with the laws of the places where that part of the register of members is kept.

When the Company convenes a general meeting, distributes dividends, commences liquidation or participates in other activities requiring the determination of shareholdings, the Board shall designate a specific date as the record date, at the end of which the shareholders in the register of members shall be Shareholders of the Company.

If any person objects to the register of members and requests to have his/her name recorded in or deleted from the register of members, the said person may apply to the court with jurisdiction for rectification of the register of members.

If any Shareholder in the register of members or any person requesting to have his/her name recorded in the register of members loses his/her original share certificates, the said Shareholder or person may apply to the Company for issuance of replacement certificates in respect of the said shares.

The Company shall not be liable for any damages suffered by any person arising from the cancellation of the original share certificates or the issuance of replacement share certificates, unless the said person can prove that the Company has committed a fraudulent act.

VI. RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

(1) Shareholders

A Shareholder is a person who lawfully holds shares of the Company and has his/her name recorded in the register of members.

(2) Rights and Obligations of Shareholders

A Shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of shares he/she holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Shareholders of all classes of the Company have equal rights in any distribution made by dividends or other forms.

If the Shareholder is a legal person, the rights shall be exercised by its legal representative or a proxy of such legal representative or a person authorized by the resolution of the Board or other decision-making authorities.

Holders of the ordinary shares of the Company shall enjoy the following rights:

(1) the right to receive dividends and other profit distributions in proportion to the number of shares held;

(2) the right to propose, convene, preside over, attend or appoint proxies to attend general meetings lawfully and to exercise the voting rights in proportion to the number of shares held;

(3) the right to supervise, present proposals or raise enquires about the Company's business operations;

(4) the right to transfer, gift or pledge the shares held by them in accordance with laws, administrative regulations, department rules, normative documents, listing rules of the stock exchange where the shares of the company are listed and provisions of the Articles of Association;

(5) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:

1. the right to obtain a copy of the Articles of Association, subject to payment of cost;

2. the right to inspect free of charge and the right to make copies, subject to payment of a reasonable fee:

   i. all parts of the register of members;

   ii. personal particulars of each of the Company's Directors, Supervisors, general manager and other senior management members, including:

      (a) present and former name and alias;

      (b) principal address (domicile);

      (c) nationality;

      (d) full-time and all other part-time occupations and duties;

      (e) identification documents and the numbers thereof.

   iii. the status of the Company's share capital;

   iv. the company's most recent audited financial statements and reports of the Board of Directors, auditors and supervisors;

   v. special resolutions of the Company;

   vi. reports showing the aggregate par value, quantity, the maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the end of the last financial year and the aggregate amount incurred by the Company for this purpose;

   vii. annual report of the previous year submitted to the State Administration for Market Regulation through the National Enterprise Credit Information Publicity System;

   viii. corporate bond stubs, resolutions of the Board of Directors and the Board of Supervisors; financial and accounting reports;

   ix. minutes of general meetings.

(6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining assets of the Company in proportion to the number of shares held;

(7) with respect to Shareholders who raise objection to the resolution on merger or split-up of the Company as adopted at the shareholders' general meeting, the right to request the Company to buy back the shares held by them;

(8) for Shareholders independently or collectively holding 3% or more than 3% of the equity interest of the Company, the right to propose provisional motions and submit the same to the Board of Directors in writing 10 days before the Shareholder's general meeting;

(9) such other rights conferred by laws, regulations, department rules and the Articles of Association.

Holders of ordinary shares of the Company shall have the following obligations:

(1) to abide by the laws, administrative regulations and Articles of Association;

(2) to pay capital contribution for the shares subscribed by them in the prescribed method of subscription;

(3) after the Company being approved for registration, not to withdraw capital contribution except for the circumstances stipulated by laws and regulations;

(4) to refrain from abusing the Shareholders' rights in a manner that harms the interests of the Company or of other Shareholders;

(5) to refrain from abusing the independent legal person status of the Company or the Shareholder's limited liabilities to damage the interests of any creditor of the Company;

(6) to assume other obligations as stipulated by laws, regulations, the listing rules of the stock exchange where the shares of the Company are listed and the Articles of Association.

Shareholders shall not be liable to make any further contribution to share capital other than according to the terms they agreed to as subscribers of the shares at the time of subscription, unless otherwise specified.

VII. RESTRICTIONS ON THE CONTROLLING SHAREHOLDERS' RIGHTS

In addition to the obligations imposed by laws, administrative regulations and the listing rules of the stock exchange where the shares of the Company are listed, a Controlling Shareholder, when exercising his/her right as a Shareholder, shall not make any decision in respect of the following matters in a manner prejudicial to the interests of all or part of the Shareholders as a result of exercising his/her voting rights:

(1) Exempting Directors and Supervisors from their responsibility to act in good faith in the best interests of the Company;

(2) Approving Directors and Supervisors (for the benefits of themselves or others) to deprive the Company's property in any way, including (but not limited to) any opportunity that is beneficial to the Company;

(3) Approving Directors and Supervisors (for the benefits of themselves or others) to deprive other Shareholders' own rights, including (but not limited to) any distribution rights and voting rights, save for the reorganization of the Company approved by the Shareholders' general meeting in accordance with the Articles of Association.

VIII. GENERAL MEETING

(1) General rules for General Meeting

The general meeting is the organ of the highest authority of the Company, and shall exercise the following functions and powers in accordance with the law:

(1) to decide on the Company's operating guidelines and investment plans;

(2) to elect and replace Directors and non-employee representative Supervisors and decide on the remunerations of Directors and Supervisors;

(3) to review and approve the reports of the Board of Directors;

(4) to review and approve the reports of the Supervisory Committee;

(5) to review and approve the proposed annual financial budgets and final accounts of the Company;

(6) to review and approve the profit distribution plans and loss recovery plans of the Company;

(7) to make resolutions on the increase or decrease of the registered capital of the Company;

(8) to make resolutions on the issuance of corporate bonds, shares, warrants, and other similar securities of any class;

(9) to make resolutions on the merger, division, dissolution, liquidation or change in corporate form of the Company;

(10) to amend the Articles of Association;

(11) to consider the proposals presented by Shareholder(s) individually or jointly holding 3% or more of the voting shares of the Company;

(12) to decide on the engagement, renewal, dismissal or non-renewal of accounting firms;

(13) to consider matters relating to the acquisition and disposal of the Company's material assets or the provision of guarantees with an amount exceeding or equal to 30% of the Company's latest audited total assets within one year;

(14) to consider share incentive plan;

(15) to examine and approve external guarantees required to be approved at the Shareholders' general meeting;

(15) to consider other matters required to be resolved at the general meeting pursuant to laws, administrative regulations, departmental rules and the Articles of Association;

(16) to consider other matters required by the listing rules of the stock exchange where the shares of the Company are listed.

The Company shall not enter into contracts with a party (other than a Director, a Supervisor, the general manager and other senior management members) in relation to the handover of the management of the whole or a substantial part of the Company's business to that party without the pre-approval of the general meeting.

The general meetings include annual general meetings and extraordinary general meetings. The general meetings shall be convened by the Board of Directors. The annual general meetings shall hold once every year and within six months from the end of the preceding fiscal year.

The extraordinary general meetings shall be convened as and when necessary. In the occurrence of any of the following events, the Board of Directors shall convene an extraordinary general meeting within two months:

(1) when the number of Directors is less than the number stipulated in the PRC Company Law or two-thirds of the number specified in the Articles of Association;

(2) when the unrecovered losses of the Company amount to 1/3 of the total amount of its paid-up share capital;

(3) when Shareholder(s) individually or jointly holding 10% or more of the Company's issued voting shares request(s) in writing to convene an extraordinary general meeting;

(4) when deemed necessary by the Board or when proposed by the Supervisory Committee;

(5) when proposed by two or more independent non-executive Directors;

(6) any other circumstances stipulated by laws, administrative regulations, departmental regulations, the listing rules of the stock exchange where the shares of the Company are listed or the Articles of Association.

The number of shares held referred to in item (3) above shall be calculated as the number of shares held at the close of trading on the day or, if it falls on a non-trading day, at the close of trading on the preceding trading day on which such shareholders request to convene the meeting in writing.

(2) Proposals of General Meeting

When a general meeting is convened by the Company, the Board, the Supervisory Committee and Shareholder(s) individually or jointly holding 3% or more of the shares of the Company, shall be entitled to present proposals to the Company. Shareholder(s) individually or jointly holding 3% or more of the voting shares of the Company may present new proposals in writing to the convener 10 days prior to the date of the general meeting. The content of the proposals shall fall within the functions and powers of the general meeting, with definite topics to discuss and specific matters to resolve, and comply with the relevant provisions of laws and regulations and the Articles of Association. The Company shall put the matters under the said proposals that fall within the functions and powers of the general meeting on the agenda of this meeting and submit the matters to the general meeting for consideration.

Except as provided in the above paragraph, the convener, after issuing the notice of the general meeting, shall neither modify the proposals stated in the notice of the general meeting nor add new proposals.

The general meeting shall not vote or make resolutions on the proposals that are not set out in the notice of the general meeting or do not comply with the provisions of the Articles of Association.

(3) Notices of General Meeting

In order to hold a general meeting, notices in writing shall be given 20 business days prior to the date of the meeting in case of an annual general meeting and 10 business days or 15 days (whichever is longer) prior to the date of the meeting in case of an extraordinary general meeting, to inform all registered Shareholders of the matters to be considered at the meeting and the date and venue of the meeting. For the notice given hereunder, the date of issue is the date on which the Company or the Company's share registration office has served the notice to the postal service.

The notice of a general meeting issued to the holders of overseas listed foreign shares may be published on the designated website of the stock exchange where the shares of the Company are listed and the website of the Company. Once announced, all holders of overseas listed foreign shares shall be deemed to have received the relevant notice of the general meeting.

Except as stipulated in the Articles of Association, the notice of the general meeting shall be served on the Shareholders (whether or not such Shareholder is entitled to vote at the general meeting) by hand or postage prepaid mail. The address of the recipient shall be the registered address as shown in the register of members. For holders of domestic shares/domestic unlisted shares, the notice of the general meeting may also be given by way of public announcement. The announcement aforementioned shall be published in one or more newspapers or periodicals designated by the securities regulatory authority under the State Council 20 business days prior to the date of an annual general meeting, or 10 business days or 15 days (whichever is longer) prior to the date of an extraordinary general meeting. Once such an announcement is made, all holders of domestic shares/domestic unlisted shares shall be deemed to have received the relevant notice of the general meeting. The notice of a general meeting shall:

(1) be made in writing;

(2) specify the venue, date and time of the meeting;

(3) state the matters to be considered at the meeting;

(4) provide to the Shareholders any information and explanations necessary for such Shareholders to make sound decisions on the matters to be discussed. This principle includes (without limitation) the provision of the specific terms and contract(s), if any, of the proposed transaction(s) and serious explanations about the reasons and effects of the transaction(s) when the Company proposes a merger, repurchase of shares, restructuring of share capital or any other reorganization;

(5) disclose the nature and extent of the material interests that any Director, Supervisor, general manager or other senior management has in the matters to be discussed. If the matters to be discussed affect any Director, Supervisor, general manager or other senior management as a Shareholder in a manner different from the manner they affect other Shareholders of the same class, the difference shall be explained;

(6) contain the full text of any special resolution to be proposed for approval at the meeting;

(7) contain a prominent statement that Shareholders entitled to attend and vote at the general meeting have the right to appoint one or more proxies to attend and vote at such meeting on their behalf, and that such proxy does not need to be a Shareholder of the Company;

(8) state the time and place for serving a proxy form for the meeting.

(4) Convening of General Meeting

Any Shareholder entitled to attend and vote at the general meeting shall have the right to appoint one or more persons (who may not be Shareholders) to act as his/her proxy(ies) to attend and vote at the meeting on his/her behalf. The proxy(ies) so appointed by the Shareholder may, pursuant to the instructions of the Shareholder, exercise the following rights:

(1) the Shareholder's right to speak at the general meeting;

(2) the right to demand to vote by way of poll by himself/herself or jointly with others;

(3) the right to exercise voting rights by a show of hands or by poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights by poll.

The appointment of a proxy shall be made by written instrument and signed by the appointing Shareholder or his/her agent duly authorized in writing; where the appointing Shareholder is a legal person, such instrument shall be affixed with the seal of the legal person or signed by its director(s) or agent(s) duly authorized.

The instrument appointing a voting proxy shall be placed at the Company's domicile or at such other place as specified in the notice of the meeting at least 24 hours prior to the relevant meeting at which the power of vote is entrusted, or 24 hours prior to the designated voting time.

The general meeting shall be convened by the chairman of the Board, who shall also act as the chairman of the meeting. If the chairman of the Board is unable to or fails to perform his/her duties, a director jointly appointed by more than half of the Directors shall perform the duties. In the event that no chairman of the meeting is appointed, the Shareholders attending the meeting may elect one person to act as the chairman of the meeting; if, for any reason, the Shareholders fail to elect a chairman of the meeting, the Shareholder (including his/her proxy) holding the largest number of voting shares among the attending Shareholders shall be the chairman of the meeting.

(5) Resolutions of General Meeting

Resolutions of the general meeting include ordinary resolutions and special resolutions.

Ordinary resolutions of the general meeting shall be adopted by more than one half of the voting rights held by Shareholders (including their proxies) attending the general meeting.

Special resolutions of the general meeting shall be adopted by 2/3 or more of the voting rights held by Shareholders (including their proxies) attending the general meeting.

Shareholders (including their proxies) who vote at a general meeting shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share. However, shares of the Company which are held by the Company do not carry any voting rights and shall not be counted in the total number of voting shares represented by Shareholders present at a general meeting.

Voting at general meetings shall be conducted by a show of hands except where the chairman of the meeting, in good faith, decides to allow a resolution that relates purely to a procedural or administrative matter to be voted on by poll.

When voting by a show of hands, the chairman of the meeting may declare the result of the proposals and record the result in the minutes as final evidence, without specifying the number of positive votes or negative votes or their percentage in the resolutions approved at the meeting.

The demand for a poll can be withdrawn by the proposer.

If the matters required to be voted by way of a poll relate to the election of chairman of the meeting or adjournment of the meeting, a poll shall be conducted immediately; in respect of other matters required to be voted by way of a poll, the chairman of the meeting may decide the time of the poll, and the meeting may proceed to consider other matters. The result of the poll shall still be deemed as resolutions passed at the said meeting.

When voting by poll, Shareholders (including their proxies) entitled to two or more votes need not cast all their votes in the same way.

When the number of votes for and against a resolution is equal, either by a show of hands or by poll, the chairman of the meeting shall have a casting vote.

The following matters shall be adopted by ordinary resolutions at a general meeting:

(1) work reports of the Board and the Supervisory Committee;

(2) profit distribution plan and loss recovery plan formulated by the Board;

(3) election and removal of the members of the Board and the Supervisory Committee (except for employee representative Supervisors) and their remuneration;

(4) annual financial budget report, final accounts report, balance sheets, income statements and other financial statements of the Company;

(5) matters other than those requiring approval by special resolutions in accordance with laws, administrative regulations or the Articles of Association;

The following matters shall be adopted by special resolutions at a general meeting:

(1) increase or decrease of the registered capital of the Company;

(2) issuance of corporate bonds;

(3) division, merger, dissolution and liquidation of the Company;

(4) change in the corporate form of the Company;

(5) the purchase and disposal of the Company's material assets or the provision of guarantees with an amount exceeding 30% (exclusive) of the Company's latest audited total assets within one year;

(6) amendments of the Articles of Association;

(7) other matters required by laws, administrative regulations or the Articles of Association, and those that the general meeting by way of an ordinary resolution considers may have a significant impact on the Company and require adoption by way of a special resolution;

(8) other matters which shall be adopted by special resolutions in accordance with the listing rules of the stock exchange where the shares of the Company are listed.

(6) Special Procedures for Voting by Class Shareholders

Shareholders holding different classes of shares shall be class shareholders.

Class shareholders shall enjoy the rights and assume the obligations in accordance with laws, administrative regulations and the Articles of Association.

The Company shall not proceed to change or abrogate the rights of class shareholders unless such proposed change or abrogation has been approved by way of a special resolution at a general meeting and by a separate shareholder's meeting convened by the class shareholders so affected in accordance with the Articles of Association.

Unless otherwise stipulated by laws, administrative regulations and the Articles of Association, the rights of Shareholders of a certain class shall be deemed to be changed or abrogated in the following circumstances:

(1) an increase or decrease in the number of shares of such class, or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;

(2) a conversion of all or part of the shares of such class into shares of another class, or a conversion of all or part of the shares of another class into shares of such class or the grant of the right to such change;

(3) a removal or reduction of rights to accrued dividends or cumulative dividends attached to the shares of such class;

(4) a reduction or removal of rights to preferentially receive dividends or preferentially receive property distribution in liquidation of the Company attached to the shares of such class;

(5) an addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, pre-emptive placing rights, or rights to acquire securities of the Company attached to the shares of such class;

(6) a removal or reduction of rights to receive amounts payable by the Company in a particular currency attached to the shares of such class;

(7) a creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;

(8) an imposition of restrictions or additional restrictions on the transfer or ownership of the shares of such class;

(9) an issuance of rights to subscribe for, or to convert into, shares of such class or another class;

(10) an increase in the rights and privileges of the shares of another class;

(11) restructuring of the Company which causes Shareholders of different classes to undertake liabilities disproportionately during the restructuring;

(12) any amendment or abrogation of the provisions of this section.

Shareholders of the affected class, whether or not having the rights to vote at general meetings originally, shall have the right to vote at class shareholders' meetings in respect of matters referred to in items (2) to (8) and (11) to (12) above, except that interested shareholders shall not have the right to vote at such class shareholders' meetings.

The term "interested shareholders" in the preceding paragraph shall mean:

(1) in case of a buy-back of shares by the Company by way of a general offer to all Shareholders in equal proportion or through open market transactions on a stock exchange where the shares of the Company are listed in accordance with the Articles of Association, the controlling shareholders as defined in the Articles of Association shall be the "interested shareholders";

(2) in case of a buy-back of shares by the Company by an agreement outside the stock exchange where the shares of the Company are listed in accordance with the Articles of Association, Shareholders in relation to such agreement shall be the "interested shareholders";

(3) in case of a proposed restructuring of the Company, Shareholders who assume a relatively lower proportion of obligation than the obligations borne by other Shareholders of that class or Shareholders who have an interest in the proposed restructuring that is different from the general interests in such proposed restructuring of other Shareholders of that class shall be the "interested shareholders".

Resolutions of a class shareholders' meeting shall be passed only by 2/3 or more of the voting rights held by the Shareholders present at the meeting who are entitled to vote in accordance with the Articles of Association.

The notice of a class shareholders' meeting need only be sent to the Shareholders entitled to vote at such meeting.

The procedure of a class shareholders' meeting shall, to the extent possible, be identical with the procedure of a general meeting. Provisions of the Articles of Association relevant to procedure for the holding of a general meeting shall be applicable to a class shareholders' meeting.

Except for other classes of Shareholders, holders of domestic shares/domestic unlisted shares and holders of overseas listed foreign shares are treated as different classes of Shareholders. In the following circumstances, the special procedures for voting by class shareholders shall not apply:

(1) the Company, upon the approval by a special resolution at the general meeting, issues domestic shares or overseas listed foreign shares separately or concurrently once every 12 months and the quantity of the proposed domestic shares and overseas listed foreign shares does not exceed 20% of the outstanding shares of the respective class;

(2) the Company's plan to issue domestic shares and overseas listed foreign shares at the time of its incorporation is completed within 15 months from the date of approval by the securities regulatory authority of the State Council;

(3) upon the approval of the securities regulatory authority of the State Council, holders of domestic unlisted shares of the Company transfer all or part of their shares to overseas investors and list and trade the said shares on an overseas stock exchanges, or the Company converts all or part of its issued unlisted shares into overseas listed foreign shares.

IX. DIRECTORS AND BOARD OF DIRECTORS

(1) Directors

Directors shall be elected or replaced at the general meeting for a term of three years. A Director may serve consecutive terms if re-elected upon the expiry of his/her term but an independent director shall not be re-elected for more than 9 years. Subject to full compliance with the relevant laws and administrative regulations, the general meeting may, by ordinary resolution, remove any Director before the expiration of his/her term of office without prejudice to the Director's right as provided in any contracts to claim for damages arising from his/her removal.

The term of office of a Director shall be counted from the date of appointment until the expiration of the term of the current Board of Directors. When a Director's term expires and re-election is not held in time, the original Director shall still perform his/her duties as a director in accordance with laws, administrative regulations, departmental rules and the Articles of Association before the re-elected Director takes office.

A Director need not hold any shares in the Company.

(2) Board of Directors

The Company shall set up a Board of Directors which consists of 9 Directors. The Board of Directors has one chairman and the number of independent directors shall be at least three at any time, and not less than one third of the total number of directors.

The Board of Directors shall be accountable to the general meeting and exercise the following functions and powers:

(1) to convene a general meeting and report its work to such meeting;

(2) to implement the resolutions of a general meeting;

(3) to decide on the operation plan and investment scheme of the Company;

(4) to formulate the annual financial budgets and final accounts of the Company;

(5) to formulate the profit distribution plan and loss recovery plan of the Company;

(6) to formulate plans for the increase or decrease of the registered capital of the Company and, for the issuance of shares and corporate bonds, and for initial public offering of the Company;

(7) to formulate plans for the repurchase of the shares, merger, divisions, dissolution and changes of corporate form of the Company;

(8) to decide on the establishment of the internal management organizations of the Company;

(9) to appoint or remove the general manager and secretary of the Board; to appoint or remove the deputy general manager and chief financial officer and other senior management members of the Company pursuant to the nominations of the general manager;

(10) to decide on the remunerations of the aforesaid senior management members;

(11) to formulate the basic management system of the Company;

(12) to formulate plans to amend the Articles of Association;

(13) to review and approve guarantees other than those that shall be determined by the general meetings;

(14) to approve matters in relation to investment, acquisition or disposal of assets, financing and connected transactions as required by the listing rules of the stock exchange where the shares of the Company are listed;

(15) to decide on other major matters of the Company except for those required by the PRC Company Law and the provisions of the Articles of Association to be passed by resolutions at the general meetings;

(16) to exercise other functions and powers conferred by laws, regulations, the listing rules of the stock exchange where the shares of the Company are listed, the Articles of Association and the general meetings.

Except for the resolutions relating to the matters specified in items (6), (7) and (12) above which shall be passed by more than 2/3 of the Directors, the rest shall be passed by more than half of the Directors.

A Board meeting may be held only if more than one half of the Directors (including their proxies) are present.

Each Director shall have one vote. A resolution of the Board of Directors shall be passed by more than a half of all Directors, except as otherwise stipulated by laws, administrative regulations and the Articles of Association. When the number of votes against and in favor of the resolution is equal, the chairman of the Board of Directors shall be entitled to one additional vote.

Any Director who has a material interest in the matters of the resolution considered at the Board meeting, or has a connected relationship with the company involved, or is under any other circumstance specified by laws and regulations, may not exercise voting rights on such resolution or act as an agent for other Directors to exercise voting rights. Such Director shall not be counted in the quorum of the relevant Board meeting. The quorum of such Board meeting shall be more than a half of the unconnected Directors. The resolutions of the Board meeting shall be passed by more than a half of the unconnected Directors. If the number of unconnected Directors attending such meeting is less than three, the matter shall be submitted to the general meeting for consideration.

(3) Borrowing Powers

Subject to the compliance with the laws and administrative regulations of the PRC, the Company is entitled to raise capital and borrow money, including but not limited to the issue of bonds, to mortgage or pledge part or whole of the Company's properties and other rights permitted under the laws and administrative regulations of the PRC without prejudice or abrogate to any rights of any Shareholder.

The Articles of Association do not contain any special provisions in respect of the manner in which borrowing powers may be exercised by the Directors nor contain any special provisions in respect of the manner in which such power may be raised, other than: (a) provisions giving the Board of Directors the power to formulate proposals for the issuance of debentures by the Company; (b) provisions providing that the issuance of debentures must be approved by the Shareholders of the Company in a general meeting by special resolutions; and (c) provisions providing that the general meeting of shareholders can grant the Board of Directors to determine the specific terms and related matters of debt financing instruments such as domestic short-term financing bills, medium-term notes, corporate bonds, overseas US dollar bonds, etc., within the range of issuable bonds, based on production and operation of business, capital expenditure needs and market conditions, including (but not limited to) determining the actual bond amount, interest rate, term, issuance target, purpose of the raised funds, and making, signing, and disclosing all necessary documents within the scope of the foregoing regulations.

(4) Remuneration

The remuneration of Directors shall be approved by the Shareholders in the general meeting. See Appendix VI "– VIII. GENERAL MEETING – (1) General rules for General Meeting"

(5) Appointment, Retirement and Removal

A person may not serve as a Director, Supervisor, manager or other senior management officer of the Company if he/she is a person:

(1) without capacity or with restricted capacity;

(2) has been convicted of corruption, bribery, infringement of property or misappropriation of property or other offenses which disrupted the social or economic order, or has been deprived of his/her political rights, in each case where no more than three (5) years has elapsed since the date of the completion for the sentence served;

(3) acting as a former Director, factory manager or manager of a company or an enterprise which has been dissolved or liquidated due to poor operation and management and is personally liable for the dissolution or liquidation of such company or enterprise, in each case where no more than three (3) years has elapsed since the date of completion of the dissolution or liquidation of such company or enterprise;

(4) acting as a former legal representative of a company or an enterprise, the business license of which was revoked due to a violation of laws and is personally liable for such revocation, where no more than three (3) years has elapsed since the date of revocation of the said business license;

(5) has a relatively substantial amount of debts due and outstanding;

(6) is under investigation and prosecution by judicial authorities for violation of criminal law and such investigation and prosecution are not yet concluded;

(7) is not permitted to act in the capacity of leadership of an enterprise according to laws and administrative regulations;

(8) is a non-natural person;

(9) has been convicted of violation of applicable securities regulations by relevant competent authorities and such conviction involves a finding that he/she has acted fraudulently or dishonestly, where no more than five (5) years has elapsed from the date of conviction;

(10) fall within the circumstance prescribed by the laws and regulations of the place where the stocks of the company are list.

The Articles of Association do not contain any provision in relation to the retirement age of Directors.

Without prejudice to any claim for damages under any contract, a non-employee representative director during his/her term of office may be removed by ordinary resolution at the general meeting in accordance with the laws and administrative regulations. The written notice of the intention to nominate a person for election as a Director and of his/her willingness to be elected shall be given to the Company at least seven (7) days prior to the meeting. The period for giving such written notice shall commence after the date the Company giving notice of the general meeting by post, and shall end not later than seven (7) days before the date of convening the general meeting.

X. SECRETARY OF THE BOARD

The Company has one secretary of the Board, who is considered as a member of the senior management of the Company. The secretary of the Board shall be a natural person with the requisite professional knowledge and experience, nominated by the chairman of the Board of Directors, appointed or dismissed by the Board of Directors.

Any accountant from the accounting firm engaged by the Company and the management personnel of the controlling shareholder shall not concurrently serve as the secretary of the Board of the Company.

XI. GENERAL MANAGER

The Company has one general manager, who is nominated by the chairman of the Board of Directors, and appointed or dismissed by the Board of Directors. The Company has several deputy general managers, who are nominated by the general manager and appointed or dismissed by the Board of Directors. Directors may concurrently serve as general manager, deputy general manager or other senior management members.

The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

(1) to be in charge of the production, operation and management of the Company, and report to the Board of Directors;

(2) to organize the implementation of resolutions of the Board of Directors, and annual business plans and investment schemes of the Company;

(3) To draft the annual financial budget and financial accounting plan of the company and give suggestions to the Board Meeting;

(4) to draft the Company's basic management system and plans for the establishment of internal management organization;

(5) to formulate specific rules and regulations of the Company;

(6) to propose the appointment or dismissal of deputy general managers and chief financial officer to the Board of Directors in accordance with the Articles of Association and the internal control system of the Company;

(7) to decide on the appointment or dismissal of officers of the Company other than those to be appointed or dismissed by the Board of Directors in accordance with the Articles of Association and the internal control system of the Company;

(8) to propose to convene an extraordinary meeting of the Board Meeting;

(9) to decide on investment, acquisition, sale, financing and other projects of the Company, other than those require approvals by the Board of Directors or the Shareholders' general meeting;

(10) to decide on other matters of the Company within the scope authorized by the Board of Directors;

(11) to exercise other functions and powers conferred by the Articles of Association and by the Board of Directors.

XII. SUPERVISORY COMMITTEE

The Company shall establish a Supervisory Committee.

One of them should be the chairman. Each Supervisor shall serve a term of three years, which is renewable upon re-election and re-appointment.

The Supervisory Committee consists 2 shareholders' representatives and 1 employee representative. The employee representative Supervisor(s) shall be elected democratically by the employee representatives' meetings, employees' meetings or in other forms.

The Supervisory Committee shall be accountable to the general meeting, and exercise the following functions and powers:

(1) to review the financial position of the Company;

(2) to supervise the performance of Directors, general manager and senior management members to ensure that they do not act in contravention of laws, administrative regulations or the Articles of Association during fulfilling their duties, and to propose dismissal of Directors and senior management members that have violated laws, administrative regulations, the Articles of Association or the resolutions of the general meeting;

(3) to demand rectification by Directors and senior management members when their acts have damaged the interest of the Company;

(4) to verify the financial information such as financial reports, business reports and profit distribution plans to be submitted by the Board to the general meetings, and to engage certified public accountants and practicing auditors in the name of the Company to assist with the re-examination of such information should any doubt arise in respect thereof;

(5) to propose the convening of extraordinary general meetings, and to convene and preside over the general meetings when the Board fails to perform such duties in accordance with the PRC Company Law;

(6) to present proposals to the general meetings;

(7) to review regular reports of the Company made by the Board of Directors;

(8) to propose the convening of extraordinary Board meetings;

(9) to initiate legal proceedings against Directors and senior management members pursuant to Article 151 of the PRC Company Law;

(10) to exercise other functions and powers conferred by laws, administrative regulations and the Articles of Association.

Supervisors shall attend Board meetings.

XIII. FINANCIAL AND ACCOUNTING SYSTEMS

The Company shall establish its financial and accounting systems in accordance with relevant laws and administrative regulations and the PRC accounting standards formulated by the competent financial authority of the PRC.

The Company shall prepare a financial report at the end of each fiscal year, and such financial report shall be examined and verified in compliance with laws.

The financial statements of the Company shall be prepared not only in accordance with the PRC accounting standards and regulations, but also in accordance with international accounting standards or the accounting standards of the place outside the PRC where the shares of the Company are listed. If there are major differences in the financial statements prepared in accordance with these two sets of accounting standards, such differences shall be stated in notes appended to the financial statements prepared in accordance with international accounting standards or the accounting standards of the place outside the PRC where the shares of the Company are listed.

The financial reports of the Company shall be kept at the Company and made available for review by Shareholders 20 days before the date of an annual general meeting. Each Shareholder shall have the right to obtain the financial reports mentioned herein.

The Company shall send the financial reports mentioned above to each holder of overseas listed foreign shares by hand or postage prepaid mail at least 21 days before the date of an annual general meeting. The address of the recipient shall be the registered address as shown in the register of members. Subject to the relevant laws, administrative regulations, departmental regulations, the relevant rules of the securities regulatory authorities at the place where the shares of the Company are listed, the Company may deliver such documents by announcement (including publication on the Company's website).

The Company shall publish its financial reports twice in each fiscal year; the interim financial report shall be published within 60 days after the end of the first six months of a fiscal year; the annual financial report shall be published within 120 days after the end of a fiscal year.

XIV. PROFIT DISTRIBUTION

The Company shall, when distributing its after-tax profits of the year, allocate 10% of the profits to its statutory reserve fund. No further allocation to the statutory reserve fund is required when the cumulative amount of the statutory reserve fund has reached 50% or more of the Company's registered capital.

If the Company's statutory reserve fund is insufficient to cover the losses of the preceding year, the Company shall first use the profits of the current year to cover the losses before making the allocation to its statutory reserve fund in accordance with the preceding paragraph.

After making the allocation from the after-tax profits to its statutory reserve fund, the Company may also make an allocation to discretionary reserve fund from the after-tax profits upon the approval of the general meeting.

The remaining after-tax profits of the Company after making up the losses and withdrawing the reserve funds are profits available for distribution to Shareholders, and may be distributed to Shareholders in proportion to their shareholdings according to resolutions of the general meeting.

Where the general meeting, in violation of the foregoing provision, distributes profits to Shareholders before losses have been made up and the statutory reserve fund has been withdrawn, the Shareholders concerned shall return to the Company the profits distributed in violation of the foregoing provision.

The shares of the Company held by the Company shall not participate in profit distribution.

The Company shall appoint receiving agents in Hong Kong for holders of overseas listed foreign shares. The receiving agents shall, on behalf of the relevant Shareholders, collect and hold the dividends distributed and other monies payable by the Company in respect of the overseas listed foreign shares so as to make a payment to the relevant Shareholders.

The receiving agents appointed by the Company shall comply with the requirements of the laws and the rules of the stock exchange where the shares of the Company are listed.

The receiving agents appointed by the Company for holders of overseas listed foreign shares shall be trust companies registered under the Trustee Ordinance of Hong Kong.

As for unclaimed dividends, subject to the laws and regulations of the PRC, the Company may exercise the right of confiscation, provided that it does so only after the expiration of the applicable period.

The Company may cease sending dividend warrants to certain holder of overseas listed foreign shares by post if such warrants have been left uncashed for two consecutive times. Nevertheless, the Company may exercise such power after the first occasion on which such warrants are returned undelivered.

The Company may sell the shares of holders of overseas listed foreign shares who are untraceable in such ways as the Board of Directors deems appropriate, provided that the following conditions are met:

(1) the dividends have been distributed at least three times in respect of such shares within 12 years, and no dividend has been claimed by anyone during that period; and

(2) upon the expiry of the 12-year period, the Company has made an announcement on one or more newspapers at the place where the shares of the Company are listed stating the Company's intention to sell the shares, and has notified the stock exchange where the shares of the Company are listed of such intention.

XV. DISSOLUTION AND LIQUIDATION

The Company shall be dissolved under any of the following circumstances:

(1) dissolution of the Company is approved by a special resolution of the general meeting;

(2) merger or division of the Company requires a dissolution;

(3) the Company's business license is revoked, or the Company is ordered to close or is deregistered in accordance with the law;

(4) the Company is ordered to close down due to violation of laws and administrative regulations;

(5) severe difficulties arise in the operation and management of the Company and its continuation would cause material loss to the interests of the Shareholders, and no solution can be found through any other means, in which case the Shareholders holding 10% or more of the total voting rights of the Company may request the People's Court to dissolve the Company;

(6) the Company is declared bankrupt in accordance with the law because it is unable to pay its debts as they fall due;

(7) its term of operation specified in the Articles of Association has expired or other circumstance for dissolution specified in the Articles of Association has occurred.

Where the Company is dissolved pursuant to items (1), (3), (5) and (7) above, the Company shall establish a liquidation committee to start liquidation within 15 days from the date the cause of dissolution occurred. The composition of the liquidation committee shall be determined by an ordinary resolution at the general meeting. If a liquidation committee is not duly set up within the specified time limit, the creditors may apply to the People's Court to designate relevant persons to form a liquidation committee to carry out liquidation.

Where the Board resolves to liquidate the Company for any reason other than bankruptcy, the notice of the general meeting convened for such purpose shall contain a statement that, the Board has made thorough investigation on the conditions of the Company and is of the opinion that the Company shall be able to pay its debts in full within 12 months from the commencement of the liquidation.

The functions and powers of the Board shall terminate immediately after the resolution on liquidation is passed at the general meeting.

The liquidation committee shall act in accordance with the instructions of the general meeting and report to the general meeting at least once every year on the committee's income and expenditure as well as the business of the Company and the progress of the liquidation; and present a final report to the general meeting upon completion of the liquidation.

The liquidation committee shall notify all creditors within 10 days after its establishment and make announcements on newspapers within 60 days. The creditors shall declare their rights to the liquidation committee within 30 days after receipt of the notice or within 45 days after the announcement if the creditors have not received the notice.

When declaring their claims, the creditors shall explain matters relating to their rights and provide evidential documents. The liquidation committee shall register the creditor's rights.

During the period of declaration of creditor's rights, the liquidation committee shall not pay off any debts to any creditors.

During the liquidation period, the Company shall not commence any new business activity.

If the liquidation committee, after having liquidated the assets of the Company and prepared a balance sheet and a property list, discovers that the Company's assets are insufficient to repay its debts in full, it shall immediately apply to the People's Court for declaration of bankruptcy of the Company.

Following a ruling by the People's Court that the Company is bankrupt, the liquidation committee shall hand over all matters relating to the liquidation to the People's Court.

After completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report, a statement of revenue and expenditure and financial accounts in respect of the liquidation period and, after verification thereof by a certified accountant in China, submit the same to the general meeting or the People's Court for confirmation. Within 30 days from the date of confirmation of the aforementioned documents by the general meeting or the People's Court, the liquidation committee shall deliver the same to the Company registration authority, apply for the deregistration of the Company and publicly announce the Company's dissolution.

XVI. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company may amend the Articles of Association pursuant to laws, administrative regulations and the Articles of Association.

Amendments to the Articles of Association shall take effect on the date of approval by the general meeting through a special resolution; if such amendments adopted by the resolution of the general meeting are subject to the approval by the competent authority, the amendments shall be submitted to the competent authority for approval; if such amendments involve any registered particulars of the Company, application shall be made for change of registration in accordance with laws.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Establishment of our Company

Our Company was established in the PRC on April 12, 1994 and was converted to a joint stock company with limited liability under the Company Law with effect from April 23, 2021. Our Company has established a place of business in Hong Kong at 40th Floor, Dah Sing Financial Centre, 248 Queen's Road East, Wan Chai, Hong Kong, and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on June 24, 2021. Mr. Cheng Ching Kit has been appointed as our agent for the acceptance of service of process and notices on behalf of our Company in Hong Kong. His address for acceptance of service of process is 40th Floor, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in Appendix VI to this document. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in Appendix V to this document.

2. Changes in the share capital of our Company

As of the date of our establishment, our registered capital was RMB2,000,000 which was fully paid up.

On September 12, 2002, our registered capital was increased from RMB2,000,000 to RMB5,000,000.

On February 23, 2011, our registered capital was increased from RMB5,000,000 to RMB10,000,000.

On November 25, 2013, our registered capital was increased from RMB10,000,000 to RMB20,000,000.

On February 20, 2020, our registered capital was increased from RMB20,000,000 to RMB43,662,200.

On April 23, 2021, our Company was converted into a joint stock company with limited liability under the PRC Company Law. Upon completion of such conversion, the share capital of our Company was RMB75 million divided into 75,000,000 Shares with a nominal value of RMB1.00 each.

Assuming the [**REDACTED**] is not exercised, upon completion of the [**REDACTED**], our share capital will be increased to RMB[[**REDACTED**] million], made up of [**REDACTED**] Domestic Shares and [**REDACTED**] H Shares fully paid up or credited as fully paid up, representing approximately [**REDACTED**]% and [**REDACTED**]% of our share capital, respectively. Save as aforesaid, there has been no alteration in our share capital since our establishment.

3. Restriction of share repurchase

For details of the restrictions on the share repurchase by our Company, please refer to "Summary of the Articles of Association" in Appendix VI to this document.

4. Resolutions of our Shareholders passed at our Company's extraordinary general meeting held on May 25, 2021

At the extraordinary general meeting of our Company held on May 25, 2021, among other things, the following resolutions were passed by the Shareholders:

(a) the issue of our H Shares with a nominal value of RMB1.00 each and such H Shares to be [**REDACTED**] on the Stock Exchange;

(b) subject to the completion of the [**REDACTED**], the Articles of Association has been approved and adopted, which shall only become effective on the [**REDACTED**], and our Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities; and

(c) authorizing our Board to handle all relevant matters relating to, among other things, the implementation of issue of H Shares and the [**REDACTED**].

5. Corporate Reorganization

We underwent the Reorganization, for details, please see "History, Reorganization and Corporate Structure". As confirmed by our PRC Legal Advisors, all necessary filings and registrations with the relevant PRC authorities in respect of the Reorganization had been completed and all applicable regulatory approvals obtained as of the Latest Practicable Date.

6. Particulars of our subsidiaries

Set out below is certain information of our subsidiaries as of the Latest Practicable Date:

No.	Name of subsidiary	Identity of shareholder(s)	Approximate percentage of the equity interests
1.	Xingang Municipal Greening	Our Company	100%
2.	Suzhou Golden Lion	Our Company	100%
3.	Kejin Property Service	Our Company	100%
4.	Keshang Property Service	Our Company Suzhou Science and Technology City Development Group Co., Ltd* (蘇州科技城發展集團有限公司) *(Note 1)*	80% 20%
5.	Gaoxin Leju	Our Company	100%
6.	Ketian Property Service	Our Company	100%
7.	Suzhou Xinyi	Our Company Jiangsu Yisheng Environmental Protection Technology Co., Ltd. (江蘇易生環保科技有限公司) *(Note 2)*	55% 45%
8.	Suzhou Yanlord	Our Company Nanjing Yanlord Property Management Co., Ltd. (南京仁恒物業管理有限公司) *(Note 3)*	51% 49%
9.	Suzhou Kexin	Our Company	100%

Note:

(1) Suzhou Science and Technology City Development Group Co., Limited* (蘇州科技城發展集團有限公司) is ultimately wholly owned by the People's Government of Huqiu District, Suzhou City and is an Independent Third Party (other than being a substantial shareholder of Keshang Property Service).

(2) The remaining 45% equity interest in Suzhou Xinyi is held by Jiangsu Yisheng Environmental Protection Technology Co., Ltd.* (江蘇易生環保科技有限公司), an Independent Third Party.

(3) The remaining 49% equity interest in Suzhou Yanlord is held by Nanjing Yanlord Property Management Co., Ltd.* (南京仁恒物業管理有限公司), an Independent Third Party.

7. Change in the registered capital of subsidiaries

Our Company's subsidiaries are referred to in the Accountant's Report in Appendix I to this document. Save for the subsidiaries mentioned above, in the Accountant's Report and the section headed "History, Reorganization and Corporate Structure", our Company has no other subsidiaries.

There has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this document.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this document that are or may be material:

(a) an equity transfer agreement (股權轉讓協議) dated December 11, 2020 entered into among SND Gaoxin Tech Industry Co., Ltd. (蘇州新區高新技術產業股份有限公司), Sugaoxin Chengjian Development (Suzhou) Co., Ltd. (蘇高新城建發展(蘇州)有限公司) and Suzhou Xingang Property Service Co., Ltd. (蘇州新港物業服務有限公司), pursuant to which SND Gaoxin Tech Industry Co., Ltd. (蘇州新區高新技術產業股份有限公司) agreed to transfer its 6.8709% equity interest in Suzhou Xingang Property Service Co., Ltd. (蘇州新港物業服務有限公司) to Sugaoxin Chengjian Development (Suzhou) Co., Ltd. (蘇高新城建發展(蘇州)有限公司) at a consideration of RMB10,276,700;

(b) the Deed of Non-competition;

(c) the Deed of Indemnity; and

(d) the [**REDACTED**].

2. Intellectual property rights of our Group

(a) Trademarks

As of the Latest Practicable Date, our Group was the registered proprietor of the following trademarks which, in the opinion of our Directors, are material to our business:

No.	Trademark	Application Number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
1	苏新服务 SUXIN SERVICE	305619510	9, 35, 36, 37, 40, 42, 43, 44, 45	Suxin Joyful Life Services Co., Ltd	Hong Kong	May 10, 2021	May 10, 2031
2	苏新服务	305609368	9, 35, 36, 37, 40, 42, 43, 44, 45	Suxin Joyful Life Services Co., Ltd	Hong Kong	April 29, 2021	April 29, 2031
3.	苏新美好生活	305708485	9, 35, 36, 37, 40, 42, 43, 44, 45	Suxin Joyful Life Services Co., Ltd	Hong Kong	August 5, 2021	August 4, 2031
4.	苏新美好生活	58246808	9	Suxin Joyful Life Services Co., Ltd	PRC	April 7, 2022	April 6, 2032
5.	苏新美好生活	58242828	35	Suxin Joyful Life Services Co., Ltd	PRC	April 7, 2022	April 6, 2032
6.	苏新美好生活	58257388	40	Suxin Joyful Life Services Co., Ltd	PRC	January 28, 2022	January 27, 2032
7.	SUXIN SERVICE	55719909	9	Suxin Joyful Life Services Co., Ltd	PRC	February 7, 2022	February 6, 2032

No.	Trademark	Application Number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
8.	SUXIN SERVICE 1994	55696280	35	Suxin Joyful Life Services Co., Ltd	PRC	February 7, 2022	February 6, 2032
9.	SUXIN SERVICE 1994	55718937	36	Suxin Joyful Life Services Co., Ltd	PRC	December 7, 2021	December 6, 2031
10.	SUXIN SERVICE 1994	55701087	37	Suxin Joyful Life Services Co., Ltd	PRC	February 7, 2022	February 6, 2032
11.	SUXIN SERVICE 1994	55701127	40	Suxin Joyful Life Services Co., Ltd	PRC	February 7, 2022	February 6, 2032
12.	SUXIN SERVICE 1994	55690126	43	Suxin Joyful Life Services Co., Ltd	PRC	February 7, 2022	February 6, 2032
13.	SUXIN SERVICE 1994	55709075	45	Suxin Joyful Life Services Co., Ltd	PRC	December 7, 2021	December 6, 2031
14.	苏新服务	55691280	9	Suxin Joyful Life Services Co., Ltd	PRC	January 28, 2022	January 27, 2032
15.	苏新服务	55707365	35	Suxin Joyful Life Services Co., Ltd	PRC	January 28, 2022	January 27, 2032
16.	苏新服务	55690368	40	Suxin Joyful Life Services Co., Ltd	PRC	December 7, 2021	December 6, 2031
17.		55689482	9	Suxin Joyful Life Services Co., Ltd	PRC	December 7, 2021	December 6, 2031

No.	Trademark	Application Number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
18.		55689507	35	Suxin Joyful Life Services Co., Ltd	PRC	December 7, 2021	December 6, 2031
19.		55696311	36	Suxin Joyful Life Services Co., Ltd	PRC	December 7, 2021	December 6, 2031
20.		55691753	37	Suxin Joyful Life Services Co., Ltd	PRC	December 7, 2021	December 6, 2031
21.		55720007	40	Suxin Joyful Life Services Co., Ltd	PRC	December 7, 2021	December 6, 2031
22.		55713099	42	Suxin Joyful Life Services Co., Ltd	PRC	December 7, 2021	December 6, 2031
23.		55728111	43	Suxin Joyful Life Services Co., Ltd	PRC	December 7, 2021	December 6, 2031
24.		55717994	44	Suxin Joyful Life Services Co., Ltd	PRC	December 7, 2021	December 6, 2031
25.		55713201	45	Suxin Joyful Life Services Co., Ltd	PRC	December 7, 2021	December 6, 2031
26		58677030	45	Suzhou Gaoxin Leju Management Service Co., Ltd.	PRC	February 7, 2022	February 6, 2032
27		58696086	43	Suzhou Gaoxin Leju Management Service Co., Ltd.	PRC	February 7, 2022	February 6, 2032

No.	Trademark	Application Number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
28		58697578	44	Suzhou Gaoxin Leju Management Service Co., Ltd.	PRC	February 7, 2022	February 6, 2032
29		58701983	40	Suzhou Gaoxin Leju Management Service Co., Ltd.	PRC	February 7, 2022	February 6, 2032
30		58669862	37	Suzhou Gaoxin Leju Management Service Co., Ltd.	PRC	February 7, 2022	February 6, 2032
31		58693716	9	Suzhou Gaoxin Leju Management Service Co., Ltd.	PRC	April 21, 2022	April 20, 2032
32		58668346	35	Suzhou Gaoxin Leju Management Service Co., Ltd.	PRC	April 21, 2022	April 20, 2032
33		58669846	36	Suzhou Gaoxin Leju Management Service Co., Ltd.	PRC	April 21, 2022	April 20, 2032
34		58685165	42	Suzhou Gaoxin Leju Management Service Co., Ltd.	PRC	April 21, 2022	April 20, 2032

As of the Latest Practicable Date, our Group had applied for the registration of the following trademarks which, in the opinion of our Directors, are material to our business:

No.	Trademark	Application Number	Class	Place of Application	Date of Application
1	苏新服务	55709342	43	PRC	April 29, 2021
2	苏新美好生活	58238608	36	PRC	August 5, 2021
3	苏新美好生活	58242845	37	PRC	August 5, 2021
4	苏新美好生活	58261804	42	PRC	August 5, 2021
5	苏新美好生活	58246871	43	PRC	August 5, 2021
6	苏新美好生活	58254386	44	PRC	August 5, 2021
7	苏新美好生活	58234121	45	PRC	August 5, 2021

(b) Domain name

As of the Latest Practicable Date, our Group was the registered proprietor of the following domain name in the PRC which, in the opinion of our Directors, is material to our business:

Domain Name	Name of Registered Proprietor	Date of Registration	Expiry Date
suxinfuwu.com	Our Company	June 7, 2021	June 7, 2031

C. FURTHER INFORMATION ABOUT DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(a) Interests and short positions of the Directors, Supervisors and the chief executive of our Company in the registered capital of our Company and its associated corporations

Immediately following the completion of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised, none of the Directors, Supervisors or chief executive of our Company has any interest or short position in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, under Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company once the H Shares are [**REDACTED**].

(b) Substantial Shareholders

(i) Interests of the substantial Shareholders in the Shares

Save as disclosed in the section headed "Substantial Shareholders" in this document, our Directors are not aware of any person (other than our Director or chief executive of our Company) who will, immediately following completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

(ii) Interests of the substantial shareholders of other members of our Group

As of the Latest Practicable Date, so far as our Directors are aware, the following persons (other than our Directors, supervisors or chief executive of our Company) were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other member of our Group:

Name of members of our Group	Name of Shareholder	Approximate percentage of shareholding
Keshang Property Service	Suzhou Science and Technology City Development Group Co., Ltd (蘇州科技城發展集團有限公司)	20%
Suzhou Xinyi	Jiangsu Yisheng Environmental Protection Technology Co., Ltd. (江蘇易生環保科技有限公司)	45%
Suzhou Yanlord	Nanjing Yanlord Property Management Co., Ltd. (南京仁恒物業管理有限公司)	49%

2. Further Information about our Directors and Supervisors

(a) Particulars of Directors' and Supervisors' service contracts and appointment letters

Each of the Directors and Supervisors entered into a service contract or appointment letter with our Company. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; (b) subject to termination in accordance with their respective term; and (c) a dispute resolution provision. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

(b) Others

(i) None of the Directors, Supervisors, or any past Directors of any members of our Group has been paid any sum of money for the years ended December 31, 2019, 2020, 2021 and the four months ended April 30, 2022 (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

(ii) There has been no arrangement under which a Director or Supervisor has waived or agreed to waive any remuneration or benefits in kind for the years ended December 31, 2019, 2020, 2021 and the four months ended April 30, 2022.

(iii) None of the Directors or Supervisors has been or is interested in the promotion of, or in the property proposed to be acquired by, our Company, and no sum has been paid or agreed to be paid to any of them in cash or shares or otherwise by any person either to induce him/her to become, or to qualify him/her as, a Director or a Supervisor, or otherwise for services rendered by him in connection with the promotion or formation of our Company.

3. Agency fees or commissions received

Save as disclosed in this section, none of the Directors, Supervisors or any of the persons whose names are listed under "—D. Other Information—8. Consents of Experts" in this Appendix had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this document.

4. Directors' and Supervisors' remuneration

For the years ended December 31, 2019, 2020 and 2021 and the four months ended April 30, 2022, the aggregate amount of salaries, allowances, benefits in kind, performance related bonuses and contributions to a pension scheme granted by us to our Directors and Supervisors were approximately RMB2.3 million, RMB2.3 million, RMB1.6 million and RMB0.3 million, respectively.

Under the current arrangements, our Directors and Supervisors are entitled to receive compensation (including salaries, allowances, benefits in kind, bonuses and contributions to a pension scheme) from our Company for the year ending December 31, 2022 under arrangement in force as of the date of this document which is approximately RMB1.6 million in aggregate.

5. Disclaimers

(a) none of our Directors or Supervisors nor any of the parties listed in "—D. Other Information—8. Consents of Experts" in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which within the two years immediately preceding the date of this document, have been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(b) save as disclosed in this section, none of our Directors or Supervisors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are [**REDACTED**] on the Stock Exchange;

(c) none of our Directors or Supervisors nor any of the parties listed in "—D. Other Information—8. Consents of Experts" in this Appendix, is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group as a whole;

(d) save for the [**REDACTED**], none of the parties listed in "—D. Other Information—8. Consents of Experts" in this Appendix:

(i) is interested legally or beneficially in any of our Shares or any shares of any of our subsidiaries; or

(ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe securities in any member of our Group;

(e) so far as is known to our Directors as of the Latest Practicable Date, none of the Directors, their respective associates or Shareholders of our Company (who is interested in more than 5% of the share capital of our Company) had any interests in any of our top five suppliers and top five customers; and

(f) none of the Directors is interested in any business (other than the business of our Group) which competes or is likely to compete, directly or indirectly, with our business.

D. OTHER INFORMATION

1. Estate duty

As advised by our PRC Legal Advisors, the PRC currently does not impose any estate duty.

2. Tax and Other Indemnities

Our Controlling Shareholders have entered into a deed of indemnity with and in favor of each member of our Company (being the contract referred to in paragraph (I) of "—B. Further Information about Our Business—1. Summary of Material Contracts" above) to provide indemnities on a joint and several basis in respect of, (i) taxation resulting from income, profits or gains earned, accrued or received; and (ii) any claims, penalties or other liabilities resulting from any loan proceeds advanced to SND Group by our Group during the Track Record Period which were not in strict compliance with the use of loans as specified in the relevant loan agreements.

3. Litigation

We are not aware of any material legal proceedings, claims or disputes currently existing or pending against us, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened against us that may have a material adverse effect on our business, financial position or results of operations.

4. Sole Sponsor

The Sole Sponsor has applied to the Stock Exchange for the [**REDACTED**] of, and permission to deal in, our H Shares to be issued pursuant to the [**REDACTED**] (including the additional H Shares which may be issued pursuant to the exercise of the [**REDACTED**]).

BOCOM International (Asia) Limited satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

The Sponsor will receive a fee of RMB4,460,000 for acting as the Sole Sponsor for the [**REDACTED**].

5. Preliminary expenses

Our Company has not incurred any preliminary expenses.

6. Promoters

The promoters of our Company are SND Company and SND Chengjian.

Save as disclosed in the section headed "History, Reorganization and Corporate Structure", 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. Qualification of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this document:

Name	Qualifications
BOCOM International (Asia) Limited	Licensed under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Commerce & Finance Law Offices	PRC Legal Advisors to our Company
Frost & Sullivan	Industry consultant
Cushman & Wakefield Limited	Property valuer

8. Consents of experts

Each of the experts named in paragraph 7 of this Appendix has given and has not withdrawn its respective written consent to the issue of this document with the inclusion of its report and/or letter and/or opinion and/or the references to its name included in this document the form and context in which it is respectively included.

9. Interests of experts in our Company

None of the persons named in paragraph 7 of this Appendix is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

10. Taxation of holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate chargeable on each of the seller and purchaser is 0.13% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

11. Binding effect

This document shall have the effect, if an application is made in pursuance of this document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. 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 or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

(iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.

(b) Our Directors confirm that:

(i) there has been no material adverse change in the financial or trading position or prospects of our Group since April 30, 2022 (being the date to which the latest audited consolidated financial statements of our Group were prepared); and

(ii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document;

(c) There are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;

(d) All necessary arrangements have been made to enable our H Shares to be admitted into CCASS for clearing and settlement;

(e) No company within our Group is presently [**REDACTED**] on any stock exchange or traded on any trading system;

(f) Our Company has no outstanding convertible debt securities or debentures;

(g) There is no arrangement under which future dividends are waived or agreed to be waived;

(h) None of the equity and debt securities of our Company, if any, is [**REDACTED**] or dealt with in any other stock exchange nor is any [**REDACTED**] or permission to deal being or proposed to be sought;

(i) There is no subsidiary in our Group which is a sino-foreign equity joint venture or which operates as or under a cooperative or contractual joint venture; and

(j) We currently do not intend to apply for the status of sino-foreign investment joint stock limited company and do not expect to be subject to the PRC Foreign Investment Law.

13. Bilingual document

The English and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by Chapter 32L of the Laws of Hong Kong section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice.

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document 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 "Statutory and General Information—D. Other Information—8. Consents of Experts" in Appendix VII to this document; and

(c) a copy of each of the material contracts referred to in "Statutory and General Information—B. Further Information About Our Business—1. Summary of Material Contracts" in Appendix VII to this document.

B. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (**www.hkexnews.hk**) and our Company (**www.suxinfuwu.com**) up to and including the date which is 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountant's Report prepared by Ernst & Young, the text of which is set out in Appendix I to this document;

(c) the report from Ernst & Young in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this document;

(d) the audited financial statements of our Group for the years ended December 31, 2019, 2020 and 2021 and the fourth months ended April 30, 2022;

(e) the letter and summary disclosure of property valuation relating to the property interests of our Group prepared by Cushman & Wakefield Limited, the texts of which are set out in Appendix III to this document;

(f) the material contracts referred to in "Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts" in Appendix VII to this document;

(g) the service contracts referred to in "Statutory and General Information—C. Further Information about Our Directors, Supervisors and Substantial Shareholders—2. Further Information about Our Directors and Supervisors—(a) Particulars of Directors' and Supervisors' Service Contracts and Appointment Letters" in Appendix VII to this document;

(h) the legal opinion issued by Commerce & Finance Law Offices, our PRC Legal Advisors, in respect of our Group's business operations and property interests in the PRC;

(i) the written consents referred to "Statutory and General Information—D. Other Information—8. Consents of Experts" in Appendix VII to this document;

(j) the PRC Company Law, the PRC Securities Law, the Mandatory Provisions and the Special Regulations together with their unofficial English translation; and

(k) the report issued by Frost & Sullivan.