This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the whole document 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 the section headed "Risk Factors" in this document. You should read that section carefully before you decide to invest in the* **[REDACTED]**.

OVERVIEW

We are a comprehensive property management service provider in the PRC, with a primary focus in Shandong Province by upholding our strategy of "Shandong Focus (精耕山東)". A majority of our managed projects are located in Shandong Province and a few are located in first-tier cities, such as Beijing and Shenzhen. According to the F&S Report, we had a market share of approximately 0.1% in the overall PRC property management industry in terms of the total revenue generated from property management services in 2021, in particular, we ranked third and accounted for approximately 1.0% in the property management services market in Shandong Province.

We, through our operating subsidiaries and branches, provide a wide range of property management services and other services. The services we provide can be broadly divided into four business segments in terms of their nature, namely (i) property management services; (ii) property engineering and landscape construction services; (iii) property leasing services; and (iv) other services.

In respect of the property management services, with over 25 years of experience and by our professional expertise, we have a comprehensive understanding of our customers' daily operation and specific requirements and needs to provide high-quality services to hospitals and public properties. For FY2021, we had 46 hospitals and 104 public properties under our management. According to the F&S Report, we ranked second in hospital sector and third in non-residential (including hospitals, public properties and commercial properties) sector among property management service providers in Shandong Province in terms of the revenue generated from the respective sectors in 2021, representing market share of approximately 7.2% and 2.1%, respectively. In respect of the revenue generated from respective sectors in PRC property management industry, we had a market share of approximately 0.6% in hospital sector and 0.3% in non-residential (including hospitals, public properties and commercial properties) sector, respectively.

We are dedicated to the utilisation and development of digitalisation and operation automation systems and have employed technological solutions to strengthen our competitiveness, improve our service quality and customer satisfaction, reduce our reliance on manual labour, and reduce costs and expense to be incurred by providing our services. In March 2019, we launched an online information technology operation centre, namely OSCS Service Centre, serving the hospitals under our management by offering diversified and tailored hospital logistics services in aspects of cleaning management, centralised logistic management, clinical waste management, facilities management, patient companion and operation management, which are comprehensive and professional solutions to manage, support and optimise the entire operation process of the hospitals under our management. By utilising the OSCS Service Centre, we are able to facilitate our daily operation in hospital sector and provide 24-hour services to hospital staff and/or patients of the hospitals under our management.

Our Group achieved robust growth during the Track Record Period in terms of business scale and financial performance. Our revenue increased from RMB397.1 million in FY2019 to RMB486.1 million in FY2020, and further to RMB601.3 million in FY2021 and RMB321.4 million in 1H2022, representing a CAGR of 23.1% from FY2019 to FY2021. Our gross profit increased from RMB66.8 million in FY2019 to RMB102.9 million in FY2020, and further to RMB114.1 million in FY2021 and RMB67.0 million in 1H2022, which the gross profit margin was 16.8%, 21.2%, 19.0% and 20.8% for the corresponding period, respectively. Our Group obtains new property management agreements mainly by way of open tendering. For FY2019, FY2020, FY2021 and 1H2022, our tender success rate for securing property management agreements recorded approximately 28.4%, 32.5%, 48.1% and 40.7%, respectively; and the renewal rate of our property management agreements was approximately 87.4%, 90.6%, 90.8% and 87.4% for the corresponding year, respectively.

With years of steadfast practise and establishment, we have committedly endeavoured to provide comprehensive, sophisticated and specialised services to our customers by continuingly diversifying our services and enhancing our capabilities on serving different types of properties, and our Group has been accredited with GB/T19001-2016/ISO 9001:2015 (Quality management system certification), GB/T 20647.9-2006/ZMCC-TC-10-2018 (5-star service certification), GB/T24001-2016/ISO 14001:2015 (Environmental management system certificate), GB/T45001-2020/ISO45001-2018 (Occupational safety management system certificate), ISO 56002-2019 (Innovation management system certificate), ISO50001:2018 RB/T 107-2013 (Energy management system certificate), Jinan City Property Comprehensive Service Standardization Pilot Enterprise[Note 1] and Good Standardising Practice Certificate Grade AAA[Note 2].

OUR BUSINESS MODEL

During the Track Record Period, we generated revenue from four business segments:

Property management services	We provide (a) typical property management services, such as (i) cleaning and disinfection services, including the regular cleaning and disinfection of common areas of our managed projects, waste management, pest control, floor waxing maintenance, regular greening and gardening maintenance on the greening areas in the properties under our management; (ii) security services, including 24-hour surveillance, patrolling, guarding, access control, crowd control, visitor handling, emergency handling and fire drilling; (iii) general repair and maintenance services, including daily inspection, repair and maintenance of facilities and equipment in common areas, fire facilities and safety signs, utilities facilities and security facilities; and (iv) customer services, including value-added services (including concierge services, ushering services, catering services, housekeeping services, vehicle cleaning services and delivery services), carpark management services, canteen management services, conference services, elevator operations services and chauffeur services; and (b) hospital logistics services, which are comprehensive and professional solutions to manage, support and optimise the entire operation process of the hospitals under our management;
Property engineering and landscape construction services	Our services include (i) the major maintenance services for building components and systems, interior renovation services, alteration and addition work of existing buildings and facilities and installation of elevators, in order to enhance the quality of the property management systems of our customers; and (ii) the sales, leasing and planting of trees, shrubs and flowers, modification of the shape and elevation of terrain used for landscaping, instalment of related equipment and landscape maintenance work during/after the provision of our landscape construction services;
Property leasing services	We rent out our investment properties to satisfy our customers' needs; and
Other services	Our other services mainly include (i) patient nursing and post-natal caring services; and (ii) sales of software supporting systems developed by us and daily server maintenance services.

Note:

1. Jinan City Property Comprehensive Service Standardization Pilot Enterprise was nominated by Jinan City Market Supervision Administration and approved by Shandong Provincial Market Supervision Administration, the official agency directly in charge of regulating areas such as market competition, monopolies, intellectual property, and drug safety.
2. Good Standardizing Practice Certificate Grade AAA was awarded by China Association of Standardisation (中國標準化協會), which is an association managed by the Standardization Administration of the PRC (國家標準化管理委員會).

The following table sets forth a breakdown of our revenue by type of services and our property management services by types of properties during the Track Record Period:

	FY2019		FY2020		FY2021		1H2021		1H2022	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	RMB'000		*RMB'000*		*RMB'000*		*RMB'000* (unaudited)		*RMB'000*	
Property management services										
- *Hospitals*	143,776	36.2	144,715	29.8	215,941	35.9	98,786	37.8	129,569	40.3
- *Public properties*	140,554	35.4	150,840	31.0	192,624	32.1	93,222	35.6	108,835	33.9
- *Commercial and other non-residential properties*	42,865	10.8	64,519	13.3	86,112	14.3	38,051	14.5	44,300	13.8
- *Residential properties*	39,775	10.0	42,124	8.7	48,161	8.0	20,620	7.9	24,540	7.6
Sub-total	366,970	92.4	402,198	82.8	542,838	90.3	250,679	95.8	307,244	95.6
Property engineering and landscape construction services	16,866	4.2	74,863	15.4	49,301	8.2	7,052	2.7	9,358	2.9
Property leasing services	6,173	1.6	8,442	1.7	5,942	1.0	3,005	1.2	3,268	1.0
Other services	7,087	1.8	592	0.1	3,217	0.5	884	0.3	1,521	0.5
Total	397,096	100.0	486,095	100.0	601,298	100.0	261,620	100.0	321,391	100.0

The table below sets forth a breakdown of our gross profit and gross profit margin by type of services and our property management services by types of properties during the Track Record Period:

	FY2019		FY2020		FY2021		1H2021		1H2022	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Property management services										
- *Hospitals*	15,689	10.9	22,567	15.6	28,687	13.3	13,650	13.8	21,113	16.3
- *Public properties*	24,043	17.1	30,537	20.2	33,905	17.6	17,987	19.3	24,743	22.7
- *Commercial and other non-residential properties*	10,330	24.1	20,811	32.3	24,984	29.0	10,807	28.4	12,865	29.0
- *Residential properties*	7,990	20.1	8,430	20.0	12,276	25.5	4,809	23.3	4,738	19.3
Sub-total	58,052	15.8	82,345	20.5	99,852	18.4	47,253	18.9	63,459	20.7
Property engineering and landscape construction services	4,465	26.5	16,236	21.7	10,874	22.1	1,180	16.7	2,721	29.1
Property leasing services	1,957	31.7	4,133	49.0	774	13.0	583	19.4	116	3.5
Other services	2,373	33.5	140	23.6	2,642	82.1	652	73.8	696	45.8
Total	66,847	16.8	102,854	21.2	114,142	19.0	49,668	19.0	66,992	20.8

During the Track Record Period, we experienced continuous growth in our revenue and gross profit. Our revenue growth is mainly attributable to (i) the increase in revenue generated from our property management services segment, in particular the increase in the total number of projects under our management as result of our successful business expansion; and (ii) the growth in our revenue generated from non-residential properties (i.e. hospitals, public properties and commercial and other non-residential properties) under our management in FY2020 and FY2021, which was mainly contributed by (a) the growth in number of properties under our management from 143 in FY2019 to 211 in FY2021; and (b) the increase in revenue and gross profit from certain existing projects resulted from the provision of the enlarged scale and scope of our value-added services for commercial properties, such as cleaning services for display automobile vehicles in automobile industrial parks as well as other customer services, further requested by our customers for which we were able to generate an additional revenue since FY2020 . The significant increase in revenue generated from our property engineering and landscape construction services was primarily contributed by five relatively sizeable projects that commenced in FY2020. For details, please see the section headed "Financial Information — Selected Items of the Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue" in this document.

Our gross profit experienced an upward year-over-year growth during the Track Record Period. While the increase in gross profit was in line with the growing trend of our total revenue during the same period, the relatively higher overall gross profit margin in FY2020 and FY2021 was primarily attributable to (i) the profitability improvement in our property management service segment as a result of cautious selection of the potential projects to be tendered; (ii) increased cost efficiency from adopting our OSCS Service Centre in hospitals under our management; (iii) our effort to raise the contract value of our service agreement during the negotiation of contract renewal; and (iv) certain COVID-19 concessions granted by the PRC government in FY2020. For details, please see the section headed "Financial Information — Selected Items of the Consolidated Statements of Profit or Loss and Other Comprehensive Income — Gross profit and gross profit margin" in this document.

During the Track Record Period, all of our customers from hospital and public sectors were independent third parties. For commercial and other non-residential properties and residential properties, we offered our services to both related parties and independent third parties. The table below sets forth a breakdown of our revenue, gross profit and gross profit margin of the commercial and other non-residential properties and residential properties by type of customer for the Track Record Period:

	FY2019			FY2020			FY2021			1H2021			1H2022		
	Revenue	**Gross profit**	**Gross profit margin**	**Revenue**	**Gross profit**	**Gross profit margin**	**Revenue**	**Gross profit**	**Gross profit margin**	**Revenue**	**Gross profit**	**Gross profit margin**	**Revenue**	**Gross profit**	**Gross profit margin**
	RMB$'000	*RMB$'000*	*%*	*RMB$'000*	*RMB$'000*	*%*	*RMB'000*	*RMB$'000*	*%*	*RMB'000* (unaudited)	*RMB'000* (unaudited)	*%*	*RMB'000*	*RMB'000*	*%*
Commercial and other non-residential properties															
-Related parties	22,432	7,689	34.3	29.408	13,466	45.8	27,494	11,698	42.5	11,617	4,449	38.3	15,259	6,655	43.6
-Independent third parties	20,433	2,641	12.9	35,111	7,345	20.9	58,618	13,286	22.7	26,434	6,358	24.1	29,040	6,210	21.4
Residential properties															
-Related parties	3,878	1,867	48.1	2,785	862	30.9	4,963	2,341	47.2	1,012	303	29.9	501	132	26.3
-Independent third parties	35,897	6,123	17.1	39,339	7,568	19.2	43,198	9,936	23.0	19,608	4,506	23.0	24,039	4,606	19.2

While the average property management fee we charged our related parties and third-party customers were within the industry range for similar projects according to the F&S Report, our gross profit margin generated from our related parties were generally higher than that from independent third parties during the Track Record Period.

In relation to commercial and other non-residential properties, the relatively higher gross profit margin generated from our related parties is mainly attributable to (i) the difference in the types of commercial and other non-residential properties where a relatively higher gross profit margin was generated from providing property management services to automobile industrial parks, a major type of commercial and other non-residential properties managed by our related parties, as compared to office buildings and car parks, which were major types of commercial and other non-residential properties for our property management services provided to independent third parties; (ii) the additional value-added property management services provided to related parties; and (iii) the flexibility in introducing cost-effective measures in the allocation of our labour resources in the automobile industrial parks mainly managed by our related parties.

In respect of residential properties, the relatively higher gross profit margin generated from our related parties is mainly due to the service fees for pre-delivery services, including cleaning and trash handling services, property inspection services, securities services, repairs and maintenance, setup of facilities and/or rectification for minor construction defects, for the residential properties developed by the related parties which are generally higher-end residential properties that are newly developed. For details, please refer to the section headed "Financial Information — Selected Items of the Consolidated Statements of Profit or Loss and Other Comprehensive Income — Gross profit and gross profit margin" in this document.

Since our establishment, we have been primarily focusing on the provision of our services in Shandong Province and upholding our strategy of "Shandong Focus (精耕山東)". Over the years, we have gradually expanded our geographic presence from Jinan to cover 15 of the 16 prefecture-level cities in Shandong Province and other cities in the PRC, such as Beijing and Shenzhen. For details, please see the section headed "Business — Property Management Services" in this document. The table below sets forth the breakdown of our revenue generated from providing property management services by graphical locations during the Track Record Period:

	FY2019			**FY2020**			**FY2021**			**1H2021**			**1H2022**		
	Number of managed projects	**Revenue**	**% of total revenue from providing property management services**	**Number of managed projects**	**Revenue**	**% of total revenue from providing property management services**	**Number of managed projects**	**Revenue**	**% of total revenue from providing property management services**	**Number of managed projects**	**Revenue**	**% of total revenue from providing property management services**	**Number of managed projects**	**Revenue**	**% of total revenue from providing property management services**
		RMB'000			*RMB'000*			*RMB'000*			*RMB'000* (unaudited)			*RMB'000*	
Shandong Province															
- *Jinan region* . .	94	203,790	55.5	105	230,857	57.4	119	261,331	48.1	105	137,268	54.7	127	150,819	49.1
- *Other regions* .	65	144,636	39.4	84	152,525	37.9	106	244,648	45.1	89	100,905	40.3	104	132,778	43.2
Beijing . . .	3	18,265	5.0	4	18,006	4.5	5	21,975	4.1	5	10,052	4.0	5	13,086	4.3
Other regions(Note)	1	279	0.1	1	809	0.2	3	14,884	2.7	1	2,454	1.0	3	10,561	3.4
Total	163	366,970	100.0	194	402,198	100.0	233	542,838	100.0	200	250,679	100.0	239	307,244	100.0

Note: Other regions include (i) Shenzhen, Guangdong Province; (ii) Shijiazhuang, Hebei Province; (iii) Baoding, Hebei Province; and (iv) Nanjing, Jiangsu Province.

During the Track Record Period, all of our property management fees were charged on a lump sum basis. Under the lump sum basis model, our customers pay us the "all-inclusive" fee for our property management services and at the same time, we bear all related costs and expenses involved in the provision of our services. We generally charge our customers with property management fees for our property management services, which are mainly calculated without reference to the GFA of the properties under our management but based on a fixed agreed price with reference to the stipulated number of employees and workers to be deployed for each position. During the Track Record Period, we charged customers for a public property, certain commercial properties and all residential properties based on the GFA of the managed properties.

The table below sets forth a breakdown of revenue by revenue-bearing GFA and non-revenue-bearing GFA:

	FY2019		**FY2020**		**FY2021**		**1H2021**		**1H2022**	
	Revenue	**% of total revenue from providing property management services**	**Revenue**	**% of total revenue from providing property management services**	**Revenue**	**% of total revenue from providing property management services**	**Revenue**	**% of total revenue from providing property management services**	**Revenue**	**% of total revenue from providing property management services**
	RMB$'000		*RMB$'000*		*RMB'000*		*RMB'000* (unaudited)		*RMB'000*	
Non-revenue-bearing GFA										
- Hospitals	143,776	39.2	144,715	36.0	215,941	39.8	98,786	39.4	129,569	42.2
- Public properties	123,237	33.6	134,240	33.4	177,456	32.7	84,999	33.9	100,785	32.8
- Commercial and other non-residential properties	39,118	10.6	61,652	15.3	81,363	15.0	35,220	14.0	42,233	13.7
Sub-total	306,131	83.4	340,607	84.7	474,760	87.5	219,005	87.3	272,587	88.7
Revenue-bearing GFA										
- Public properties	17,317	4.8	16,600	4.1	15,168	2.8	8,223	3.3	8,051	2.6
- Commercial and other non-residential properties	3,747	1.0	2,867	0.7	4,749	0.8	2,831	1.1	2,066	0.7
- Residential properties	39,775	10.8	42,124	10.5	48,161	8.9	20,620	8.3	24,540	8.0
Sub-total	60,839	16.6	61,591	15.3	68,078	12.5	31,674	12.7	34,657	11.3
Total	366,970	100.0	402,198	100.0	542,838	100.0	250,679	100.0	307,244	100.0

For details of revenue-bearing GFA and non-revenue-bearing GFA, please refer to the section headed "Business — Property Management Services — Our managed properties' GFA" in this document.

OUR COMPETITIVE STRENGTHS

We believe that the following strengths position us well in the property management industry in the PRC and differentiate us from our competitors: (i) we have established strong presence in the property management industry in Shandong Province and built up stable business relationship with our major customers in result of our satisfying service and market reputation in the industry; (ii) our expertise and experience in managing hospitals and public properties allow us to strengthen our property management capabilities to cater for the customers' high-standard requirement of specialised services and thus position ourselves as an established service provider in hospital sector as well as public sector; (iii) we have a diversified customer base which encourages us to continuously develop our property portfolio and types of services and thus expand our revenue streams; (iv) we achieved operational and cost efficiency improvement through our standardised property management methodologies as well as utilisation of advanced information technology in our daily operation, and improved customer satisfaction; (v) we have stringent quality control and high safety standard and environmental impact control; and (vi) we have an experienced and competent management team. Please refer to the section headed "Business — Competitive Strengths" in this document for further details.

OUR BUSINESS STRATEGIES

We strive to become one of the leading property management service providers in the PRC. We plan to achieve our objectives by implementing the following strategies: (i) further expand our business scale, increase our market share and bolster our geographic presence in Shandong Province and tap into other developed neighbouring regions; (ii) develop advanced information technology and mobile application functions to optimise our business model to increase our cost effectiveness; (iii) continue to improve staff motivation mechanism to attract, cultivate and retain talents; and (iv) enhance project execution efficiency and service quality by acquiring suitable new automated cleaning machineries and equipment. Please refer to the section headed "Business — Business Strategies and Future Plans" in this document for further details.

OUR CUSTOMERS

Our customers include hospitals, governmental bodies, private enterprises, property owners, property developers and tenants. Most of them were located in Shandong Province. During the Track Record Period, the majority of our revenue was generated from customers who are independent third parties. We also provided our services to our Group's related parties. The table below sets forth a breakdown of our total revenue and gross profit by types of customers for the Track Record Period:

	FY2019		FY2020		FY2021		1H2021		1H2022	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	RMB'000		*RMB'000*		*RMB'000*		*RMB'000* (unaudited)		*RMB'000*	
Independent third parties	351,742	88.6	390,177	80.3	527,897	87.8	244,940	93.6	301,416	93.8
Our related parties	45,354	11.4	95,918	19.7	73,401	12.2	16,680	6.4	19,975	6.2
Total	397,096	100.0	486,095	100.0	601,298	100.0	261,620	100.0	321,391	100.0

Apart from our related parties, we have maintained a stable relationship with most of our top five customers during the Track Record Period ranging from seven years to 18 years. The sales to our top five customers for FY2019, FY2020, FY2021 and 1H2022 accounted for approximately 32.1%, 33.7%, 25.5% and 21.3% of our total revenue, respectively, while the sales to our largest customer accounted for approximately 8.2%, 13.1%, 7.0% and 5.3% of our total revenue of the corresponding years, respectively. Please refer to the section headed "Business — Our Customers" in this document for further details.

OUR SUPPLIERS

During the Track Record Period, our suppliers primarily included (i) vendors of materials, consumables, equipment and uniforms needed for our daily operations; (ii) subcontractors providing cleaning, security and property engineering and landscape construction services; (iii) consultants in property engineering and landscape construction projects for tender preparation and contract negotiation; and (iv) property owners of properties used as our branch offices and for our property leasing business.

For our property engineering and landscape construction projects, we normally engage subcontractors to carry out all site works under close supervision and management by our engineering team and we oversee and supervise the works conducted by our subcontractors to ensure their conformity to contractual specifications and that projects are completed on time and within budget.

In FY2021, we have engaged several subcontractors, who are independent third parties to our Group, to replace the deployment of part-time workers and provide timely and efficient alternative access to manpower resources and support our business growth. For details of deployment of subcontractors instead of our own part-time workers, please refer to the section headed "Business – Our Suppliers – Our subcontractors – Potential increase in subcontracting fees after the Track Record Period" in this document.

For FY2019, FY2020, FY2021 and 1H2022, the total purchases from our Group's largest supplier amounted to approximately 9.9%, 7.3%, 22.3% and 17.4% of our Group's total purchase amount, respectively, while the total purchases from our Group's five largest suppliers amounted to approximately 27.2%, 21.6%, 49.6% and 49.4% of our Group's total purchase amount, respectively. Please refer to the section headed "Business — Our Suppliers" in this document for further details.

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

The following is a summary of our consolidated statements as at and for FY2019, FY2020, FY2021 and 1H2022, extracted from the Accountants' Report set out in Appendix I to this document. The below summary should be read in conjunction with the consolidated financial information in Appendix I, including the notes and the information set forth in the section headed "Financial Information" in this document.

Highlight of our consolidated statements of profit or loss

	FY2019	**FY2020**	**FY2021**	**1H2021**	**1H2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Revenue	397,096	486,095	601,298	261,620	321,391
Cost of services	(330,249)	(383,241)	(487,156)	(211,952)	(254,399)
- Staff costs	(269,111)	(268,360)	(266,251)	(123,574)	(154,576)
- Subcontracting costs	(34,104)	(77,782)	(168,562)	(63,967)	(74,661)
- Materials and consumables	(16,902)	(21,241)	(26,939)	(10,629)	(11,538)
- Others	(10,132)	(15,858)	(25,404)	(13,782)	(13,624)
Gross profit	66,847	102,854	114,142	49,668	66,992
Profit before income tax	36,802	61,856	56,444	18,032	27,634
Profit for the year	27,108	48,692	44,451	12,532	20,180

During the Track Record Period, our revenue increased from RMB397.1 million in FY2019 to RMB601.3 million in FY2021, primarily due to an increase in the revenue from provision of property management services, which was mainly driven by the increase in the number of properties under our management due to our continued and successful business expansion. Our gross profit for FY2019, FY2020 and FY2021 was RMB66.8 million, RMB102.9 million and RMB114.1 million, respectively. The overall increase in our gross profit was primarily in line with the aforementioned growth in our revenue.

Non-GAAP measures

We recognised non-recurring items in the Track Record Period. To supplement our consolidated financial statements which are presented in accordance with HKFRS, we also present the adjusted profit before tax, adjusted profit for the years and adjusted net profit margin as non-GAAP measures.

We present these additional financial measures as these were used by our management to evaluate our financial performance by eliminating the impact of non-recurring **[REDACTED]** and share-based payment, which is considered not indicative for evaluation of the actual performance of our business. We believe that these non-GAAP measures provide additional information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies.

	FY2019	**FY2020**	**FY2021**	**1H2021**	**1H2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Profit before tax	36,802	61,856	56,444	18,032	27,634
Profit for the year	27,108	48,692	44,451	12,532	20,180
Adjusted for:					
— **[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
— Share-based payment	790	1,382	1,877	1,002	872
Adjusted profit before tax	37,592	66,795	67,151	27,210	31,029
Adjusted profit for the year	27,898	53,631	55,158	21,710	23,575
Adjusted net profit margin for the year	7.0%	11.0%	9.2%	8.3%	7.3%

Although these financial measures are reconcilable to the line items in the consolidated financial statements, they should not be considered as measures comparable to items in the consolidated financial statements in accordance with the HKFRS. These measures may not be comparable to other similarly titled measures used by other companies.

Highlight of certain items of our consolidated statements of financial position

	As at 31 December			**As at 30 June**
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	185,208	200,118	217,582	268,643
Current assets	144,401	332,148	249,098	238,667
Total assets	329,609	532,266	466,680	507,310
Current liabilities	215,914	327,080	205,043	178,166
Non-current liabilities	18,710	95,257	103,358	149,394
Net current (liabilities)/assets	(71,513)	5,068	44,055	60,501
Net assets	94,985	109,929	158,279	179,750

We recorded net current liabilities of RMB71.5 million as at 31 December 2019, primarily because of the acquisition of the equity interests in Tianjin Tianfu, which was satisfied by using our internal resources. Please refer to the section headed "Financial Information — Description of Selected Items in our Consolidated Statements of Financial Position" in this document for further discussion on our net current liabilities and the section headed "History, Development and Reorganisation" in this document for details of the acquisition of equity interests in Tianjin Tianfu.

Our financial position improved from net current liabilities of approximately RMB71.5 million as at 31 December 2019 to net current assets of approximately RMB5.1 million as at 31 December 2020 primarily due to (i) the increase in cash and cash equivalents of approximately RMB84.5 million as a result of the increase in profit before taxation in line with our business growth and repayment of an entrusted loan to a third party in January 2020; and (ii) the increase in prepayments, other receivables and other assets of approximately

RMB91.2 million as a result of loans to Runhua Group. For details, please refer to the section headed "Financial Information — Description of selected items in our consolidated statements of financial position" in this document.

Highlight of our consolidated statements of cash flows

	FY2019	FY2020	FY2021	1H2021	1H2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Net cash flows from operating activities	37,494	103,682	30,951	(37,900)	(30,258)
Net cash flows (used in)/from investing activities	(159,470)	(87,122)	130,108	125,154	(28,836)
Net cash flows from/(used in) financing activities	91,459	67,988	(158,402)	(109,291)	(14,363)
Net (decrease)/increase in cash and cash equivalents	(30,517)	84,548	2,657	(22,037)	(73,457)
Cash and cash equivalents at the beginning of year	65,292	34,775	119,323	119,323	121,980
Cash and cash equivalents at the end of year	34,775	119,323	121,980	97,286	48,523

During the Track Record Period, net cash generated from operating activities consisted primarily of our profit before taxation for the year, adjusted to (i) exclude the effect of non-cash or non-operating items, such as depreciation of property and equipment, depreciation of investment properties, amortisation of intangible assets, equity-settled share award expenses, finance costs, share of profits and losses of associates, fair value gains on biological assets, COVID-19 related rent concessions from lessors, net gain or loss on disposal of items of property and equipment, provision for or reversal of impairment of trade receivables and interest income; (ii) include changes in working capital; and (iii) include the payment of income tax.

In FY2019, we recorded a net cash outflow of RMB30.5 million mainly due to the acquisition of the equity interests in Tianjin Tianfu, which was satisfied by using our internal resources. Please refer to the section headed "Financial Information — Description of Selected Items in our Consolidated Statements of Financial Position" in this document for further discussion on our net cash outflows and the section headed "History, Development and Reorganisation" in this document for details of the acquisition of equity interests in Tianjin Tianfu.

For FY2020, our net cash flows from operating activities recorded approximately RMB103.7 million, which was relatively higher than that in FY2019 and FY2021. Such fluctuation was mainly because certain property engineering and landscape construction projects, especially two sizeable projects, commenced the on-site works and recorded costs for subcontracting services and materials and consumables in around the end of FY2020 but we settled the relevant payments to the relevant suppliers in FY2021.

In 1H2022, we recorded a net cash outflow of RMB73.5 million primarily due to the changes in working capital, which primarily comprised the increase in trade receivables of approximately RMB56.5 million and the decrease in trade payables of approximately RMB11.9 million. For the details of fluctuation of our trade receivables and trade payables, please refer to the section headed "Financial Information — Description of Selected Items in Our Consolidated Statements of Financial Position" in this document.

Key financial ratios

The following table sets forth the major financial ratios as of the dates and for the years indicated:

	As at/for the year ended 31 December			As at/for the six months ended 30 June
	2019	2020	2021	2022
Return on equity	28.5%	44.3%	28.0%	N/A
Return on assets	8.2%	9.1%	9.5%	N/A
Current ratio	0.7	1.0	1.2	1.3
Quick ratio	0.6	1.0	1.2	1.3
Gearing ratio	121.1%	190.0%	61.2%	47.7%
Net debt to equity ratio	84.5%	81.5%	Net cash	20.7%
Interest coverage	10.7	6.8	6.0	7.8

Note: For the definition of the financial ratios, please see the section headed "Financial Information — Key Financial Ratios" in this document.

Our gearing ratio was 121.1%, 190.0%, 61.2% and 47.7% as at 31 December 2019, 2020 and 2021 and 1H2022, respectively. The increasing trend in our gearing ratio from FY2019 to FY2020 was mainly due to the increase in the interest-bearing debt from FY2019 to FY2020 as part of our cash management to support our daily operations. To reduce the recurring interest expenses of our Group, we settled certain bank borrowings in 2021 and the interest-bearing debt decreased from approximately RMB208.9 million as at 31 December 2020 to approximately RMB96.8 million as at 31 December 2021 and approximately RMB85.7 million as at 30 June 2022, which led to a decrease in gearing ratio from 190.0% as at 31 December 2020 to 61.2% as at 31 December 2021 and 47.7% as at 30 June 2022. For details of our indebtedness during the Track Record Period, please refer to the section headed "Financial Information — Indebtedness" in this document.

OUR SHAREHOLDERS INFORMATION

Immediately following the completion of the **[REDACTED]** and **[REDACTED]** (assuming the **[REDACTED]** is not exercised and without taking into account any Shares which may be issued pursuant to the **[REDACTED]** Share Option Scheme), by virtue of the Concert Parties Confirmatory Deed, Mr. Luan, Mr. HQ Luan, Ms. Liang and Springrain Investment (a company owned as to 59.85%, 37.10% and 3.05% by Mr. Luan, Mr. HQ Luan and Ms. Liang respectively) will be together interested in approximately 54.90% of the issued share capital of the Company. As they will together continue to control more than 30% of the issued share capital of the Company, they will be regarded as a group of Controlling Shareholders under the Listing Rules.

On 18 June 2021, Mr. Luan, Mr. HQ Luan and Ms. Liang entered into a concert party agreement, pursuant to which they acknowledged and confirmed that they had been acting in concert in excising their rights as shareholders of Shandong Runhua before entering into the agreement, and agreed to continue the same going forward and if they fail to reach a consensus for a certain resolution, Mr. Luan has the final decision-making power. On the same day, Mr. Luan, Mr. HQ Luan and Ms. Liang further entered into the Concert Parties Confirmatory Deed, pursuant to which they reaffirmed that they had been acting in concert in respect of each of the members of our Group before the date of the Concert Parties Confirmatory Deed, and shall continue the same thereafter. They have undertaken to continue to act in concert directly or indirectly through the companies controlled by them. They have also agreed to, among others, vote unanimously at all meetings of the shareholders of each member of our Group, discuss and reach consensus with each other before proposing to such meetings, and act in concert in respect of the business operations, governance and other key matters of our Group which shall be decided by the shareholders of each of the members of our Group. If they fail to reach a consensus for a certain resolution, Mr. Luan has the final decision-making power.

During the Track Record Period, we derive a part of our revenue from certain companies controlled by our Controlling Shareholders (except for the interest in our Group), being (i) Runhua Group, which comprises Runhua Group Company, which is ultimately owned as to approximately 52% by Mr. Luan, and its subsidiaries, (ii) Hang Qian Group, which comprises Hang Qian Holdings, which is ultimately and wholly-owned by Mr. HQ Luan, and its subsidiaries, (iii) Runhua Insurance, a company ultimately owned as to approximately 50.42% by Mr. Luan and approximately 21.57%, 21.19% and 6.19% by Mr. HQ Luan and two limited liability partnerships (whose managing partner is Mr. HQ Luan), respectively, and (iv) Shandong Zhixin, a company is ultimately owned as to approximately 90% by Ms. Liang. For details, please see the section headed "Relationship with our Controlling Shareholders" in this document.

Our Group has entered into transactions with Runhua Group, Hang Qian Group and Runhua Insurance, which will constitute continuing connected transactions under the Listing Rules upon **[REDACTED]**. We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements set out in Chapter 14A of the Listing Rules for certain continuing connected transactions. For details, please see the section headed "Connected Transactions" in this document.

[REDACTED] INVESTMENT

On 12 August 2020, the shareholders of Shandong Runhua resolved to increase the registered capital of Shandong Runhua from RMB50 million to RMB50.5 million, with additional capital contribution of RMB0.5 million by MedEvolve Company Limited. On 20 October 2020, MedEvolve Company Limited injected a total sum of HK$1,270,000 in Shandong Runhua (approximately RMB1,096,772) in Shandong Runhua, of which RMB0.5 million was regarded as the registered capital of Shandong Runhua. Pursuant to the Reorganisation, on 26 October 2020, our Company allotted 2,000,000 Shares to Archery Capital Management Limited, a company incorporated in the BVI and wholly owned by Mr. Xie, representing 0.99% of the entire issued shares of our Company as at 26 October 2020. For details relating to the **[REDACTED]** Investment and the background of the **[REDACTED]** Investor, please see the section headed "History, Development and Reorgnisation — **[REDACTED]** Investment" in this document.

[REDACTED] STATISTICS

	Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK$[[REDACTED] per [REDACTED]
Market capitalisation of our Share[(1)]	HK$ **[REDACTED]** million	HK$ **[REDACTED]** million
Unaudited **[REDACTED]** adjusted consolidated net tangible assets per Share[(2)]	HK$**[REDACTED]**	HK$**[REDACTED]**

Notes:

(1) The calculation of market capitalisation is based on **[REDACTED]** Shares expected to be in issue immediately upon completion of the **[REDACTED]** and **[REDACTED]** (assuming the **[REDACTED]** is not exercised and without taking into account of any Shares which may be issued pursuant to the **[REDACTED]** Share Option Scheme).

(2) The unaudited **[REDACTED]** adjusted consolidated net tangible asset per Share is calculated after making the adjustments referred to in Appendix II to this document.

[REDACTED]

Assuming an **[REDACTED]** of HK$**[REDACTED]**, being the mid-point of the indicative **[REDACTED]**, and after deducting related **[REDACTED]** fees and estimated expenses in connection with the **[REDACTED]** and the **[REDACTED]** is not exercised, our Group estimates that the aggregate **[REDACTED]** to our Company from the **[REDACTED]** will be approximately HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million). Our Directors presently intend to apply such **[REDACTED]** as follows:

- approximately **[REDACTED]**%, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million), for making strategic investments and acquisitions to expand our property management business;

- approximately **[REDACTED]**%, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million), for developing, strengthening and implementing our information technologies;
- approximately **[REDACTED]**%, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million), for improving staff motivation mechanism to attract, cultivate and retain talents;
- approximately **[REDACTED]**%, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million), for upgrading our existing equipment by acquiring new automated machineries and equipment; and
- approximately **[REDACTED]**%, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million), for general working capital.

According to the F&S Report, as of December 2021, there were around 100 companies in Shandong Province, 150 companies in Yangtze River Delta Region and 50 companies in Beijing Tianjin-Hebei Region, who meet our selection criteria. However, many property management companies listed on the Stock Exchange are looking to acquire other property management companies to further expand their business scope and geographic reach. As a result, we may not be able to materialise our plan to acquire independent third-party property management companies with geographical influence and similar market positioning. Please refer to the section headed "Risk Factors – Risks relating to the industry in which we operate – We are in a highly competitive business with numerous competitors" in this document for details. If our future acquisition plan cannot materialise, we will place the unused **[REDACTED]** in short-term demand deposits with licensed financial institutions and continue exploring new acquisition targets.

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

[REDACTED]

Assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the indicative **[REDACTED]**), we expect to incur estimated total **[REDACTED]** of approximately HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million), including **[REDACTED]** of approximately HK$**[REDACTED]** million (RMB**[REDACTED]** million) and non-**[REDACTED]** related expenses of approximately HK$**[REDACTED]** million (RMB**[REDACTED]** million), which consist of (i) fees paid and payable to legal advisers and Reporting Accountants of approximately HK$**[REDACTED]** million (RMB**[REDACTED]** million); and (ii) other fees and expenses, including sponsor fees, of approximately HK$**[REDACTED]** million (RMB**[REDACTED]** million). Among the estimated aggregate amount of our estimated **[REDACTED]**, (i) approximately HK$**[REDACTED]** million is expected to be charged to our consolidated statements of profit or loss, of which approximately RMB**[REDACTED]** million was recognised as our profit or loss during the Track Record Period; and (ii) approximately HK$**[REDACTED]** million is expected to be accounted for as a deduction from equity upon the **[REDACTED]**. Assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the indicative **[REDACTED]**), the **[REDACTED]** as a percentage of gross **[REDACTED]** is approximately **[REDACTED]**%.

Expenses in relation to the **[REDACTED]** are non-recurring in nature. Our Group's result of operations for the year ending 31 December 2022 will be affected by such expenses in relation to the **[REDACTED]**. Our Directors would like to emphasise that such expenses are current estimate for reference only, and the final amount to be recognised to the profit or loss of our Group or to be capitalised is subject to adjustment based on audit and the subsequent changes in variables and assumptions.

DIVIDENDS AND DIVIDEND POLICY

Since the incorporation of our Company and during the Track Record Period and, no dividend has been and had been declared or paid by our Company.

During the Track Record Period, we did not have any dividend policy in place and we do not expect to formulate any specific dividend policy in the near future. The declaration of dividends is subject to the discretion of our Board and the approval of our Shareholders. Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the Cayman Companies Act, including the approval of our Shareholders. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors.

RISK FACTORS

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorised 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 that we currently deem immaterial may develop and become material and could also harm our businesses, financial position and results of operations. Some of the risks generally associated with our business and industry include the following:

- The provision of our property management services to hospitals and public properties may be affected by factors beyond our control and are subject to higher standards;
- We may not be able to procure new property management agreements as planned or on favourable terms;
- Termination or non-renewal of our property management agreements could materially and adversely affect our business, financial position and results of operations;
- Any failure to increase our revenue or accurately estimate our operating costs in connection with our performance of property management services could lead to cost overruns or even result in losses;
- Our operations are based in Shandong Province, and we are susceptible to trends and developments in this region; and
- We rely on stable labour supply to carry out our works and may experience fluctuations in our labour and subcontracting costs and restrictions in the supply of labour in the PRC.

NON-COMPLIANCE INCIDENTS

During the Track Record Period, we did not fully contribute to social insurance and housing provident fund contributions for some of our employees as required by the relevant PRC laws and regulations. As confirmed by our PRC Legal Advisers, except for our failure to make full contributions to social insurance and housing provident funds for certain employees, we have complied with all relevant PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to 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. For more information, please see the section headed "Business — Legal Proceedings and Compliance" in this document.

RECENT DEVELOPMENT

Subsequent to 30 June 2022 and up to the Latest Practicable Date, we have entered into 26 new property management agreements with customers who were independent third parties, with an aggregate contract value of approximately RMB30.7 million. The table below sets forth the details of our new property management agreements secured after 30 June 2022 and up to the Latest Practicable Date:

Property type	Number of property management agreements entered into	Aggregate contract value
		RMB'000
Hospitals	5	16,070
Public properties	4	4,551
Commercial and other non-residential properties	16	9,534
Residential properties	1	548
Total	26	30,703

As at the Latest Practicable Date, we had five and one property management projects located in Beijing-Tianjin-Hebei Region and Yangtze River Delta Region, respectively. Leveraging our strategic presence in the Yangtze River Delta Region and Beijing-Tianjin-Hebei Region via acquisitions of well-established local property management companies, we expect to further penetrate target markets across China.

In July 2021, various regions in the PRC, especially Henan Province, have been affected by severe flooding, caused by a period of prolonged heavy rainfall. Our Directors confirmed that as at the Latest Practicable Date, none of the properties under our management experienced damage caused by the natural disasters and there was no material impact of the severe flooding and torrential rain on our Group's business operations and financial performance.

RECENT REGULATORY DEVELOPMENT

Recent Changes in the Regulations relating to the PRC Property Market and Property Management Service Market

Property Market

In 2020, the Ministry of Housing and Urban-Rural Development, together with the People's Bank of China, proposed to issue the "three red-line" regulation 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-line" regulation refers to: (i) the liability-to-asset ratio (excluding prepayments) 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.

On 28 December 2020, PBOC and China Banking and Insurance Regulatory Commission jointly promulgated the Notice on Establishing a Centralisation Management System for Real Estate Loans of Banking Financial Institutions (《關於建立銀行業金融機構房地產貸款集中度管理制度的通知》), which put forward certain limitation for the proportion of real estate loans and the personal housing loans to all RMB loans in banking financial institutions (excluding overseas branches).

On 23 October 2021, the SCNPC adopted the Decision of the Standing Committee of the National People's Congress on Authorising the State Council to Carry out a Pilot Programme 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》), authorising the State Council to carry out a pilot programme of real estate tax reform in certain areas.

However, in view that (i) we generated revenue from the provision of property management services to the properties developed by the Controlling Shareholders Group of approximately RMB39.5 million, RMB46.9 million, RMB53.5 million and RMB26.7 million during the Track Record Period, representing approximately 10.8%, 11.6%, 9.9% and 8.7% of the total revenue generated from the provision of property management services, respectively; (ii) based on the audited financial statements of Shandong Diping Real Estate Co., Limited* (山東地平置業有限公司) ("**Shandong Diping**"), the main operating subsidiary of Hang Qian Group and the only member of the Controlling Shareholders Group whose principal business activities involve property development, prepared in accordance with PRC GAAP issued by the local auditor and using the calculation methods for the "three red-line" regulation, Shandong Diping's liability-to-asset ratio (excluding prepayments), net gearing ratio and cash over short-term interest-bearing loans amounted to 36.4%, 24.2% and nil as at 31 December 2021, respectively, which comply with all of the "three red-line" regulation; and (iii) none of the properties developed by the Controlling Shareholders Group was delayed or terminated for delivery due to the above regulations, to our best knowledge, the recent changes in the above regulations will unlikely have material adverse impact on the operations, business and financial condition of the Controlling Shareholders Group and us. For details, please refer to the section headed "Business — Recent Regulatory Development" in this document.

Property Management Service Market

On 25 December 2020, MOHURD and other nine competent government departments issued Notice on Strengthening and Improving Residential Property Management (《關於加強和改進住宅物業管理工作的通知》) (the "**Property Notice**") with the purpose of accelerating the development of the property management service industry. Most rules in the Property Notice are non-mandatory and are related to the deployment of the governmental work, there are few rules applicable to property enterprises, which are as follows: (1) the quality of property service should be improved; (2) the pricing mechanism for property management services should be reasonable; (3) the merger and reorganisation of property management service enterprises are encouraged; (4) the credit management system for property service enterprises should be established.

On 13 July 2021, MOHURD and other seven departments promulgated the Notice on Continued Rectification and Standardization of the Real Estate Market Order (《住房和城鄉建設部等8部門關於持續整治規範房地產市場秩序的通知》) (the "**Regulatory Notice**" and together with the Property Notice, the "**Notices**") to continue to rectify and standardise the real estate market order in the fields of real estate development, property sale and purchase, housing leasing and property management services. The following items are the key points of rectification in the fields of property management services: failing to provide services in accordance with the agreed content and standards of the property management contract; failing to publicise the property management charging item standards, the operation and income of the owner's common part, the use of maintenance funds and other relevant information in accordance with the regulations; charging fees beyond the contractual agreement or publicising the charging item standards; unauthorised use of the owner's shared part to carry out business activities, infringement and misappropriation of the owner's shared part of the operating income; refuse to withdraw from the property management project without proper reason after the property management contract is terminated lawfully. For property management enterprise that violate laws and regulations within their respective jurisdictions, measures such as warning and interview, suspension of business for rectification, revocation of business license and qualification certificate etc. shall be adopted pursuant to the laws and regulations, and shall be exposed to the public; any case constituting a criminal offence shall be referred to the public security and judicial authorities for investigation and punishment pursuant to the law.

After the promulgation of the Regulatory Notice, we conducted self-inspection and the PRC Legal Advisers carried out its due diligence inspection as appropriate, and no material violation of the Regulatory Notice was found. Based on the results of our self-inspection and due diligence inspection carried out by the PRC Legal Advisers, and the fact that each operating subsidiary of our Company has obtained the compliance letter from the administrative authority of property management services confirming that there is no major administrative penalty imposed by the administrative authority of the property management services during the

Track Record Period, the PRC Legal Advisers are of the view that, we are in compliance with the requirements in relation to property management services in the Regulatory Notice in all material aspects.

To ensure continuous compliance with the requirements set out in the Notices, we have already formulated and implemented, and perfected in accordance with the Notices, the relevant internal policy and system, requiring the subsidiaries providing property management services to continuously and strictly comply with the relevant requirements in the Notices; as well as established a supervisory mechanism to conduct examination regularly. Based on the above, the PRC Legal Advisers are of the view that the Company has established corresponding internal policy and mechanism to ensure the continuous compliance with the relevant requirements in Notices going forward.

On the basis of the above, our Directors are of the view, and the Sole Sponsor concurs, that the Notices do not have any material adverse impact on our Group's operation and financial performance.

Recent Changes in Cybersecurity Regulations

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

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

Considering the nature of our business, we are not a critical information infrastructure operator, network platform operator or a data processor whose purchase of network products and services or data processing activities affect or may affect national security. We have also engaged the PRC Legal Advisers to conduct an assessment on the data held by our Group. Given that (i) we mainly provide property management service, and do not possess or gather or keep substantial information relating to national security, economic development and public interests. As at the Latest Practicable Date, the total user number of our self developed mobile application to provide fast and convenient access to OSCS Service Centre, Runzhiyun (潤之雲), is below 200,000. As such, we believe the total user number of mobile application is unlikely to exceed 1 million in the near and mid-term future; (ii) as at the date of this document, we have not been notified by any authorities of being involved in any cybersecurity review or received any investigation, inquiry, notice, warning or sanctions made by the CAC; and (iii) pursuant to oral consultation with the CAC on 25 May 2022, the replying personnel opines that under the Revised Cybersecurity Review Measures, cybersecurity review process will not apply to public listings in Hong Kong. As such, our PRC Legal Advisers are of the view, and the Sole Sponsor concurs, that (i) the **[REDACTED]** will not be subject to the cybersecurity review process under the abovementioned cybersecurity regulations (assuming to be implemented in their current form); (ii) we do not foresee any impediment for us to comply with the abovementioned cybersecurity regulations in any material respect; (iii) the abovementioned cybersecurity regulations (assuming to be implemented in their current form) will not materially affect the Group's business operations, outlook and financial performance; and (iv) the Group's business operations or its proposed **[REDACTED]** in Hong Kong will not give rise to national security risks based on the factors set out in Article 10 of the Cybersecurty Review Measures.

Recent Changes in Regulations relating to Overseas Listing

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

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

If the Draught Overseas Listing Regulations become effective in their current form before the Listing is completed, the PRC Legal Advisers are of the view that we may be required to complete the filing procedures with the CSRC in connection with the **[REDACTED]**. However, as at the date of this document, the Draught Overseas Listing Regulations were released for public comments only and the final version and effective date of such regulations are subject to change with substantial uncertainty. Therefore, as advised by the PRC Legal Advisers, the **[REDACTED]** is currently not subject to any filing procedures with, or approval from, the CSRC. As at the date of this document, we had not received any enquiries, comments, instructions, guidance or other concerns regarding the **[REDACTED]** or our corporate structure from the CSRC or any other PRC government authorities with respect to the filing requirement under the new regulatory regime.

Regarding whether there had been/will be potential impacts of the Draught Overseas Listing Regulations on the Company, we have reviewed the Draught Overseas Listing Regulations and discussed with the PRC Legal Advisers the actual and potential impacts from the Draught Overseas Listing Regulations on our Group on our listing plan. Based on the foregoing, we do not find that we fall within any of the circumstances which would prohibit PRC domestic companies from conducting overseas listing and offering as provided under the Draught Overseas Listing Regulations. Therefore, if the Draught Overseas Listing Regulations become effective in their current form before the **[REDACTED]** is completed, our PRC Legal Advisers are of the view, and the Sole Sponsor concurs that other than uncertainties of the filing procedures which may be further clarified in the final version of the Draught Overseas Listing Regulations and/or their implementation rules, (i) there is no legal impediment in obtaining the approval from, and completing the filing procedure with, the CSRC; (ii) we do not foresee any impediment for us to comply with the Draught Overseas Listing Regulations in any material respect; and (iii) the Draught Overseas Listing Regulations will not materially affect the Group's business operations, outlook and financial performance. For details of the potential risks of the Draught Overseas Listing Regulations, please refer to the section headed "Risk Factors — We may be required to obtain prior approval or subject to filings or other requirements from the CSRC or other PRC regulatory authorities for the **[REDACTED]**" in this document.

IMPACT OF THE COVID-19 OUTBREAK

An outbreak of respiratory illness caused by a novel coronavirus, which has been named as COVID-19 by the World Health Organization ("**WHO**") was identified in December 2019 and spread globally in early 2020. On 11 March 2020, the WHO declared COVID-19 outbreak a pandemic. In response to the outbreak of COVID-19, the PRC Government has imposed measures across the PRC including, but not limited to, lockdown measures, travel restrictions, restrictions on enterprises from resuming work, management and control over work places and the mandatory quarantine requirements on infected individuals and anyone deemed potentially infected.

Up to the Latest Practicable Date, certain residential properties under our management have been placed under lockdown to comply with government regulations and measures to combat the COVID-19 pandemic. In order to continue the delivery of our property management services, we assigned our frontline staff to stay in the restricted properties and procured sufficient masks and personal protective equipment for our frontline staff to carry out their works as usual. Given our reliable cleaning and disinfection services provided during the outbreak of COVID-19, we were accredited as "Epidemic prevention and control work in Jinan City — Advanced Property Services Company* (濟南市疫情防控工作— 先進物業服務企業)" in June 2020 in respect of epidemic prevention and control in Jinan City and were engaged by the Government to provide property management services in Jinan Fangcang Hospital in April 2022 and recorded an aggregate revenue of approximately RMB2.7 million for 1H2022.

Since the outbreak of COVID-19, we have implemented a contingency plan to minimise the disruptions that may be caused to our business operations and incurred an additional costs for implementation of hygiene and precautionary measures of approximately RMB0.7 million, RMB0.1 million and RMB2.1 million for FY2020, FY2021 and 1H2022, respectively. See "Business — Effects of the COVID-19 outbreak — Our contingency plan towards the COVID-19 Outbreak" in this document for details.

In April 2020, we received a notice from Customer Group A in relation to the reduction of their business subcontracting arrangements due to the travel restrictions. As a result, the revenue generated from Customer Group A decreased by approximately RMB8.6 million from approximately RMB32.7 million for FY2019 to approximately RMB24.1 million for FY2020, mainly due to the deduction of contract value of two property management agreements by an aggregate amount of approximately RMB5.9 million. Also, our average trade receivables turnover days slightly increased from 44.6 days in FY2019 to 47.4 days in FY2020 primarily as a result of longer settlement period for the trade receivables due to the longer settlement period of our customers impacted by the outbreak of COVID-19. Our Directors confirmed that there was no difficulty in collection of property management fee during COVID-19 pandemic. The collection rate of property management fees for the non-residential properties under our management, calculated by dividing the property management fees we actually received from our property management services during a period by the total property management fees payable to us accumulated during the same period, was approximately 85.2%, 81.3%, 84.2% and 53.8% for FY2019, FY2020, FY2021 and 1H2022, respectively; while the collection rate of property management fees for the residential properties under our management remained stable at approximately 84.0%, 85.2%, 89.0% and 67.8% for FY2019, FY2020, FY2021 and 1H2022, respectively. During the Track Record Period, the collection rate of property management fees for the non-residential properties was lower than those for the residential properties because we generally granted our customers for the non-residential properties a credit period within 120 days. Up to the Latest Practicable Date, the collection rate of property management fees for the non-residential properties for FY2019, FY2020, FY2021 and 1H2022 was at 100%, approximately 99.9%, 99.3% and 74.3%, respectively; and the collection rate of property management fees for the residential properties was at 98.5%, 96.7%, 90.2% and 70.2%, respectively. Our collection rate for non-residential properties was generally low in the middle of a year mainly due to the fact that we generally granted credit terms to the customers in non-residential sector and based on our past experience, Government and public institutions took a relatively longer time to process the settlement of the management fees. Also, in view of the background and historical settlement pattern of the customers in non-residential sector, our property management team usually facilitates the outstanding fee collection process and the Government and public institutions customers will settle the fees prior to the year end, which led to the collection rate for 1H2022 lower than those for FY2019, FY2020 and FY2021. The decrease in collection rate in 1H2022 for residential properties was primarily due to the fact that we did not actively collect management fee from property owners and tenants in a timely manner in view that (i) our property management team and frontline staff were responsible to assist on the implementation of the residential compound lockdown and hence we had fewer staff to follow up on fee collection work; and (ii) some of the property owners and tenants moved out from the residential properties under our management during COVID-19 pandemic due to lockdown and travel restriction arrangements.

Our Directors confirm that the outbreak does not have material adverse effect on our Group's continuing business operation and sustainability, except for some property management service agreements with Customer Group A in or before April 2020, and the fluctuation of trade receivables turnover days and collection rates in 1H2022. Our Director also confirmed that during the Track Record Period and up to the Latest Practicable Date, our Group did not encounter any material disruptions of our supply chain given that (i) we maintained a sufficient level of storage of materials and consumables at the properties under our management; (ii) on top of the frontline workers provided by our subcontractors, our Group has own frontline staff to ensure the delivery of our property management services; and (iii) there was no material disruption to the operations of our suppliers and subcontractors to the best of our Directors' information and knowledge. For further details, please refer to the sections headed "Risk Factors — Risks relating to our business — Our business operations and financial results may be adversely affected if there is an outbreak of any severe communicable diseases such as COVID-19", "Risk Factors — Risks relating to the Industry in which we operate — The recent outbreak of

COVID-19 worldwide may result in the slowdown of global economy”, “Business — Effects of the COVID-19 Outbreak” and “Business — Social Health, Safety and Environmental Matters” in this document.

MATERIAL ADVERSE CHANGE

Save for the abovementioned, our Directors confirm that there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects of our Group since 30 June 2022, the date of the latest audited financial information of our Group, and up to the date of this document.