Post Hearing Information Pack of

Zhong An Intelligent Living Service Limited
众安智慧生活服务有限公司

(Incorporated in the Cayman Islands with limited liability)

(the "**Company**")

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 "**SFC**") solely for the purpose of providing information to the public in Hong Kong.

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IMPORTANT

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

Zhong An Intelligent Living Service Limited
众安智慧生活服务有限公司

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] Shares (subject to the [REDACTED])**
Number of Hong Kong [REDACTED]	**:**	**[REDACTED] Shares (subject to [REDACTED])**
Number of International [REDACTED]	**:**	**[REDACTED] Shares (including [REDACTED] [REDACTED] under the [REDACTED]) (subject to [REDACTED] and the [REDACTED])**
[REDACTED] (subject to a [REDACTED])	**:**	**Not more than HK$[REDACTED] per [REDACTED] and expect to be not less than HK$[REDACTED] per [REDACTED], plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and Accounting and Financial Reporting Council transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund) (If the [REDACTED] is set at [REDACTED] below the bottom end of the indicative [REDACTED] range after making a [REDACTED], the [REDACTED] will be HK$[REDACTED] per [REDACTED])**
Nominal value	**:**	**HK$0.01 per Share**
Stock code	**:**	**[REDACTED]**

Joint Sponsors

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[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]

A copy of this document, having attached thereto the documents specified in "Appendix V—Documents Delivered to the Registrar of Companies and Documents on Display" 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 of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this document or any of the other documents referred to above.

The **[REDACTED]** is expected to be fixed by agreement between the **[REDACTED]** and the **[REDACTED]** (for themselves 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]** (subject to a **[REDACTED]**) unless otherwise announced. If, for any reason, the **[REDACTED]** is not agreed by **[REDACTED]** between the **[REDACTED]** and the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) and our Company, the **[REDACTED]** will not proceed and will lapse.

The **[REDACTED]** and the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) may, with our Company's consent, reduce the indicative **[REDACTED]** range stated in this document and/or the number of **[REDACTED]** under the **[REDACTED]** at any time prior to the morning of the last day for lodging applications under the **[REDACTED]**. In such a case, a notice of reduction in the indicative **[REDACTED]** range and/or the number of **[REDACTED]** will be published at the website of the Stock Exchange at **www.hkexnews.hk** and website of our Company at **www.zazhsh.com** not later than the morning of the last day for lodging applications under the **[REDACTED]**. Details of the arrangement will then be announced by our Company as soon as practicable. Further details are set out in "Structure of the **[REDACTED]**" in this document.

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

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, 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 state securities laws in the United States. The **[REDACTED]** are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

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

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE[(1)]

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE[(1)]

[REDACTED]

EXPECTED TIMETABLE[(1)]

[REDACTED]

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This document is issued by Zhong An Intelligent Living Service Limited solely in connection with the **[REDACTED]** *and the* **[REDACTED]** *and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the* **[REDACTED]** *and the* **[REDACTED]** *offered by this document. This document may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a* **[REDACTED]** *of the* **[REDACTED]** *or the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document and the* **[REDACTED]** *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.*

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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 reputable integrated property management service provider headquartered in Hangzhou with deep roots in Zhejiang province and the Yangtze River Delta Region. Prior to the Reorganization, the property management business of residential and non-residential properties (including public and other properties (such as office buildings of PRC governmental bodies, industrial parks, hospitals and schools but excluding pure commercial properties such as commercial and office buildings and serviced apartments)) of our Group was carried out by the Zhong An Group and property management business of pure commercial properties including serviced apartments was carried out by the CNC Group. The subsidiaries now comprising our Group have been providing property management services to the Remaining Group for over 24 years since 1998. In 2020, 2021 and 2022, the overall revenue in the sum of approximately RMB182.4 million, RMB229.7 million, and RMB247.0 million was generated from properties developed by the Remaining Group and its joint ventures and associates, representing approximately 79.0%, 77.5%, and 77.2% of our overall revenue during the respective years; and approximately RMB48.3 million, RMB66.0 million and RMB72.8 million was generated from properties developed by independent third-party property developers, representing approximately 21.0%, 22.5%, and 22.8% of our overall revenue during the respective years.

As of December 31, 2020, 2021 and 2022, the GFA under management for properties developed by the Remaining Group or its joint ventures and associates amounted to approximately 6.0 million sq.m., 6.6 million sq.m. and 6.9 million sq.m., representing approximately 55.3%, 55.7% and 54.0% of our total GFA under management as of the respective dates; and the GFA under management for properties developed by independent third-party property developers amounted to approximately 4.8 million sq.m., 5.2 million sq.m. and 5.9 million sq.m., representing approximately 44.7%, 44.3% and 46.0% of our total GFA under management as of the respective dates.

Through over 24 years of operations since our establishment in 1998, we have grown from a local property management service provider in Hangzhou to an integrated regional property management service provider with major presence in Zhejiang province. We have also built up reputable brand recognition in the Yangtze River Delta Region and have established strategic presence in cities outside of the Yangtze River Delta Region including Guangzhou, Nanchang, Qingdao, Wuhan and Kunming as of December 31, 2022. The Yangtze River Delta

Region is one of the more economically developed regions in China with higher urbanization rate and per capita annual disposable income than the national averages of China, and has a national-leading level of urban digitalization infrastructure, therefore, the Yangtze River Delta Region has always been and will continue to be our focus of development.

During the Track Record Period, all of our GFA under management was located in Zhejiang province and Anhui province in the Yangtze River Delta Region and Shandong province. As of December 31, 2022, we had a total of 139 contracted projects with a total contracted GFA of approximately 19.4 million sq.m., covering 19 cities and seven provinces in China; and managed a total of 95 projects, with a total GFA under management of approximately 12.8 million sq.m., covering 11 cities and three provinces in China. As of the Latest Practicable Date, the geographical coverage of our three main business lines principally covers the Yangtze River Delta Region and a total of eight provinces in the PRC including Zhejiang province, Anhui province, Jiangxi province, Shandong province, Jiangsu province, Hubei province, Yunnan province and Guangdong province.

The following table sets forth a breakdown of the number of projects under our management and GFA under management by city tier as of the dates indicated:

	As of December 31,					
	2020		2021		2022	
	Number	GFA under management	Number	GFA under management	Number	GFA under management
		(sq.m.'000)		*(sq.m.'000)*		*(sq.m.'000)*
Second-tier cities[1]	**54**	**8,047**	**53**	**8,178**	**64**	**8,363**
Residential properties	40	7,021	42	7,120	48	7,476
Non-residential properties	14	1,026	11	1,058	16	887
Third-tier cities[1]	**–**	**–**	**1**	**286**	**2**	**585**
Residential properties	–	–	1	286	1	286
Non-residential properties	–	–	–	–	1	299
Other cities[1]	**19**	**2,770**	**20**	**3,354**	**29**	**3,884**
Residential properties	15	2,557	17	3,309	21	3,522
Non-residential properties	4	213	3	45	8	362
Total	**73**	**10,817**	**74**	**11,818**	**95**	**12,832**

Note:

(1) For the purpose of this table, "second-tier cities" include Hangzhou, Ningbo, Hefei and Qingdao; "third-tier cities" include Jinhua and Wenzhou; and "other cities" include Lishui, Huzhou, Chuzhou, Huaibei, Taizhou and Zhoushan.

During the Track Record Period, we experienced an increase in the total number of projects under our management from 73 to 95 and GFA under management from 10.8 million sq.m. to 12.8 million sq.m. as of December 31, 2020 and December 31, 2022, respectively, mainly due to (i) the expansion of the Remaining Group; and (ii) our continuous effort to obtain more projects for properties developed by independent third-party property developers. Going forward, we intend to use approximately **[REDACTED]**, or approximately HK$**[REDACTED]**, of the **[REDACTED]** from the **[REDACTED]** to acquire or invest in other small- and medium-sized property management companies that focus on residential or non-residential properties in the PRC in order to further expand our business, diversify our property portfolio and further solidify our market position. However, we may not be able to materialize our plan to acquire or invest in other small- and medium-sized property management companies that focus on residential or non-residential properties in the PRC. See "Risk Factors—Risks Relating to Our Business and Industry—Our future acquisitions may not be successful or materialized, and we may face difficulties in integrating acquired operations with our exiting operation" in this document for further discussion of the related risk.

According to CIA, our Group's market share in the PRC in terms of our GFA under management as of December 31, 2022 was approximately 0.04%, we have been included in the list of the Top 100 Property Management Companies in China (中國物業服務百強企業) since 2016 and our ranking among the Top 100 Property Management Companies in China in terms of overall strength of property management* increased from 82nd in 2016 to 40th in 2023, reflecting our growing property management capabilities. In addition, we were ranked seventh, ninth and 25th, among the 2023 Top 100 Property Management Companies in China headquartered in Hangzhou, Zhejiang province and the Yangtze River Delta Region, respectively, in terms of the GFA under management as of December 31, 2022.

We offer a portfolio of services and aim to provide our customers with quality and efficient services through our three main business lines, namely, (i) property management services to property developers, property owners, residents and tenants, primarily comprising security services, cleaning services, gardening and landscaping services, repair and maintenance services and/or car park management services; (ii) value-added services mainly to property developers, primarily comprising sales office management services, preliminary planning and design consultancy services and pre-delivery inspection services; and (iii) community value-added services to property owners and residents, primarily comprising common area management services, renovation waste disposal services and car parking space sales agency services, which form an integrated service along the value chain of property management.

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* 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.

The expansion of the Remaining Group in recent years provided a solid foundation for our continued growth. As of December 31, 2022, we managed a total of 42 projects developed by the Remaining Group or its joint ventures and associates with a total GFA under management of approximately 6.9 million sq.m., representing approximately 44.2% and 54.0% of our total number of projects and GFA under management as of the same date, respectively. As of December 31, 2022, the total GFA of our contracted but undelivered projects developed by the Remaining Group or its joint ventures and associates was approximately 6.6 million sq.m., which are expected to be delivered to us for management in the next one to three years generally. In 2022, approximately 71.5% of our property management services revenue was generated from property projects developed by the Remaining Group. We believe that our long-term and stable relationship with the Remaining Group will continue going forward and allow us to continue to benefit from its diversified property portfolio and abundant land reserves, which will enable us to expand our property portfolio, business scale and geographical coverage.

We endeavored to understand the needs of our customers, refine our services and build an all-rounded service system under the "Zhong An" brand. In conducting our business and formulating our development plan, we have adhered to our service tenet of "Pursuing Excellent Quality, Creating Happy Life (追求卓越品質，創造幸福生活)" and committed to providing quality services with the direction of "Sincere Services, Standardized Management, Achievement of Excellence, and Be Proactive and Innovative (服務至誠, 管理規範, 精益求精, 進取創新)", as we believe that service quality is the key to enhance our customer satisfaction and strengthen a reputable brand recognition. Therefore, we experienced a continuous and steady growth during the Track Record Period.

Our revenue increased at a CAGR of approximately 17.7% from RMB230.7 million in 2020 to RMB319.7 million in 2022. Our gross profit increased at a CAGR of approximately 15.8% from RMB86.8 million in 2020 to RMB116.3 million in 2022. Our net profit increased at a CAGR of approximately 4.0% from RMB47.0 million in 2020 to RMB50.9 million in 2022. The aggregate GFA of the properties under our management increased from approximately 10.8 million sq.m. as of December 31, 2020 to 11.8 million sq.m. as of December 31, 2021 and further to 12.8 million sq.m. as of December 31, 2022, representing a CAGR of 8.9%.

OUR BUSINESS MODEL

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

Property Management Services	We provide property developers, property owners, residents and tenants with a range of property management services, which primarily comprise (i) security services, (ii) cleaning services, (iii) gardening and landscaping services, (iv) repair and maintenance services and/or (v) car park management services. Our portfolio of managed properties mainly comprises (i) residential properties and (ii) non-residential properties including commercial and office buildings, serviced apartments, public and other properties (such as office buildings of PRC governmental bodies, industrial parks, hospitals, schools and prison). We also provide security and cleaning services as a subcontractor with respect to certain industrial parks managed by another property management company.
Value-added Services Mainly to Property Developers	We provide a range of value-added services mainly to property developers covering different stages of property development projects, which primarily comprise (i) sales office management services mainly including provision of management services at property sales venues and display units of property developers, (ii) preliminary planning and design consultancy services to property developers and (iii) pre-delivery inspection services.
Community Value-added Services	We provide community value-added services principally to property owners and residents of our managed properties, which primarily comprise (i) common area management services where we assist property owners to lease out common areas for advertisement placements and operation or promotion of businesses which help facilitate the living convenience of the community, (ii) renovation waste disposal services where we assist the property owners to dispose of the waste generated as a result of the renovation work carried out in their units and (iii) car parking space sales agency services where we assist the Remaining Group to sell and purchasers to purchase car parking spaces in certain property projects we managed or under our management.

During the Track Record Period, we generated a significant portion of our revenue from our property management services, representing approximately 79.5%, 69.4%, and 69.9% of our total revenue in 2020, 2021 and 2022, respectively. Our value-added services mainly to property developers recorded a growth since 2020, the proportion of revenue contributed from which increased from approximately 14.4% in 2020 and further to approximately 19.0% in 2022, as a result of our continuous effort to promote our value-added services mainly to property developers, particularly our sales office management services. The following table sets forth a breakdown of our revenue by business line and by paying customers for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Property management services	**183,231**	**79.5**	**205,190**	**69.4**	**223,593**	**69.9**
– Remaining Group	37,758	16.3	33,996	11.5	32,867	10.2
– Joint ventures and associates of the Remaining Group	–	–	–	–	–	–
– Independent third–party customers	145,473	63.2	171,194	57.9	190,726	59.7
Value-added services mainly to property developers	**33,286**	**14.4**	**59,193**	**20.0**	**60,729**	**19.0**
– Remaining Group	27,840	12.1	43,455	14.7	47,862	14.9
– Joint ventures and associates of the Remaining Group	4,190	1.8	9,241	3.1	5,957	1.9
– Independent third–party customers	1,256	0.5	6,497	2.2	6,910	2.2
By service type						
(i) Sales office management services	**25,334**	**10.9**	**54,369**	**18.4**	**55,046**	**17.2**
– Remaining Group	20,090	8.7	38,888	13.2	43,010	13.4
– Joint ventures and associates of the Remaining Group	3,988	1.7	8,984	3.0	5,126	1.6
– Independent third–party customers	1,256	0.5	6,497	2.2	6,910	2.2
(ii) Preliminary planning and design consultancy services	**6,162**	**2.7**	**3,536**	**1.2**	**4,546**	**1.4**
– Remaining Group	5,960	2.6	3,279	1.1	3,970	1.2
– Joint ventures and associates of the Remaining Group	202	0.1	257	0.1	576	0.2
– Independent third–party customers	–	–	–	–	–	–

	For the year ended December 31,					
	2020		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
(iii) Pre–delivery inspection services	**1,790**	**0.8**	**1,288**	**0.4**	**1,137**	**0.4**
– Remaining Group	1,790	0.8	1,288	0.4	882	0.3
– Joint ventures and associates of the Remaining Group	–	–	–	–	255	0.1
– Independent third–party customers	–	–	–	–	–	–
Community value–added services	**14,178**	**6.1**	**31,311**	**10.6**	**35,413**	**11.1**
– Remaining Group	3,208	1.4	17,212	5.8	23,132	7.2
– Joint ventures and associates of the Remaining Group	–	–	–	–	–	–
– Independent third–party customers	10,970	4.7	14,099	4.8	12,281	3.9
By service type						
(i) Common area management services	**9,489**	**4.1**	**10,632**	**3.6**	**11,095**	**3.5**
– Remaining Group	–	–	–	–	–	–
– Joint ventures and associates of the Remaining Group	–	–	–	–	–	–
– Independent third–party customers	9,489	4.1	10,632	3.6	11,095	3.5
(ii) Renovation waste disposal services	**1,481**	**0.6**	**3,467**	**1.2**	**1,186**	**0.4**
– Remaining Group	–	–	–	–	–	–
– Joint ventures and associates of the Remaining Group	–	–	–	–	–	–
– Independent third–party customers	1,481	0.6	3,467	1.2	1,186	0.4
(iii) Car parking space sales agency services	**3,208**	**1.4**	**17,212**	**5.8**	**23,132**	**7.2**
– Remaining Group	3,208	1.4	17,212	5.8	23,132	7.2
– Joint ventures and associates of the Remaining Group	–	–	–	–	–	–
– Independent third–party customers	–	–	–	–	–	–
Total	**230,695**	**100.0**	**295,694**	**100.0**	**319,735**	**100.0**

Property Management Services

During the Track Record Period, a vast majority of the properties under our management were developed by the Remaining Group. The following table sets forth a breakdown of our total GFA under management and the number of projects that were in operation as of the dates indicated and revenue from property management services for the years indicated by type of property developer:

	As of or for the year ended December 31,														
	2020					2021					2022				
	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)*	*(%)*	
Remaining Group[1]	**5,987**	**55.3**	**139,529**	**76.1**	**34**	**6,579**	**55.7**	**148,775**	**72.5**	**38**	**6,835**	**53.3**	**159,917**	**71.5**	**41**
Residential properties	5,279	48.8	91,911	50.1	27	5,851	49.5	103,877	50.6	29	6,107	47.6	110,849	49.6	32
Non-residential properties	708	6.5	47,618	26.0	7	728	6.2	44,898	21.9	9	728	5.7	49,068	21.9	9
Joint ventures and associates of the Remaining Group[2]	–	–	–	–	–	–	–	–	–	–	**90**	**0.7**	–	–	**1**
Residential properties	–	–	–	–	–	–	–	–	–	–	90	0.7	–	–	1
Independent third-party property developers[3]	**4,830**	**44.7**	**43,702**	**23.9**	**39**	**5,239**	**44.3**	**56,415**	**27.5**	**36**	**5,907**	**46.0**	**63,676**	**28.5**	**53**
Residential properties	4,299	39.7	37,355	20.4	28	4,864	41.1	50,697	24.7	31	5,086	39.6	52,619	23.6	37
Non-residential properties	531	5.0	6,347	3.5	11	375	3.2	5,718	2.8	5	821	6.4	11,057	4.9	16
Total	**10,817**	**100.0**	**183,231**	**100.0**	**73**	**11,818**	**100.0**	**205,190**	**100.0**	**74**	**12,832**	**100.0**	**223,593**	**100.0**	**95**

Notes:

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

(2) Refer to properties jointly developed by the Remaining Group and independent third-party property developers where the Remaining Group did not hold a controlling interest in such properties. In late December 2022, we commenced to provide property management services to one property developed by joint ventures or associates of the Remaining Group, given we have only generated property management income since January 2023 according to the relevant property management agreement, no revenue was record for the year ended December 31, 2022.

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

The following table sets forth a breakdown of our overall monthly average property management fee per sq.m. of properties under our management (excluding package price projects) by type of property developer for the years indicated:

	For the year ended December 31,		
	2020	2021	2022
	(RMB per sq.m. per month)		
Overall	**1.43**	**1.44**	**1.44**
– Remaining Group[1]	1.92	1.85	1.90
– Independent third-party property developers[2]	0.76	0.90	0.88

Notes:

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

(2) Refer to properties solely developed by independent third-party property developers.

During the Track Record Period, our monthly average property management fees per sq.m. for property management services provided to properties developed by the Remaining Group were generally higher than those developed by independent third-party property developers, primarily because of the following reasons:

(i) a larger portion of properties developed by the Remaining Group of the total GFA under management were primarily located in more economically developed areas in the Yangtze River Delta Region, including second-tier cities such as Hangzhou and Hefei, as compared to those developed by independent third-party property developers, which covered less economically developed area such as a county-level city in Hangzhou. In particular, as of December 31, 2020, 2021 and 2022, approximately 22.8%, 21.9% and 17.4%, respectively, of the GFA under management of properties developed by independent third-party property developers were located in the aforementioned county-level city in Hangzhou. According to CIA, the average property management fee for property management services provided to properties located in Hangzhou is generally higher than those located in its county-level regions given the differences in their economic foundation and level of development;

(ii) the properties developed by the Remaining Group covered (a) commercial properties located in Hangzhou, which charged a relatively higher property management fee compared to residential properties; (b) as well as higher class residential properties including villas, which we usually charge a higher property management fee given the higher service standards and requirements required from the customers. In addition, we also managed certain government-supported houses, public rental and low-rent properties, which generally had less demanding service standards and requirements, and were all developed by independent third-party property developers and primarily located in cities below second-tier cities. Property management companies shall be able to charge a higher property management fee depending on the quality of service to be provided; and

(iii) a larger portion of residential properties developed by independent third-party property developers were generally older properties, and we normally charge a lower property management fee for such properties. Generally, property management fees charged for newly developed residential properties are generally higher than those older residential properties.

Value-added Services Mainly to Property Developers

The following table sets forth a breakdown of our revenue from value-added services mainly to property developers by service type for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Sales office management services	25,334	76.1	54,369	91.9	55,046	90.6
Preliminary planning and design consultancy services	6,162	18.5	3,536	5.9	4,546	7.5
Pre-delivery inspection services	1,790	5.4	1,288	2.2	1,137	1.9
Total	**33,286**	**100.0**	**59,193**	**100.0**	**60,729**	**100.0**

During the Track Record Period, our revenue from value-added services mainly to property developers increased from approximately RMB33.3 million in 2020 to RMB59.2 million in 2021, and further increased to RMB60.7 million in 2022. The significant increase in the revenue under this business line during 2021 was primarily due to the increase in revenue from sales office management services as a result of the increase in the number of sales office management projects that we obtained from the Remaining Group, its joint ventures and associates and independent third-party property developers. As of December 31, 2020, 2021 and 2022, we managed 19, 26 and 29 sales office management projects which were obtained from the Remaining Group or its joint ventures and associates, and one, four and four sales office management projects from independent third-party property developers, respectively. For more details, see "Business—Our Business Model— Value-added Services Mainly to Property Developers" and "Financial Information—Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income Items—Revenue" in this document.

Community Value-added Services

The following table sets forth a breakdown of our revenue from community value-added services by service type for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Common area management services	9,489	66.9	10,632	33.9	11,095	31.3
Renovation waste disposal services	1,481	10.5	3,467	11.1	1,186	3.3
Car parking space sales agency services	3,208	22.6	17,212	55.0	23,132	65.4
Total	**14,178**	**100.0**	**31,311**	**100.0**	**35,413**	**100.0**

During the Track Record Period, our revenue from community value-added services increased from approximately RMB14.2 million in 2020 to RMB31.3 million in 2021, and further increased to RMB35.4 million in 2022. The increase in 2021 was mainly due to our continued expansion of our car parking space sales agency services. The increase in 2022 was mainly because the Remaining Group appointed us to provide car parking space sales agency services to more properties developed by the Remaining Group. For more details, see "Financial Information — Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income Items — Revenue" in this document.

OUR CUSTOMERS AND SUPPLIERS

In 2020, 2021 and 2022, revenue generated from sales to our five largest customers amounted to approximately RMB80.4 million, RMB114.3 million and RMB120.5 million, respectively, accounting for approximately 34.8%, 38.7% and 37.6%, respectively, of our total revenue. During the same period, revenue derived from sales to our single largest customer, the Remaining Group and its joint ventures and associates, amounted to approximately RMB73.0 million, RMB103.9 million and RMB109.8 million, respectively, accounting for approximately 31.6%, 35.1% and 34.3% of our total revenue, respectively. See "Business—Customers" in this document for details.

In 2020, 2021 and 2022, purchases from our five largest suppliers amounted to approximately RMB7.5 million, RMB8.9 million and RMB9.3 million, respectively, accounting for approximately 5.1%, 4.8% and 4.6%, respectively, of our total cost of sales for the same years. In each year during the Track Record Period, purchases from our largest supplier amounted to approximately RMB2.4 million, RMB2.5 million and RMB3.9 million, respectively, accounting for approximately 1.6%, 1.3% and 1.9% of our total cost of sales, respectively. See "Business—Suppliers" in this document for details.

OUR COMPETITIVE STRENGTHS

We believe that our success is primarily due to the following competitive strengths: (i) an integrated property management service provider deeply rooted in Zhejiang province and the Yangtze River Delta Region, with strategic presence in other key cities; (ii) diversified service offerings and revenue streams balanced our business development and significantly improved our profit level; (iii) benefitting from the long-term support of the Remaining Group whilst expanding our reach to independent third-party customers; (iv) excellent management and services at the core of our competitive strengths; and (v) the combination of seasoned and professional management team and human resources policies cultivated outstanding workforce.

OUR BUSINESS STRATEGIES

We intend to implement the following strategies: (i) deepen our strategic layout of "Deeply Cultivated in Zhejiang Province, Expand across the Yangtze River Delta Region and Present in Key Cities in the PRC", further expand our property management business and increase our market share; (ii) expand external projects portfolio through strategic acquisitions and investments, as well as tender and bidding; (iii) increase our investment in intelligent technologies and facilities to bolster the development of communities across the projects we manage and optimize our business model; (iv) continue to improve our service quality, expand and diversify our community value-added services to cater for the needs of our customers and to increase our revenue streams; and (v) continue to attract, recruit, cultivate and retain talents to support our business growth.

SUMMARY OF KEY FINANCIAL INFORMATION

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

Selected Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income

	For the year ended December 31,		
	2020	2021	2022
		(RMB'000)	
Revenue	230,695	295,694	319,735
Cost of sales	(143,894)	(184,589)	(203,397)
Gross profit	86,801	111,105	116,338
Other income	5,390	1,810	2,155
Administrative expenses	(26,498)	(56,072)	(47,573)
Impairment losses on financial assets, net	(2,500)	(333)	(2,660)
Profit before tax	63,193	56,510	68,260
Income tax expenses	(16,144)	(14,720)	(17,325)
Profit and total comprehensive income for the year	47,049	41,790	50,935
Attributable to:			
– Owners of our Company	36,535	38,991	50,817
– Non-controlling interests	10,514	2,799	118
	47,049	41,790	50,935

Profit and total comprehensive income for the year

Our net profit were approximately RMB47.0 million, RMB41.8 million, and RMB50.9 million for the three years ended December 31, 2022, respectively. The decrease in our net profit for 2021 was mainly due to an amount of approximately RMB**[REDACTED] [REDACTED]** was recorded during 2021 and we had only recognized an amount of approximately RMB**[REDACTED] [REDACTED]** in 2020. The increase in our net profit in 2022 as compared to 2021 was mainly due to the increase in revenue in our property management services and car parking space sales agency services during 2022.

Revenue from property management services

During the Track Record Period, we generated a majority of our revenue from our property management services, which contributed approximately 79.5%, 69.4%, and 69.9% of our total revenue in 2020, 2021 and 2022, respectively. Our property management services principally cover various cities in the Yangtze River Delta Region, in particular, approximately 95.9%, 92.1%, and 89.1% of our property management services revenue are generated in Hangzhou, Huaibei and Ningbo for the years ended December 31, 2020, 2021 and 2022, respectively. Our revenue from property management services increased during the Track Record Period, primarily driven by (i) an overall increase in our total GFA under management as a result of our effort to secure more property management projects from approximately 10.8 million sq.m. as of December 31, 2020 to approximately 12.8 million sq.m. as of December 31, 2022, and (ii) an overall increase in our overall monthly average property management fee from RMB1.43 per sq.m. in 2020 to RMB1.44 per sq.m. in 2022. During the Track Record Period, majority of the GFA under our management were from the Remaining Group, which comprises the Remaining Zhong An Group and the CNC Group. In 2020, 2021 and 2022, revenue from providing property management services to properties developed by the Remaining Group amounted to approximately RMB139.5 million, RMB148.8 million, and RMB159.9 million, accounting for approximately 76.1%, 72.5%, and 71.5% of our total revenue derived from property management services, respectively.

Revenue from value-added services mainly to property developers

During the Track Record Period, we also generated revenue from value-added services mainly to property developers including (i) sales office management services; (ii) preliminary planning and design consultancy services; and (iii) pre-delivery inspection services. The revenue generated from our value-added services mainly to property developers business line was approximately 14.4%, 20.0%, and 19.0% of our total revenue in 2020, 2021 and 2022, respectively. Such increase was mainly due to the increase in revenue from sales office management services during the Track Record Period given the number of sales office management projects that we obtained has increased, as of December 31, 2020, 2021 and 2022, we managed 19, 26 and 29 sales office management projects which were obtained from the Remaining Group or its joint ventures and associates and one, four and four sales office management projects from independent third-party property developers, respectively.

Revenue from community value-added services

We also generated revenue from community value-added services including (i) common area management services; (ii) renovation waste disposal services; and (iii) car parking space sales agency services. The revenue generated from our community value-added services business line was approximately 6.1%, 10.6%, and 11.1% of our total revenue in 2020, 2021 and 2022, respectively. In 2020, 2021 and 2022, the increase was mainly due to the car parking space sales agency services to the Remaining Group, which is a new service where we assist property developer to sell and purchasers to purchase car parking spaces in certain property projects we managed or under our management during the respective years. For more details, see "Financial Information—Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income Items—Revenue" in this document.

Gross profit and gross profit margin

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

	For the year ended December 31,					
	2020		2021		2022	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Property management services	66,076	36.1	71,105	34.7	74,217	33.2
Value-added services mainly to property developers	14,197	42.7	25,431	43.0	25,326	41.7
Community value-added services	6,528	46.0	14,569	46.5	16,795	47.4
Total/Overall	**86,801**	**37.6**	**111,105**	**37.6**	**116,338**	**36.4**

In 2020, 2021 and 2022, our overall gross profit margin was approximately 37.6%, 37.6%, and 36.4%, 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. Generally, the gross profit margins for our value-added services mainly to property developers and our community value-added services were relatively higher than that of the property management services, which were relatively more labor-intensive in nature. The change of the overall gross profit margin during the Track Record Period was primarily due to the combined effect of (i) change in monthly average property management fee of our properties under management; (ii) the expansion of our value-added services mainly to property developers; (iii) steady growth of our community value-added services; and (iv) our successful implementation of cost-control measures. For more details, see "Financial information—Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income Items—Gross Profit and Gross Profit Margin" in this document.

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

	For the year ended December 31,					
	2020		2021		2022	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Remaining Group[(1)]	**69,504**	**39.0**	**84,053**	**38.1**	**89,637**	**37.0**
Residential	48,786	38.3	63,338	37.8	68,849	37.4
Non-residential	20,718	40.7	20,715	39.1	20,788	35.8
Joint ventures and associates of the Remaining Group[(2)]	**1,553**	**37.1**	**3,906**	**42.3**	**1,967**	**39.6**
Residential	1,553	37.1	3,906	42.3	1,967	39.6
Non-residential	–	–	–	–	–	–
Independent third–party property developers[(3)]	**15,744**	**32.6**	**23,146**	**35.1**	**24,734**	**34.0**
Residential	14,348	34.2	21,388	35.9	20,420	34.3
Non-residential	1,396	22.0	1,758	27.1	4,314	32.5
Total	**86,801**	**37.6**	**111,105**	**37.6**	**116,338**	**36.4**

Notes:

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

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

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

Given we generated a significant portion of our revenue from our property management services, our gross profit margin was largely affected by the average property management fees we charged on our customers. Generally, our gross profit margin for property management services for properties developed by the Remaining Group was slightly higher than the properties developed by joint ventures and associates of the Remaining Group or independent third–party property developers. This is primarily due to (i) a larger portion of properties developed by the Remaining Group (in terms of total GFA under management) were primarily located in more economically developed areas in the Yangtze River Delta Region, including second-tier cities such as Hangzhou and Hefei, as compared to those developed by independent third-party property developers, which covered less economically developed area such as a county-level city in Hangzhou; (ii) the properties developed by the Remaining Group covered (a) commercial properties located in Hangzhou, which we charged a relatively higher property management fee compared to residential properties; (b) as well as higher class residential properties including villas, which we usually charge a higher property management fee given the higher service standards and requirements required. In addition, we managed certain government-supported houses, public rental and low-rent properties developed by independent third-party property developers, which generally require lower service standards and requirements primarily located in cities below second-tier cities; and (iii) a larger portion of residential properties developed by independent third-party property developers were generally older properties, which we normally charge a lower property management fee for such properties. Therefore, we typically charge a comparatively lower monthly average property management fee and received a lower gross profit margin for properties developed by independent third-party property developers due to the location, type and characteristics of the relevant properties.

Our gross profit margin for property management services of the Remaining Group in 2020, 2021 and 2022 was approximately 37.5%, 34.9%, and 33.5%, respectively, and our gross profit margin for independent third-party property developers was approximately 31.5%, 34.1%, and 32.4%, respectively, for the same period. Meanwhile, as of December 31, 2020, 2021 and 2022, the contribution of our total GFA under management from the Remaining Group and its joint ventures and associates was approximately 55.3%, 55.7%, and 54.0%, and the contribution of our total GFA under management from independent third-party property developers was approximately 44.7%, 44.3%, and 46.0%.

Between 2020 and 2021, we recorded a decrease in the gross profit margin for our property management services from approximately 36.1% to 34.7%. For the gross profit margin from our Remaining Group, the relevant gross profit margin decreased from approximately 37.5% to 34.9%, where the relevant gross profit margin from independent third–party property developers recorded an increase from 31.5% to 34.1%. During 2021, we had furthered optimized our property management service portfolio by ceasing our service to one residential project and seven non-residential projects developed by independent third-party property developers, which we had been charging a lower property management fee; and reallocating our resources to provide property management services to (i) two new residential projects located in Lishui and Jinhua; and (ii) one new non-residential project located in Hangzhou with higher monthly property management fee developed by the Remaining Group. Our number of properties under management increased from 73 projects as of December 31, 2020 to 74 projects as of December 31, 2021. Our GFA under management increased from approximately 10.8 million sq.m. as of December 31, 2020 to approximately 11.8 million sq.m. as of December 31, 2021. Furthermore, we manage a total of 60 residential properties projects and 14 non-residential properties projects as of December 31, 2021.

For 2021 and 2022, our gross profit margin for our property management services remained stable between approximately 34.7% to 33.2%.

The following table sets forth a breakdown of our gross profit and gross profit margin by city tier and type of property for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
First-tier cities[1]	**–**	**–**	**338**	**44.6**	**960**	**44.6**
Residential	–	–	–	–	–	–
Non-residential	–	–	338	44.6	960	44.6
Second-tier cities[1]	**67,900**	**36.3**	**78,619**	**36.4**	**78,458**	**35.1**
Residential	45,993	35.1	56,662	35.8	56,119	35.1
Non-residential	21,907	39.2	21,957	38.1	22,339	35.3
Third-tier cities[1]	**4,293**	**41.1**	**7,517**	**42.4**	**11,981**	**40.2**
Residential	4,293	41.1	7,517	42.4	11,424	40.7
Non-residential	–	–	–	–	557	32.1
Other cities[1]	**14,608**	**43.7**	**24,631**	**40.1**	**24,939**	**38.6**
Residential	14,401	44.8	24,454	40.6	23,694	39.3
Non-residential	207	15.5	177	15.9	1,245	29.4
Total	**86,801**	**37.6**	**111,105**	**37.6**	**116,338**	**36.4**

Note:

(1) For the purpose of this table, "first-tier cities" includes Guangzhou; "second-tier cities" includes Hangzhou, Ningbo, Hefei, Kunming, Nanchang, Nanjing, Qingdao and Wuhan; "third-tier cities" includes Jinhua, Wenzhou and Wuxi; and "other cities" includes Lishui, Huzhou, Taizhou, Zhoushan, Quzhou, Chuzhou and Huaibei.

Generally, our gross profit margin for projects located in second-tier cities and other cities are similar. For the fluctuation of the gross profit margin in this regard, See "Financial Information – Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income Items – Gross Profit and Gross Profit Margin" in this document for details.

Selected Items of Consolidated Statement of Financial Position

	As of December 31,		
	2020	2021	2022
		(RMB '000)	
Non-current assets	4,476	6,631	6,912
Current assets	255,029	134,035	191,120
Non-current liabilities	–	–	–
Current liabilities.	112,586	98,335	104,766
Net current assets	142,443	35,700	86,354
Reserves	118,084	40,680	91,497
Non-controlling interests	28,835	1,651	1,769
Net assets	146,919	42,331	93,266

As of December 31, 2021, our net current assets decreased by approximately RMB106.7 million to approximately RMB35.7 million, mainly due to (i) decrease in cash and cash equivalents by RMB81.0 million with the settlement of the consideration related with our acquisition of the entire equity interest of Zhejiang Runzhou, Yuyao Zhongli and Hangzhou Zhonghong as deemed distribution and part of the Reorganization; (ii) decrease in amount due from related companies by RMB57.0 million as we have adopted measures to expedite the recovery of our receivables from our related companies, partially offset by (i) decrease in other payables, deposits received and accruals by RMB10.3 million due to the return of decoration deposits and the decrease of bonus as decided by our management; (ii) increase in trade receivables by approximately RMB6.6 million, which was in line with our continuous expansion of our business scale; and (iii) increase in prepayment, other receivables and other assets by RMB10.5 million mainly due to the increase in prepayments to suppliers for utilities resulting from the increase in number of properties under our management.

As of December 31, 2022, our net current assets increased by approximately RMB35.7 million to approximately RMB86.4 million, mainly due to (i) the increase in trade receivables by RMB32.8 million contributed by our operation; (ii) increase in prepayment, other receivables and other assets by RMB23.8 million mainly due to the increase in prepayments to suppliers for utilities resulting from the increase in number of properties under our management, partially offset by (i) increase in tax payable of RMB8.2 million in connection with our operation; and (ii) an increase in other payables, deposits received and accruals of RMB4.5 million as we have received additional retention deposits from property owners and decoration deposits resulting from the increase in number of properties under our management.

Our Group's non-current assets represented mainly the fixed assets used in our headquarters and the management centers in our properties under management, and the relevant amounts remained relatively stable during the Track Record Period. During the Track Record Period, the change of our Group's equity reflected the capital accumulation resulted from our operation and the decrease of our equity as of December 31, 2021 was mainly due to the settlement of the consideration related with our acquisition of Zhejiang Runzhou, Yuyao

Zhongli, Hangzhou Zhonghong and Zhong An Management and its subsidiaries (excluding Ningbo Zhongan as it was established after completion of the acquisition) as deemed distribution and part of the Reorganization.

For more details, see "Financial Information—Current Assets and Current Liabilities" in this document.

Our total equity increased from approximately RMB99.9 million as of January 1, 2020 to RMB146.9 million as December 31, 2020, mainly due to profit for the year of RMB47.0 million. Our total equity decreased from approximately RMB146.9 million as of January 1, 2021 to RMB42.3 million as December 31, 2021, mainly due to (i) profit for the year of RMB41.8 million; and (ii) capital contribution from the then shareholder of a company now comprising the Group of RMB90.0 million, offset by (i) dividends declared by companies now comprising the Group to their then shareholders of RMB35.0 million; and (ii) deemed distribution arising from Reorganization of RMB201.4 million. Our total equity increased from approximately RMB42.3 million as of January 1, 2022 to RMB93.3 million as December 31, 2022, mainly due to profit for the year of RMB50.9 million.

Selected Items of Consolidated Statements of Cash Flows

	For the year ended December 31,		
	2020	**2021**	**2022**
		(RMB'000)	
Net cash flows from/(used in) operating activities	91,189	28,175	(3,300)
Net cash flows (used in)/from investing activities	(17,133)	41,948	(344)
Net cash flows (used in) financing activities	–	(151,117)	(1,857)
Net increase/(decrease) in cash and cash equivalents	74,056	(80,994)	(5,501)
Cash and cash equivalents as of the beginning of year	57,163	131,219	50,225
Cash and cash equivalents as of the end of year	131,129	50,225	44,724

For 2022, we recorded net operating cash outflow of appropriately RMB3.3 million. This is primarily attributable to (i) increase in trade receivables generated from our business operation; and (ii) increase in prepayments to suppliers for utilities resulting from the increase in number of properties under our management.

To avoid negative net cash flow from operating activities and to narrow down the gap between trade receivables and prepayments in the future, we will exert more efforts in asking the owner to prepay or settle in advance the relevant utilities payment. Further, we will enhance our internal credit risk management, including but not limited to increase our magnitude to remind our customers for due payment through various channels such as phone calls, WeChat message, text messages and emails on bi-weekly basis; closely monitor the status of collection on a monthly basis; and consider to appoint debt collector or collection expert to take proactive measures to ask our customers to settle long-term uncollected receivable that are past due for over six months to improve our cash flow position. We expect these measures will avoid negative net cash flow from operating activities in the forthcoming years.

For more details, see "Financial Information—Liquidity and Capital Resources—Cash Flow" in this document.

Summary of Key Financial Ratios

	As of or for the year ended December 31,		
	2020	**2021**	**2022**
Current ratio (times)	2.27	1.36	1.82
Quick ratio (times)	2.26	1.36	1.82
Return on total assets (%)	21.9	20.9	30.1
Return on equity (%)	38.1	44.2	75.1

Our current ratio as of December 31, 2020, 2021 and 2022 was approximately 2.27, 1.36 and 1.82, respectively, and our quick ratio as of those dates was approximately 2.26, 1.36 and 1.82, respectively. The decrease in current ratio and quick ratio from December 31, 2020 to December 31, 2021 was primarily due to the significant decrease in our current assets. The decrease in our current assets was mainly due to the decrease in the amount of cash and cash equivalents and amount due from related companies as a result of their settlement. Our current ratio and quick ratio increased from December 31, 2021 to December 31, 2022 was mainly due to the increase in our current assets outweighed the increase in our current liabilities. The increase in our current assets was mainly driven by the increase in our trade receivables in relation to our operation.

Our return on total assets has increased during the Track Record Period from approximately 21.9% in 2020 to 30.1% in 2022, which was mainly due to (i) the continuous improvement in our gross profit margin and the expansion of our business scale; and (ii) increase in net profit by broadening our services offering to property developers and property owners.

Our return on equity in 2020, 2021 and 2022 was approximately 38.1%, 44.2 and 75.1%, respectively. The general increase in return on equity during the Track Record Period was primarily due to the continuous improvement of our profit for the year through broadening our services offering to property developers and property owners.

For more details, see "Financial Information—Summary of Key Financial Ratios" in this document.

CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

Immediately upon completion of the **[REDACTED]** and the **[REDACTED]** and without taking into account any Shares which may be issued pursuant to the exercise of the **[REDACTED]**, Zhong An BVI will hold **[REDACTED]**% of the issued share capital of our Company. Zhong An BVI is directly wholly-owned by Zhong An. Zhong An is owned as to approximately 57.89% by Whole Good, which is directly wholly-owned by Mr. Shi. Hence, Mr. Shi, Whole Good, Zhong An and Zhong An BVI will be our Controlling Shareholders under the Listing Rules. See "Relationship with Controlling Shareholders" in this document for details. Our **[REDACTED]** will constitute a **[REDACTED]** from Zhong An, our Controlling Shareholder. The board of directors of Zhong An considers that the **[REDACTED]** is in the interests of Zhong An and its shareholders taken as a whole as the **[REDACTED]** is expected to create greater value for them. The **[REDACTED]** is not subject to the Zhong An Shareholders' approval. For more information, see "History, Reorganization and Corporate Structure—Reasons for the **[REDACTED]**" in this document.

We have a well-established and ongoing business relationship with the Remaining Group. We have been providing property management services to the Remaining Group for over 24 years since 1998. The business relationship between the Remaining Group and us is common among PRC property management companies and their parent group companies and has been mutually beneficial and complementary. During the years ended December 31, 2020, 2021 and 2022, properties developed by the Remaining Group and its joint ventures and associates accounted for approximately 55.3%, 55.7% and 54.0% of the total GFA under management for the corresponding years, respectively; and revenue generated from property management services in these properties accounted for approximately 76.1%, 72.5% and 71.5% of our total revenue generated from property management services for the corresponding years. Having considered the mutuality and complementarity of ongoing business between the Remaining Group and our Group, we consider that we have a competitive advantage that distinguishes us from our competitors and believe that our current relationship with the Remaining Group and our Group is unlikely to change adversely or be terminated.

Our Group has entered into a number of continuing transactions with our connected persons in our ordinary and usual course of business. Upon **[REDACTED]**, the transactions will constitute continuing connected transactions under Chapter 14A of the Listing Rules. See "Connected Transactions" in this document for details.

[REDACTED] STATISTICS

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

	Based on the [REDACTED] of HK$[REDACTED] per [REDACTED], after [REDACTED] of [REDACTED]	Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]
		HK$	HK$
[REDACTED] of our Shares	HK$**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Unaudited **[REDACTED]** adjusted consolidated net tangible assets value per Share(1)	HK$**[REDACTED]**	HK$**[REDACTED]**	HK$**[REDACTED]**

Note:

(1) The unaudited **[REDACTED]** adjusted consolidated net tangible assets value per Share is calculated after making the adjustments referred to in "Appendix II—Unaudited **[REDACTED]** Financial Information" in this document.

[REDACTED] AND [REDACTED]

The **[REDACTED]** will constitute a **[REDACTED]** of our Group from Zhong An Group. The **[REDACTED]** is not subject to approval of Zhong An Shareholders. In order to enable Zhong An Shareholders to participate in the **[REDACTED]** on a preferential basis as to allocation only, subject to the Stock Exchange granting approval for the **[REDACTED]** of, and permission to deal in, the Shares on the Main Board and such approval not having been withdrawn and the **[REDACTED]** becoming unconditional, **[REDACTED]** are being invited to apply for an aggregate of **[REDACTED]** **[REDACTED]** in the **[REDACTED]**, representing approximately **[REDACTED]**% and **[REDACTED]**% of the **[REDACTED]** initially available under the **[REDACTED]** and the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised), respectively, as an **[REDACTED]**. The **[REDACTED]** are being offered out of the **[REDACTED]** under the **[REDACTED]** and are not subject to **[REDACTED]** as described in "Structure of the **[REDACTED]**—The **[REDACTED]**—**[REDACTED]**" in this document. In the event the **[REDACTED]** is not exercised, the number of **[REDACTED]** will not change. See "Structure of the **[REDACTED]**—The **[REDACTED]**" in this document for further details.

DIVIDEND POLICY

During the Track Record Period, Zhejiang Runzhou, Yuyao Zhongli and Hangzhou Zhonghong declared approximately RMB35.0 million dividends to their respective then shareholders prior to the completion of the Reorganization during 2021. For details, see note 10 to the Accountants' Report in Appendix I to this document. Our Company has not declared or paid any dividends since the date of our incorporation . Our dividend policy, subject to compliance with the relevant laws of the Cayman Islands, is to distribute to our Shareholders no less than 25% of our distributable profits for any particular years after the **[REDACTED]**. Our Board has absolute discretion in determining whether to recommend a declaration of any dividend for any period, and the amount of dividend to be paid. In determining any dividend payment, our Board will evaluate our Group earnings, cash flow, financial condition, capital requirements, prevailing economic conditions and any other factors that our Directors deem relevant. There can be no assurance that dividends will be paid in any amount in the future, or at all.

[REDACTED]

We estimate that we will receive **[REDACTED]** of approximately HK$**[REDACTED]** from the **[REDACTED]**, after deducting **[REDACTED]** fees and commissions and estimated expenses payable by us in connection with the **[REDACTED]**, assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the proposed **[REDACTED]** range stated in this document). We intend to use such **[REDACTED]** from the **[REDACTED]** for the following purposes and in the amounts set forth below:

- approximately **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be used to acquire or invest in other small- and medium-sized property management companies that focus on residential or non-residential properties in the PRC. See "Risk Factors—Risks Relating to Our Business and Industry—Our future acquisitions may not be successful or materialized, and we may face difficulties in integrating acquired operations with our exiting operation" in this document for further discussion of the risk that we may not be able to materialize our plan to acquire or invest in other small- and medium-sized property management companies that focus on residential or non-residential properties in the PRC;

- approximately **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be used to invest and upgrade in hardware and software for the development of communities across the projects we manage; and

- approximately **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be used to enrich the service offerings, scale and efficiency of our community value-added services.

With respect to the implementation of our plan for strategic acquisitions and investments, our Directors are aware that many of the PRC property management companies listed on the Stock Exchange also have plans to use their net proceeds from their listing for strategic acquisitions and investments and have been trying to identify suitable targets in the market. As a result, we may not be able to materialize our plan to acquire or invest in other small- and medium-sized property management companies that focus on residential or non-residential properties in the PRC. See "Risk Factors—Risks Relating to Our Business and Industry—Our future acquisitions may not be successful or materialized, and we may face difficulties in integrating acquired operations with our exiting operation" in this document for further discussion of the related risk. Our goal is to acquire or invest in around **[REDACTED]** potential targets and we have formulated our criteria of the target company for our strategic acquisitions and investments, see "Future Plans and **[REDACTED]** —**[REDACTED]**—Plans for Strategic Acquisitions and Investments—Criteria for Strategic Acquisitions and Investments" in this document for further details. According to CIA, as of the Latest

Practicable Date, there are around 300, 100, 100 and 100 property management companies in the Yangtze River Delta Region, Eastern China region (except areas covered in the Yangtze River Delta Region), Central China region and South Western China region, respectively, which can fulfill our acquisitions and investment criteria of having a total GFA under management of not less than 1.0 million sq.m. and a total annual net profit of not less than RMB1.0 million for the most recent financial year. See "Industry Overview—Competition" in this document for further details. As such, our Directors believe that, despite the competition we face from other market players for quality target companies, there are sufficient number of suitable target companies available in the market for our strategic acquisitions and investments plan. If our future acquisition and investment plan cannot materialize, we will (i) continue identifying new acquisition or investment targets; (ii) continue obtaining engagements from new customers through improving our service quality and enhancing our brand recognition in order to expand our market share; (iii) continue maintaining our relationships with existing customers in order to secure new engagements; and (iv) procure to acquire new property management service agreements through participating in public tenders.

As of the Latest Practicable Date, we had not identified or committed to any acquisition targets for our use of **[REDACTED]** from the **[REDACTED]** and our Directors expect that our **[REDACTED]** ranging from HK$**[REDACTED]** to HK$**[REDACTED]** will be applied for the acquisition of each target company, such range is calculated by dividing the total **[REDACTED]** of HK$**[REDACTED]** for strategic acquisitions and investments by three and five, respectively, being the numbers of potential targets we plan to acquire or invest with our **[REDACTED]** from the **[REDACTED]**. In the event that the **[REDACTED]** received by our Company from the **[REDACTED]** are less than the capital expenditure needed, we intend to use our internal funds.

See "Future Plans and **[REDACTED]**—**[REDACTED]**" in this document for further details.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Recent Regulatory Development

The Regulatory Notice and Administration Notice

In order to promote a steady and healthy development of the real estate market and improve the service standards of the property management industry, the PRC Government has issued several new regulations on property management services recently such as 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 Administration Notice which was proposed to strengthen the administration of residential property management. For details of the Regulatory Notice and the Administration Notice, see "Regulatory Overview—Laws and Regulations on Data Security and Privacy" in this document.

With respect to the Regulatory Notice, our PRC Legal Advisor advised that the Regulatory Notice primarily refines or reiterates certain general requirements, but does not impose new compliance requirements on the property management service industries, and we have been in compliance with the relevant requirements of the Regulatory Notice that are applicable to property management services in all material respects since its implementation. We have also enhanced our internal control measures to ensure our ongoing compliance with the Regulatory Notice, which primarily include (i) providing on-the-job trainings and lectures to our employees regarding the requirements of the Regulatory Notice to ensure compliance of our daily operation; and (ii) designating legal staff to formulate internal guidelines and documentation. In addition, our Directors are of the view that the Regulatory Notice will unlikely result in any material adverse effect on either the Remaining Group or us, on the basis that (i) to the best of our Director's knowledge after consultation with the Remaining Group, since the promulgation of these policies and regulations and up to the Latest Practicable Date, (a) the Remaining Group has not experienced any delay in the commencement of property development and construction; and (b) no projects developed by the Remaining Group experienced delays in property completion and delivery during the period between January 1, 2021 and the Latest Practicable Date; (ii) to the best of our Director's knowledge after consultation with the Remaining Group, the Remaining Group has not experienced any material financial difficulties and does not expect a material delay of its property development plans in 2021 and 2022; (iii) even if there were a material delay in the delivery of properties from the Remaining 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; and (iv) we have been seeking to expand our cooperation with independent third-party property developers to reduce reliance on the Remaining Group, thereby reducing risks from the potential delay in delivery of properties from the Remaining Group to us.

The Regulatory Notice represents the PRC Government's continuous effort to regulate the PRC property management industry. CIA is of the view that (i) the regulations stipulated in the Regulatory Notice are not new to the property management service providers but rather a reiteration of the existing laws and regulations, and (ii) the Regulatory Notice benefits property management service providers such as our Group, which provides high-quality services with standardized operations in compliance with the relevant laws and regulations, and formulates standardized internal control policies to ensure ongoing compliance. Accordingly, CIA is of the view that the Regulatory Notice will not have a material adverse impact on our business and financial performance. For further details, see "Industry Overview—Market Drivers—Favorable Government Policies" in this document.

With respect to the Administration Notice, taking into account that (i) among the cities where our projects are located, the property management committee system introduced under the Administration Notice has officially been promulgated in certain cities only; and (ii) the property management committee would merely fulfill a property owners' association's and/or a general meeting of property owners' responsibilities primarily by overseeing the quality of property management service provision, renewing property management service agreements with existing service providers or selecting new ones according to the decisions of the property owners, 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 property management committee system requirement. Therefore, we expect that the Administration Notice will not have a material adverse effect on us.

The Administration Notice accelerates the development of the property management industry and promotes high-quality property management services. It emphasizes on enhancing different aspects of property management in the PRC which include, among other things, marketization of property management fees, promotion of the integration of online and offline services, and encouragement of property management service providers to adopt a business model that combines property services and community living services. Accordingly, CIA is of the view that the implementation of the Administrative Notice will be beneficial to the PRC property management industry as a whole by standardizing its development objectives covering property management scale and operations, service quality, development of intelligent property management and community value-added services, marketization of property management fees, and improvement in professional personnel management.

Based on the above and having made due and reasonable inquiries with the PRC Legal Advisor, our Directors are of the view, and the Joint Sponsors concur, that our property management service agreements, business operation, financial performance and prospects will not be materially and adversely affected by the Regulatory Notice or the Administration Notice. Nevertheless, we will remain susceptible to regulatory changes relating to the property development and property management industries in the PRC going forward. For more information, 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 "Risk Factors—Risks Relating to Our Business and Industry—We are affected by the PRC Government regulations on the PRC real estate industry" in this document.

The Individual Housing Loan Notice

On December 28, 2020, the PBOC and the CBIRC jointly issued the Individual Housing Loan Notice to strengthen financial institutions' stability against fluctuations in the real estate market and promote the healthy and steady development of the real estate market. Based on certain factors, including the asset size and institution type of banking entities, the PBOC and the CBIRC formulated 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 amount.

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 a smooth implementation of relevant policies and promote a steady and sound development of the real estate and financial markets. Banking institutions which exceed the caps specified under the Concentration Requirements should develop a scheme for business adjustments according to their actual conditions during the transition period. Banking institutions which satisfy the Concentration Requirements should carry out individual housing loan-related businesses in a prudent manner.

The Individual Housing Loan Notice primarily affects the PRC real estate industry, which the sale of properties by property developers may be adversely affected. As such, the Individual Housing Loan Notice is most likely to affect the transaction volume of the real estate industry 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. Accordingly, CIA is of the view that the Individual Housing Loan Notice will not affect the development plans of PRC property developers in the long term.

CIA is of the view that, the Individual Housing Loan Notice will not have a material adverse impact on the PRC property management industry as property management service providers typically (i) derive a considerable portion of revenue from their existing property projects under management, and (ii) procure new 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.

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, according to our PRC Legal Advisor, a control measure adopted by the PRC Government to strengthen financial institutions' stability against fluctuations in the real estate market and promote the healthy and steady development of the real estate market. The Individual Housing Loan Notice is enacted and implemented nationwide, therefore it is expected to have a nationwide effect across the PRC. Based on (i) the Directors' past observations of individual housing loan policy's impact on the operation of the Remaining Group and its joint venture and associates; and (ii) the consideration that even if delivery of contracted but undelivered properties 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, as confirmed by our Directors, and the Joint Sponsors and the PRC Legal Advisor concur that, it is likely that the Individual Housing Loan Notice would affect the transaction volume of residential properties developed by the Remaining Group or its joint venture and associates only in the short term, and would not have material adverse effect on the development plan or construction activities of the Remaining Group and its joint venture and associates in the long term, and in turn, the property management projects from the Remaining Group and its joint venture and associates. In addition to residential properties on which the Individual Housing Loan Notice mainly impact, our property management portfolio include non-residential properties such as commercial and office buildings, industrial parks, hospitals, schools and prison. We also offer a wide scope of value-added services mainly to property developers and property owners. As such, our Directors are of the view, and the Joint Sponsors and the PRC Legal Advisor concur, that the Individual Housing Loan Notice has no direct or indirect material adverse effect on the Remaining Group, its joint venture and associates or us. In any event, we will actively maintain sustainable growth through the expansion of existing property projects to mitigate the negative consequence, if any, caused by the Individual Housing Loan Notice.

The "Three Red-Line" Standards

In August 2020, according to certain news articles, the PBOC and the MOHURD plan to control the financing activities of property developers and the scale of interest-bearing debts of property developers in China by applying a newly proposed standard in the assessment of the debt burden of property developers, namely, the "Three Red-Line" standards. Pursuant to the "Three Red-Line" standards, (i) for property developers which comply with all the three limits, their size of interest-bearing liabilities shall increase by no more than 15% annually; (ii) for property developers which only comply with two of the three limits, their size of interest-bearing liabilities shall increase by no more than 10% annually; (iii) for property developers which only comply with one of the three limits, their size of interest-bearing liabilities shall increase by no more than 5% annually; and (iv) for property developers which fail to comply with any of the three limits, their size of interest-bearing liabilities shall not increase at all. As of the Latest Practicable Date, apart from the policy relaxation proposed in early 2022 and policy adjustment published in November 2022[(1)], no such new regulations had been officially proposed. See "Industry Overview—Market Drivers—The "Three Red-Line" Standards" in this document for details. The "Three Red-Line" standards may slow down the growth of the whole real estate sector in the PRC, affecting the expansion of property developers such as the Remaining Group and in turn imposing adverse effect on our growth.

The "Three Red-Line" standards primarily affects the PRC real estate industry, in particular for the property developers which have a relatively higher level of debts. The implementation of "Three Red-Line" standards makes it difficult for some property developers to achieve a quick and massive expansion through financial leverage, which in turn poses challenges to property management service providers which rely on the said property developers for source of projects.

Note:

(1) On November 11, 2022, the People's Bank of China and the China Banking and Insurance Regulatory Commission jointly issued the Notice on Improving the Steady and Healthy Development of the Real Estate Market Supported by Finance(《關於做好當前金融支持房地產市場平穩健康發展工作的通知》). A total of 16 specific measures were published to maintain reasonable and appropriate real estate financing, safeguard the legitimate rights and interests of consumers, and promote the steady and healthy development of the real estate market.

In early 2022, financial institutions in the PRC informed certain large-scale property developers that the "Three Red-Line" standards have been relaxed by excluding short-term loans obtained by property developers for the purpose of merger and acquisitions from the calculation of pro forma ratios. CIA is of the view that, if such policy relaxation becomes official, it would be beneficial to the upstream companies within the real estate industry in the short term and long term, including property developers and property construction companies in the PRC as a whole, in particular property developers which have good financial performance. In the short term, these property developers would be able to expand their businesses by acquiring projects from property developers that have financial difficulties. In the long term, as these property developers have healthy financial performance, they would be able to comply with the requirements under such policy relaxation while sustaining their market share or expanding by merger and acquisition. On the other hand, as property management service providers typically (i) derive a considerable portion of revenue from their existing property projects under management, and (ii) procure new 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, CIA is of the view that the "Three Red-Line" standards and the possible relaxation on such policy are not expected to create a significantly adverse impact on property management service providers in general.

Given that (i) most of the Remaining Group's (including both the Remaining Zhong An Group and the CNC Group)[(1)] relevant financial ratios as of December 31, 2022 did not exceed any of the aforementioned three red-line standards based on the annual results of the Remaining Group for the year ended December 31, 2022; (ii) the Group has generally been expanding its portfolio of property management services projects developed by independent third-party property developers during the Track Record Period, the GFA under management of which accounted for approximately 44.7%, 44.3% and 46.0% of our total GFA under management as of December 31, 2020, 2021 and 2022, respectively; (iii) a significant portion of our Group's revenue was generated from services provided to independent third-party customers, which accounted for at least 64.8% throughout the Track Record Period, and such proportion is expected to increase once the contracted but undelivered projects developed by

Note:

(1) Based on China New City's 2022 audited financial statements contained in its 2022 annual report, as of December 31, 2022, its interest-bearing bank and other borrowings repayable within one year was approximately RMB1,319,438,000 and its cash and cash equivalents was RMB948,087,000. Accordingly, its cash to short-term debt ratio was lower than 1.0 time as of the relevant date and therefore deviated from one of the three red-line standards. Furthermore (i) China New City recorded a loss for both years for 2021 and 2022 mainly due to the unstable epidemic, as well as temporary suspension of service or rental reductions caused by upgrades, renovation and alteration of its commercial properties, which led to a lower average occupancy rate of its properties, and (ii) Zhong An recorded a decrease in profit in the year of 2022 (compared against year of 2021) due to fluctuated economic environment in the PRC and the recurrent epidemics. Notwithstanding the above, to the best of our Director's knowledge after consultation with the management of Zhong An and China New City, given (i) there was no evidence to suggest Zhong An and China New City had experienced any material financial difficulties and does not expect a material delay of its property development plans in 2023; and (ii) Zhong An and China New City was able to generate stable revenues and cash flows as of the Latest Practicable Date, our Directors are of the view that it is unlikely that such deviation would have caused any material financial difficulties or impact to its financial performance and resulted into any material adverse effect to our business operations.

the Remaining Group or its joint ventures and associates as of December 31, 2022 have been delivered to independent third-party property purchasers; and (iv) as of the Latest Practicable Date, 98.2% of our trade-related receivables due from related parties as of December 31, 2022 had been subsequently settled, our Directors are of the view that the "Three Red-Line" standards will not have material adverse effect on our Group's business operation and financial performance in the event it officially comes into effect. Nevertheless, in the event that the Remaining Group or other independent third-party property developers are unable to obtain sufficient financing to support their expansion of business which results in a delay in the delivery of new properties to be managed by us, the growth of our GFA under management may be adversely affected.

According to recent news, certain property developers in the PRC experienced financial difficulties. To the best knowledge of our Directors, the property developers with which our Group had direct dealings during the Track Record Period had no material financial difficulties. In addition, to the best knowledge of our Directors after consulting the Remaining Group, the property developers with which the Remaining Group had relationships with during the Track Record Period, including but not limited to, investments, cooperation or financing arrangements, had no material financial difficulties. Based on the above, our Directors are of the view and the Joint Sponsors concur that it is unlikely that the recent financial difficulties experienced by certain PRC property developers will have a material adverse effect on our business operations or financial position.

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, 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 located in urban areas, and that the holders of land use rights and owners of such real estate shall pay 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 SCNPC. The Decision also authorizes the local governments of the pilot areas to formulate specific rules for its implementation.

According to the Decision, the real estate tax pilot program shall last for five years from the date on which the measures for the pilot program are officially issued by the State Council. 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. Only Shanghai and Chongqing had implemented the real estate tax on residential properties which meet certain criteria as of the Latest Practicable Date. The potential effect of the real estate tax in other cities, if implemented, remained uncertain. According to the National Bureau of Statistics of the PRC, the contracted sales volume and contracted GFA sold in Shanghai and Chongqing have been in alignment with the national trend since the implementation of real estate tax in the two cities mentioned above in 2011. CIA is of the view that, the effect of real estate tax on the property development markets of two cities mentioned above is limited, and that the consequential effect on the property management industries is relatively small. Based on our observations of the countries that have enacted real estate tax such as Germany and Singapore, and imposition of real estate tax generally lowers the reliance on property development and affects the volume of real estate transactions in the pilot cities in the short run only. In the long run, taking into consideration the property market development in Shanghai and Chongqing since the implementation of real estate tax as mentioned above, real estate tax shall not affect the supply and demand pattern of real estate, instead, it will facilitate a healthy and stable development of the real estate market and development of a healthy, orderly and high quality property management services market. The supply and demand pattern of real estate of a region should generally be affected by factors such as macro-economy, currency and credit policies, real estate policies, land supply and urbanization process of such region. As such, our Directors are of the view, and the Joint Sponsors and the PRC Legal Advisor concur, that there is no material adverse effect on the Remaining Group's or our business operations or financial performance. For more details, see "Business—Customers—Recent Regulatory Development" and "Risk Factors—Risks Relating to Our Business and Industry—We are affected by the PRC Government regulations on the PRC real estate industry" in this document.

In addition to the above, another PRC regulation which is relevant to real estate tax is the Provisional Regulations on Real Estate Tax promulgated by the State Council on September 15, 1986, came into effect on October 1, 1986, and amended on January 8, 2011, which is still in effect and implemented at the national level and has nationwide effect across the PRC as of the Latest Practicable Date. As advised by the PRC Legal Advisor, pursuant to the Provisional Regulations on Real Estate Tax, some types of property are exempt from such real estate tax, including non-commercial properties owned by individuals, and the relevant real estate tax shall be paid by the property owners. According to the Decision, non-residential real estate shall remain subject to the Provisional Regulations on Real Estate Tax and the Provisional Regulations of the PRC Governing Land Use Tax in Urban Areas (《中華人民共和國城镇土地使用税暫行條例》) (promulgated by the State Council on September 27, 1988 and came into effect on November 1, 1988, and then amended respectively on December 31, 2006, January 8, 2011, December 7, 2013 and March 2, 2019). As of the Latest Practicable Date, detailed measures for the real estate tax on residential real estate with nationwide effect had not yet been introduced. To the best knowledge of our Directors and having made all reasonable enquiries, during the Track Record Period and up to the Latest Practicable Date, the Remaining Group and the Group had complied with the Provisional Regulations on Real Estate Tax and were not subject to any governmental investigation or litigation with respect to claims or allegations in relation to the Provisional Regulations on Real Estate Tax.

There are several reasons for levying the real estate tax. As the main tax income of a local government, it is conducive to raise local fiscal revenue for better provision of basic social public services to local residents. As a property tax, real estate tax can adjust the fair distribution of wealth and promote common prosperity. Under the background of overheated domestic real estate market and rising housing prices, it is also conducive to stabilize and foster the healthy development of the real estate market through proper taxation. The pilot program of the real estate tax is expected to be carried out in various cities according to the new rules to be implemented. Based on the experience from the pilot program, the final laws and regulations relating to real estate tax will be enacted and implemented nationwide.

Regulations Relating to Overseas Listing

On February 17, 2023, the CSRC promulgated Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and relevant five guidelines, which became effective on March 31, 2023.

According to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. For the circumstances under which an overseas listing or offering is explicitly prohibited, see "Regulatory Overview—Laws and Regulations Relating to Property Management Services and Other Related Services—Overseas Listing".

The Overseas Listing Trial Measures also provides that if the issuer both meets the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as indirect overseas offering by PRC domestic companies: (i) 50% or more of any of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by domestic companies; and (ii) the main parts of the issuer's business activities are conducted in mainland China, or its main place(s) of business are located in mainland China, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their usual place(s) of residence located in mainland China. Where an issuer submits an application for initial public offering to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted. The Overseas Listing Trial Measures also requires subsequent reports to be filed with the CSRC on material events, such as change of control or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings. Given that (i) our domestic operating entities generated 100% of our total revenue as shown in our audited consolidated financial statements for the year ended December 31, 2022; (ii) most of our senior management are PRC citizens; and (iii) our business activities are mainly conducted in the PRC, the **[REDACTED]** falls within the scope of indirect overseas offering and listing by PRC domestic companies. Therefore, we are subject to the filing obligations as contemplated in the Overseas Listing Trial Measures.

On February 17, 2023, the CSRC also issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (關於境內企業境外發行上市備案管理安排的通知) (the "**Notice**"), which, among others, clarified that domestic companies that have obtained approval from overseas regulatory authorities or securities exchanges (for example, a contemplated offering and/ or listing in Hong Kong has passed the hearing of the Stock Exchange) for their indirect overseas offering and listing prior to the effective date of the Overseas Listing Trial Measures (i.e. March 31, 2023) but have not yet completed their indirect overseas issuance and listing, are granted a six-month transition period from March 31, 2023. Those who complete their overseas offering and listing within such six months are deemed as Existing Issuers (存量企業) and are not required to complete the overseas listing filing immediately, but shall complete filings as required if they conduct refinancing or are involved in other circumstances that require filing with the CSRC. Within such six-month transition period, however, if such domestic companies need to reapply for offering and listing procedures to the overseas regulatory authority or securities exchanges (such as requiring a new hearing of the Stock Exchange), or if they fail to complete their indirect overseas offering and listing, such domestic companies shall complete the filling procedures with the CSRC.

Given we have obtained the approval of the Stock Exchange for the **[REDACTED]** before **[REDACTED]** and based on the verbal communication with CSRC on **[REDACTED]**, our PRC Legal Advisor is of the view that we will not be required to complete the filing procedures with the CSRC for the **[REDACTED]**, if (i) we are not required to go through the hearing procedure with the Stock Exchange again, and (ii) we complete our **[REDACTED]** by **[REDACTED]**. However, if (i) we are required to go through the hearing procedure with the Stock Exchange again, or (ii) we fail to complete our **[REDACTED]** by **[REDACTED]**, our PRC Legal Advisor is of the view that we will be required to complete the filing procedures with the CSRC in connection with the **[REDACTED]**.

Biometric Regulatory Requirements

There has been increasing Biometric Regulatory Requirements imposed by local governments in different areas across the PRC, such as Hangzhou, to enhance the protection thereof. For further details, see "Regulatory Overview—Laws and Regulations on Data Security and Privacy" and "Industry Overview—Future Trends of the PRC Property Management Industry—Increasing Standardization and Adoption of Information Technology" in this document. According to the Biometric Regulatory Requirements, which was implemented in early 2022, property management service providers are prohibited to require property owners and/or residents at the property projects that they manage to use biometric authentication compulsorily. As advised by our PRC Legal Advisor, any biometric information can only be obtained from property owners and/or residents at the property projects that property management service providers manage for use of biometric authentication if (i) there is a specific purpose and sufficient necessity to do so, (ii) the property management service providers adhere to all national and regional laws and regulations regarding protection of personal information, privacy, data and cyber security, and (iii) separate consents have been obtained from biometric information providers, i.e. property owners and/or residents at the property projects that property management service providers manage. As we have fulfilled the abovementioned requirements, in particular, facial features or other biometric information of the residents are only registered on our biometric recognition system upon the receipt of their separate written consents according to our Group's policy, we have never required and will not require the residents to use biometric authentication compulsorily. Accordingly, our PRC Legal Advisor is of the view that our Group had complied with the requirements under the Biometric Regulatory Requirements in all material aspects during the Track Record Period and up to the Latest Practicable Date. Therefore, our Directors are of the view that we are not required to take further material action and incur additional material costs to comply with the Biometric Regulatory Requirements. Based on the above, our Directors are of the view that the implementation of the Biometric Regulatory Requirements will unlikely to result in any material adverse impact on our business operations and financial performance both in the short term and long term. For further details, see "Business—Customers—Recent Regulatory Development" in this document.

Recent Development of Our Business Operations

Our business continued to grow steadily. As of the Latest Practicable Date, we had a total contracted GFA of approximately 19.3 million sq.m. and our total GFA under management of approximately 12.9 million sq.m.. The number of properties that we were contracted to manage was 138 as of the Latest Practicable Date, and the number of properties that we managed increased from 95 as of December 31, 2022 to 96 as of the Latest Practicable Date.

Subsequent to the Track Record Period, we entered into one property management service agreement for one residential property located in Anhui province, with a total contracted GFA of approximately 0.3 million sq.m..

Subsequent to the Track Record Period, two residential projects developed by the independent third-party property developers located in Zhejiang province and Anhui province, respectively, had been delivered to us for management, with a total GFA under management of approximately 0.2 million sq.m..

During the corresponding period in 2022, we were contracted to manage eight property management service agreements, among which, we entered into two preliminary property management agreements with respect to two non-residential projects developed by the Remaining Group with a contracted GFA of approximately 0.1 million sq.m.; four property management service agreement with the property owner of four non-residential projects, with a contracted GFA of approximately 0.1 million sq.m.; and two property management service agreements, which were entered into with property owners' associations of two residential projects, with a total contracted GFA of approximately 0.05 million sq.m..

No Material Adverse Change

After due and careful consideration by our Directors and after performing sufficient due diligence work which our Directors consider appropriate, our Directors confirm that up to the date of this document, there has been no material adverse change in our financial or trading position since December 31, 2022 (being the date to which our Group's latest consolidated audited financial results were prepared), and there has been no events since December 31, 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.

[REDACTED]

The total **[REDACTED]** (including **[REDACTED]** commissions) for the **[REDACTED]** of the Shares are estimated to be RMB**[REDACTED]**, representing approximately **[REDACTED]**% of the gross **[REDACTED]** from the **[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the mid-point of the indicative **[REDACTED]** Range and assuming the **[REDACTED]** is not exercised), among which, approximately RMB**[REDACTED]** is directly attributable to the issuance of Shares and will be charged to equity upon completion of the **[REDACTED]**, approximately RMB**[REDACTED]** was charged to our consolidated statements of profit or loss and other comprehensive income for the year ended December 31, 2020, approximately RMB**[REDACTED]** was charged to our consolidated statements of profit or loss and other comprehensive income for the year ended December 31, 2021, approximately RMB**[REDACTED]** was charged to our consolidated statements of profit or loss and other comprehensive income for the year ended December 31, 2022, and approximately RMB**[REDACTED]** will be charged to our consolidated statements of profit or loss and other comprehensive income for the year ending December 31, 2023. The **[REDACTED]** for 2023 above are the latest practicable estimates and are provided for reference only and actual amounts may differ. Our Directors do not expect such **[REDACTED]** will have a material adverse impact on our financial results for the year ending December 31, 2023.

NON-COMPLIANCE

During the Track Record Period, we did not register for and/or make full contributions to social insurance and housing provident funds for certain employees. For further details, see "Business—Employees—Social Insurance and Housing Provident Fund Contributions" in 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 conducting business in China; and (iii) risks relating to the **[REDACTED]** and the **[REDACTED]**. Some of the risks generally associated with our business and industry include the following: (i) our reliance on the Remaining Group and our future growth may be affected by the prospect of the Remaining Group; (ii) our future growth may not materialize as planned; (iii) our profitability may fluctuate as we manage more properties developed by independent third-party property developers; (iv) we may be susceptible to any adverse development in government policies or business environment in the Yangtze River Delta Region; and (v) we generated all revenue from property management services on a lump-sum basis. We may be subject to losses if we fail to control our costs in rendering 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 in deciding whether to invest in our Shares.

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain technical terms are explained in "Glossary" in this document.

"Accounting and Financial Reporting Council"	the Accounting and Financial Reporting Council of Hong Kong
"affiliate(s)"	any other person(s), directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person(s)
"Anhui Zhongan Property"	Anhui Zhongan Property Management Co., Ltd. (安徽眾安物業管理有限公司), a company established in the PRC with limited liability on November 24, 2003 and an indirect wholly-owned subsidiary of our Company
"Articles" or "Articles of Association"	the amended and restated articles of association of our Company, conditionally adopted on December 14, 2021 to take effect on the **[REDACTED]**, and as amended from time to time a summary of which is set out in "Appendix III— Summary of the Constitution of our Company and Cayman Islands Company Law" to this document

[REDACTED]

"Board" or "Board of Directors"	the board of directors of the Company

"Bright (Hong Kong)"	Bright (Hong Kong) Hotels Management Limited (伯瑞特(香港)酒店管理有限公司), a company incorporated in Hong Kong with limited liability on September 15, 2014 and an indirect wholly-owned subsidiary of China New City
"business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
"BVI"	the British Virgin Islands

[REDACTED]

"Cayman Companies Act" or "Companies Act"	the Companies Act (as revised), Cap. 22 (Law 3 of 1961) of the Cayman Islands as amended or supplemented or otherwise modified from time to time

[REDACTED]

[REDACTED]

"China" or "PRC"	the People's Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires, references in this document to "China" and the "PRC" do not apply to Taiwan, Macau Special Administrative Region and Hong Kong

"China Merchants Securities"	China Merchants Securities (HK) Co., Limited, a licensed corporation to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) of the regulated activities under the SFO, being one of the Joint Sponsors, **[REDACTED]**, **[REDACTED]**, **[REDACTED]**, **[REDACTED]** and **[REDACTED]**
"China New City"	China New City Commercial Development Limited（中國新城市商業發展有限公司） (stock code: 1321), an exempted company incorporated in the Cayman Islands with limited liability on July 2, 2013, the shares of which are listed on the Main Board of the Stock Exchange, and as of the Latest Practicable Date was indirectly held as to 66.02% by Zhong An and directly held as to 1.56% by Whole Good
"CIA"	China Index Academy, our industry consultant and an Independent Third Party
"CIA Report"	an independent market research report prepared by CIA, which was commissioned by our Company for the purpose of this document
"CNC Controlling Shareholders"	the controlling shareholders (as defined under the Listing Rules) of China New City, including Mr. Shi, Whole Good, Zhong An and Ideal World
"CNC Group"	China New City and its subsidiaries
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (WUMP) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Zhong An Intelligent Living Service Limited (众安智慧生活服务有限公司), an exempted company with limited liability incorporated in the Cayman Islands on November 16, 2020

"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, collectively refers to Mr. Shi, Whole Good, Zhong An and Zhong An BVI, and each a "Controlling Shareholder"
"COVID-19"	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus 2
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the Chinese national securities markets
"Cyber security Review Measures (2021)"	Measures for Cyber security Review (《網絡安全審查辦法》), which was promulgated by the Ministry of Industry and Information Technology of China (中華人民共和國工業和信息化部), the Cyberspace Administration of China (國家互聯網信息辦公室) and certain authorities on April 13, 2020 and became effective on June 1, 2020, amended on December 28, 2021 and became effective on February 15, 2022
"Deed of Indemnity"	the deed of indemnity dated December 23, 2022 entered into by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of our present subsidiaries) to provide certain indemnities, particulars of which are set out in "Appendix IV—Statutory and General Information—D. Other Information—1. Tax and other Indemnities" to this document
"Deed of Non-Competition"	the deed of non-competition dated December 23, 2022 given by the Controlling Shareholders in favour of our Company (for itself and for benefit of each of the members of the Group) regarding the non-competition undertaking, particulars of which are set out in "Relationship with Controlling Shareholders" in this document
"Director(s)"	director(s) of the Company

[REDACTED]

"Draft Regulations on Administration of Network Data Security"	Regulations on Administration of Network Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》)

"EIT"	the PRC enterprise income tax
"EIT Law"	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), enacted on March 16, 2007, effective from January 1, 2008 by the NPC, amended on February 24, 2017 and on December 29, 2018
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the Government of Hong Kong

[REDACTED]

"Group", "our Group", "we", "our" 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, such subsidiaries as if they were subsidiaries of our Company at that time
"Hangzhou Zhongan Henglong"	Hangzhou Zhongan Henglong Commercial Building Co., Ltd. (杭州眾安恒隆商廈有限公司), a company established in the PRC with limited liability on September 20, 2005 and an indirect non-wholly owned subsidiary of China New City
"Hangzhou Zhonghong"	Hangzhou Zhonghong Property Service Co., Ltd. (杭州眾宏物業服務有限公司), a company established in the PRC with limited liability on November 18, 2020 as a result of the demerger of Hangzhou Zhongan Henglong, and an indirect wholly-owned subsidiary of our Company
"Hangzhou Zhongqiang"	Hangzhou Zhongqiang Construction Co., Ltd. (杭州眾強建築實業有限公司), formerly known as Xiaoshan Zhongqiang Construction Co., Ltd. (蕭山市眾強建築實業有限公司), a company established in the PRC with limited liability on April 22, 1996, and a direct holder of 10% equity interest of Zhejiang Zhong An Property Development. Hangzhou Zhongqiang is owned as to 60% by Ms. Qi Xiaomin (戚小敏) and 40% by Mr. Chen Junmin (陳軍民), who are also beneficial owners of Yunzhongxia

"Hefei Green Harbor"	Hefei Green Harbor Property Management Co., Ltd. (合肥綠色港灣物業管理有限公司), a company established in the PRC with limited liability on August 1, 2007 and an indirect wholly-owned subsidiary of our Company

[REDACTED]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC

[REDACTED]

"Hong Kong dollars", "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

DEFINITIONS

[REDACTED]

"Huaibei Zhonghong"	Huaibei Zhonghong Property Service Company Limited (淮北眾宏物業服務有限公司), a company established in the PRC with limited liability on March 30, 2020, which is directly held as to 90% by Anhui Zhongan Property and 10% by Huaibei Hongqiao Property Service Co., Ltd. (淮北宏橋物業服務有限公司), an Independent Third Party (other than being a substantial shareholder of Huaibei Zhonghong), and an indirect non-wholly owned subsidiary of our Company
"Huatai Financial Holdings"	Huatai Financial Holdings (Hong Kong) Limited, a licensed corporation to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) of the regulated activities under the SFO, being one of the Joint Sponsors, **[REDACTED]**, **[REDACTED]**, **[REDACTED]**, **[REDACTED]** and **[REDACTED]**

"Ideal World"	Ideal World Investments Limited, a company incorporated in the BVI with limited liability on November 6, 2003 and a direct wholly-owned subsidiary of Zhong An
"IFRS"	International Financial Reporting Standards
"Independent Third Party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not connected with our Company or our connected persons as defined under the Listing Rules

[REDACTED]

[REDACTED]

"Joint Sponsors"	China Merchants Securities and Huatai Financial Holdings

[REDACTED]

"Listing Committee"	the Listing Committee of the Stock Exchange

[REDACTED]

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"M&A Rules"	the Rules on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), jointly issued by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會), MOFCOM, SAT, SAIC, CSRC and SAFE on August 8, 2006 and revised by MOFCOM on June 22, 2009

"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of our Company, a summary of which is set out in "Appendix III—Summary of the Constitution of our Company and Cayman Islands Company Law" to this document, as amended from time to time
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"MOHURD" or "Ministry of Construction"	the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) or its predecessor, the Ministry of Construction of the PRC (中華人民共和國建設部)
"Mr. Shi"	Mr. Shi Zhongan (施中安) (alias Shi Kancheng (施侃成)), one of the Controlling Shareholders
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Ningbo Zhongan"	Ningbo Zhongan Property Service Co., Ltd. (寧波眾安物業服務有限公司), a company established in the PRC with limited liability on November 3, 2021 and an indirect wholly-owned subsidiary of our Company

[REDACTED]

"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)

[REDACTED]

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and organizations of such government or, as the context requires, any of them
"PRC Legal Advisor"	Jingtian & Gongcheng, legal advisor to our Company on PRC laws 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
"Qirui Enterprise"	Qirui Enterprise Management (Hangzhou) Co., Ltd. (祺瑞企業管理(杭州)有限公司), a wholly foreign-owned enterprise established in the PRC with limited liability on November 21, 2005 and an indirect wholly-owned subsidiary of Zhong An
"Qirui Management"	Qirui Commercial Management (Hangzhou) Co., Ltd. (祺瑞商業管理(杭州)有限公司), a wholly foreign-owned enterprise established in the PRC with limited liability on October 18, 2013 and a direct wholly-owned subsidiary of China New City

[REDACTED]

"Regulation S"	Regulation S under the U.S. Securities Act

"Regulatory Notice"	The Notice on the Continuous Rectification and Regulation of the Real Estate Market Order (《關於持續整治規範房地產市場秩序的通知》) jointly issued by eight PRC Government departments, including the MOHURD, on July 13, 2021
"Remaining Group"	the Remaining Zhong An Group and the CNC Group which, for the purpose of this document, excludes our Group
"Remaining Zhong An Group"	Zhong An and its subsidiaries which, for the purpose of this document, excludes the CNC Group and our Group
"Reorganization"	the reorganization of our Group as described in "History, Reorganization and Corporate Structure—Reorganization" in this document

[REDACTED]

"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"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 (中華人民共和國國家工商行政管理總局), including, as the context may require, its local counterparts, which was merged into SAMR
"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)
"SAT"	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
"SCNPC"	the Standing Committee of the NPC

"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shaoxing Zhongming"	Shaoxing Zhongming Property Service Co., Ltd. (紹興眾明物業服務有限公司), a company established in the PRC with limited liability on July 20, 2022 which is owned as to 57% by Zhong An Management and 43% by Zhejiang Minglan Property Co., Ltd.（浙江明瀾物業有限公司）
"Share(s)"	ordinary share(s) with nominal value of HK$0.01 each in the share capital of our Company, which are to be traded in Hong Kong dollars and listed on the Main Board
"Shareholder(s)"	holder(s) of the Share(s)

[REDACTED]

"State Council"	the State Council of the PRC (中華人民共和國國務院)

[REDACTED]

"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"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
"Throng Unity"	Throng Unity Service Limited (眾舒服務有限公司), a company incorporated in the BVI with limited liability on November 13, 2020 and a direct wholly-owned subsidiary of our Company
"Track Record Period"	the period comprising the three years ended December 31, 2020, 2021 and 2022

[REDACTED]

"United States", "USA" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$" or "USD"	U.S. dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"WFOE"	Zhong An Zhihui Shenghuo Services Co., Ltd. (众安智慧生活服务有限公司), a wholly foreign-owned enterprise established in the PRC with limited liability on January 14, 2021 and an indirect wholly-owned subsidiary of our Company
"Whole Good"	Whole Good Management Limited (全好管理有限公司), a company incorporated in the BVI on May 3, 2007, which is directly wholly-owned by Mr. Shi, and is one of the Controlling Shareholders

[REDACTED]

"Yunzhongxia"	Hangzhou Yunzhongxia Decoration Co., Ltd. (杭州雲中霞裝飾有限公司), formerly known as Hangzhou Xiaoshan Yunzhongxia Decoration Co., Ltd. (杭州蕭山雲中霞裝飾有限公司), a company established in the PRC with limited liability on April 1, 1997, and a direct holder of 10% equity interest of Zhejiang Zhong An and 10% equity interest of Zhong An Shenglong. Yunzhongxia is owned as to 60% by Ms. Qi Xiaomin (戚小敏) and 40% by Mr. Chen Junmin (陳軍民), who are also beneficial owners of Hangzhou Zhongqiang
"Yuyao Zhong An"	Yuyao Zhong An Times Square Commercial Management Co., Ltd. (余姚眾安時代廣場商業管理有限公司), a company established in the PRC with limited liability on December 6, 2011 and an indirect non-wholly owned subsidiary of China New City
"Yuyao Zhongli"	Yuyao Zhongli Property Management Company Limited (余姚眾力物業管理有限公司), a company established in the PRC with limited liability on November 24, 2020 as a result of the demerger of Yuyao Zhong An, and an indirect wholly-owned subsidiary of our Company
"Zhejiang Anyuan Nongye"	Zhejiang Anyuan Nongye Development Co., Ltd. (浙江安源農業開發有限公司), a company established in the PRC with limited liability on June 11, 2009, a wholly-owned subsidiary of Zhong An Service Holding and an indirect non-wholly owned subsidiary of Zhong An
"Zhejiang Chengcheng"	Zhejiang Chengcheng Property Service Co., Ltd. (浙江成誠物業服務有限公司), a company established in the PRC with limited liability on January 12, 2009, which is directly held as to 80% by Zhong An Management and 20% by Ms. Bao Liyun (包利雲) who held such 20% equity interest on behalf her husband, Mr. Xu Qunfeng (徐群峰), and both Ms. Bao Liyun (包利雲) and Mr. Xu Qunfeng (徐群峰) are Independent Third Parties (other than being substantial shareholder of Zhejiang Chengcheng), and an indirect non-wholly owned subsidiary of our Company

"Zhejiang Runzhou"	Zhejiang Runzhou Property Services Co., Ltd. (浙江潤洲物業服務有限公司), formerly known as Runzhou (Zhejiang) Hotel Management Co., Ltd. (潤洲(浙江)酒店管理有限公司), a company established in the PRC with limited liability on November 27, 2014 and an indirect wholly-owned subsidiary of our Company
"Zhejiang Zhong An"	Zhong An Group Co., Ltd. (眾安集團有限公司), formerly known as Zhejiang Zhongan Property Development Co., Ltd. (浙江眾安房地產開發有限公司), a company established in the PRC with limited liability on December 26, 1997, which is directly held as to 90% by Qirui Enterprise and 10% by Yunzhongxia, and an indirect non-wholly owned subsidiary of Zhong An
"Zhejiang Zhong An Property Development"	Zhejiang Zhong An Property Development Xiaoshan Co., Ltd. (浙江眾安房地產蕭山開發有限公司), a company established in the PRC with limited liability on April 3, 1997, which is directly held as to 90% by Zhong An Shenglong and 10% by Hangzhou Zhongqiang, and an indirect non-wholly owned subsidiary of China New City
"Zhong An"	Zhong An Group Limited (眾安集團有限公司) (stock code: 0672), formerly known as Zhong An Real Estate Limited (眾安房產有限公司), an exempted company incorporated in the Cayman Islands with limited liability on March 13, 2007, the shares of which are listed on the Main Board of the Stock Exchange, and as of the Latest Practicable Date was directly held as to 57.89% by Whole Good, and is one of the Controlling Shareholders
"Zhong An BVI"	Zhong An Service Holding Limited (眾安服務控股有限公司), a company incorporated in the BVI with limited liability on November 11, 2020, a direct wholly-owned subsidiary of Zhong An, and is one of the Controlling Shareholders
"Zhong An Commercial"	Zhong An Commercial Group Co., Ltd. (眾安商業集團有限公司), formerly known as Hangzhou Zhongjia Commercial Management Co., Ltd. (杭州眾嘉商業管理有限公司), a company established in the PRC with limited liability on November 18, 2016 and an indirect non-wholly owned subsidiary of China New City

"Zhong An Group"	Zhong An and its subsidiaries prior to the **[REDACTED]** which, for the purpose of this document, excludes the CNC Group
"Zhong An Hong Kong"	Zhong An Management Limited (眾安管理有限公司), a company incorporated in Hong Kong with limited liability on November 16, 2020 and an indirect wholly-owned subsidiary of our Company
"Zhong An Management"	Zhejiang Zhong An Property Management Co., Ltd. (浙江眾安物業服務有限公司), formerly known as Xiaoshan Zhong An Property Management Co., Ltd (蕭山眾安物業管理有限公司), Hangzhou Xiaoshan Zhong An Property Management Co., Ltd (杭州蕭山眾安物業管理有限公司) and Hangzhou Xiaoshan Zhong An Property Management Services Co., Ltd. (杭州蕭山眾安物業服務有限公司), a company established in the PRC with limited liability on November 18, 1998 and an indirect wholly-owned subsidiary of our Company
"Zhong An Service Holding"	Zhong An Service Holding Co., Ltd. (眾安服務控股集團有限公司), formerly known as Hangzhou Zhongan Service Holdings Co., Ltd. (杭州眾安服務控股有限公司), a company established in the PRC with limited liability on August 13, 2009 and an indirect non-wholly owned subsidiary of Zhong An
"Zhong An Shareholder(s)"	holders of Zhong An Shares
"Zhong An Shares"	ordinary shares of nominal value HK$0.10 each in the share capital of Zhong An
"Zhong An Shenglong"	Zhejiang Zhongan Shenglong Commercial Co., Ltd. (浙江眾安盛隆商業有限公司), a company established in the PRC with limited liability on September 9, 2013, which is directly held as to 90% by Qirui Management and 10% by Yunzhongxia, and an indirect non-wholly owned subsidiary of China New City
"%"	per cent

The terms "associate(s)", "close associate(s)", "connected person(s)", "core connected person(s)", "connected transaction(s)", "subsidiary(ies)" and "substantial shareholder(s)" shall have the meanings ascribed to such terms in the Listing Rules.

Unless the content otherwise requires, references to "2020", "2021" and "2022" in this document refer 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.

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

GLOSSARY

This glossary contains terms used in this document in connection with us and our business. Some of these terms and their meanings may not correspond to standard industry meanings or usage of such terms.

“average property management fee(s)”	calculated by dividing annualized revenue from property management services by the GFA under management as of the end of the same year excluding package price projects
“bidding success rate”	the aggregate number of bids we won in the period divided by the aggregate number of bids we submitted in the period
“CAGR”	compound annual growth rate
“city(ies)”	include prefectural-level municipalities
“commercial property(ies)”	for the purpose of this document, property(ies) primarily for commercial use excluding hotels and cinemas
“commission basis”	a revenue-generating model for property management business line whereby fee income from property management services consists only of a specified percentage, or a fixed amount, of the total management fees payable by the property owners and property developers
“common area(s)”	common areas in properties such as lobbies, hallways, stairways, elevators and lifts, and gardens, among others
“contracted GFA”	GFA managed or to be managed by our Group under our operating property management service agreements, including both GFA under management and undelivered GFA
“first-tier cities”	as of the Latest Practicable Date, included Beijing, Shanghai, Guangzhou and Shenzhen in the PRC, according to the National Bureau of Statistics of the PRC
“GDP”	gross domestic product
“GFA”	gross floor area

"GFA under management"	GFA of properties that have been delivered, or are ready to be delivered by property developers, to property owners, for which we have started to provide property management services and are entitled to collect property management fees as of the relevant date
"internet of things"	a network of physical objects that are embedded with sensors, software and other technologies for the purpose of connecting and exchanging data with other devices and systems over the internet
"lump-sum basis"	a revenue-generating model for our property management business line whereby we generally charge a pre-determined property management fee per sq.m. for all units (whether sold or unsold) on a monthly basis which represents the "all-inclusive" fees for all of the property management services provided by our employees and sub-contractors. Property developers and property owners will be responsible for paying our property management fees for the unsold and sold units, respectively, on a semi-annual or annual basis generally
"package price projects"	property management projects for which we charge a package price of property management fees on a per project basis without reference to any GFA
"QR code"	abbreviated from Quick Response Code, a type of dot matrix barcode that can be read by a two-dimensional barcode scanner or a smart phone, which translates the dots into various types of characters
"residential communities" or "residential property(ies)"	properties which are purely residential or mixed-used properties containing residential units and ancillary facilities that are non-residential in nature such as commercial or office units but excluding pure commercial properties

"retention rate"	the aggregate number of properties under management during the period minus the number of properties we cease to manage during the same period, then divided by the aggregate number of properties under management during the period, including properties we managed under both (i) preliminary property management service agreements entered into with property developers; and (ii) property management service agreements entered into with property owners' associations or property owners
"second-tier cities"	as of the Latest Practicable Date, included 31 major cities, other than first-tier cities in the PRC, as categorized by the National Bureau of Statistics of the PRC, including provincial capitals, administrative capitals of autonomous regions, direct-controlled municipalities and other major cities designated as "municipalities with independent planning" by the State Council
"sq.m."	square meter(s)
"third-tier cities"	as of the Latest Practicable Date, included 35 major cities, other than first-tier cities and second-tier cities in the PRC, as categorized by the National Bureau of Statistics of the PRC, including Tangshan, Qinhuangdao, Baotou, Dandong, Jinzhou, Jilin, Mudanjiang, Wuxi, Xuzhou, Yangzhou, Wenzhou, Jinhua, Bengbu, Anqing, Quanzhou, Jiujiang, Ganzhou, Yantai, Jining, Luoyang, Pingdingshan, Yichang, Xiangyang, Yueyang, Changde, Shaoguan, Zhanjiang, Huizhou, Guilin, Beihai, Sanya, Luzhou, Nanchong, Zunyi and Dali
"Top 100 Property Management Companies"	an annual ranking of China-based property management companies by overall strength published by CIA based on a number of key indicators, including property management scale, operational performance, service quality, growth potential and social responsibility, which comprised 220, 244, 264, 254 and 224 of such companies, respectively, for 2019, 2020, 2021, 2022 and 2023, where the number of companies for each of 2019, 2020, 2021, 2022 and 2023 exceeded 100 as multiple companies with very close scores were assigned the same ranking by CIA

"undelivered GFA"	the total GFA of properties that are not ready to be delivered to property owners by property developers, for which we have not begun collecting property management fees in relation to contractual obligations to provide property management services
"WeChat mini program"	a light feature within the WeChat interface which connects service providers and WeChat users
"Yangtze River Delta Region"	for the purpose of this document, an economic region in China encompassing Shanghai, parts of Zhejiang province, Jiangsu province and Anhui province, including but not limited to Shanghai, Hangzhou, Nanjing, Huzhou, Hefei, Wenzhou, Yangzhou, Changzhou, Jiaxing, Taizhou (Zhejiang province), Taizhou (Jiangsu province), Taixing, Suqian, Suzhou, Nantong, Shaoxing, Zhenjiang, Bengbu, Jinhua, Ma'anshan, Bozhou, Lu'an, Huainan, Fuyang and Chuzhou

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", "consider", "continue", "could", "estimate", "expect", "forecast", "going forward", "intend", "may", "might", "ought to", "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, financial performance, 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;

- 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;
- development and effect of the COVID-19 pandemic;
- risks identified under "Risk Factors" in this document;
- certain statements in "Business" and "Financial Information" in this document with respect to trends in prices, volumes, operations, margins, overall market trends, risk management and exchange rates; and
- other statements in this document that are not historical facts.

This document also contains market data and projects that are based on a number of assumptions. The markets may not grow at the rates projected by the market data, or at all. The failure of the markets to grow at the projected rates may materially and adversely affect our business and the market price of our Shares. In addition, due to the rapidly changing nature of the PRC economy and the property management industry, projections or estimates relating to the growth prospect 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 "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.

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

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to conducting business in China; and (iii) risks relating to the **[REDACTED]** *and 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 business, financial position and results of operations.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our reliance on the Remaining Group and our future growth may be affected by the prospect of the Remaining Group.

During the Track Record Period, a large portion of our property management service agreements covered properties developed by the Remaining Group. In 2020, 2021 and 2022, revenue generated from the properties developed by the Remaining Group accounted for approximately 76.1%, 72.5%, and 71.5% of our total property management services revenue, respectively.

During the Track Record Period, our bidding success rate with respect to residential properties developed by the Remaining Group or its joint ventures and associates was 100%, 100% and 100% in 2020, 2021 and 2022, respectively. However, upon **[REDACTED]**, we do not have control over the Remaining Group's management strategies, nor the macroeconomic or other factors that affect their business operations. Going forward, our business may be affected if the Remaining Group suffers adverse developments that materially affect its property development business. For instance, China New City recorded a loss for both years ended 2022 and 2021. On the other hand, Zhong An recorded a decrease in revenue and profit in the year of 2022 (compared against year of 2021). In the event that the business operation or the financial performance of China New City and Zhong An further deteriorate, our business operations, financial position and results of operations could be materially and adversely affected. In any event, we cannot assure you that we will be able to diversify our customer base and 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 the Remaining Group, or enter into such agreements in relation to new properties developed by the Remaining Group. Should any of these events occur, we may experience a material adverse effect on our results of operations, financial position and growth prospect.

Our future growth may not materialize as planned.

We have been seeking to expand our business since our inception through organic growth and by pursuing strategic acquisition and investment opportunities. The total GFA under our management increased from approximately 10.8 million sq.m. as of December 31, 2020 to 11.8 million sq.m. as of December 31, 2021, and further to 12.8 million sq.m. as of December 31, 2022. Our total revenue increased from approximately RMB230.7 million in 2020, further to RMB295.7 million in 2021, and further increased RMB319.7 million in the 2022. We plan to continue to increase our total GFA under management, number and types of properties we manage in existing and new markets, including properties developed by the Remaining Group and independent third-party property developers. See "Business—Business Strategies—Deepen our Strategic Layout of "Deeply Cultivated in Zhejiang Province, Expand across the Yangtze River Delta Region and Present in Key Cities in the PRC", further Expand our Property Management Business and Increase our Market Share" in this document for details. However, our expansion plans are based upon our assessment and prediction of market prospects and development, which we cannot assure you that such assessment will turn out to be accurate or that we will be able to grow our business as planned. Our expansion plans may be affected by a number of factors, most of which are beyond our control. Such factors include, among other things:

- changes in China's economic condition in general and the real estate market in particular;
- changes in per capita annual disposable income in China;
- changes in government regulations or policies;
- changes in the supply of commodity properties (being properties developed for sale) and demand for property management and value-added services;
- our ability to develop and strengthen collaborative relationship with the Remaining Group, other property developers, and property owners, residents and tenants of properties developed by them;
- our ability to develop and maintain cooperative relationship with our business partners and strategic investors;
- 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 subcontractors and suppliers;
- our ability to understand the needs of property developers, property owners, residents and tenants in our property management projects;

- our ability to diversify our service offerings and to optimize our business mix;
- our ability to develop effective information technology and management systems to support our business and development plans;
- 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. For example, the impact of COVID-19 may affect our ability to enter into new property management service agreements or to acquire new target companies due to reduced levels of economic activities in China. See "—Our business operations may be affected by the COVID-19 pandemic" in this section for details.

As we expand our business operations into new geographic regions, 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 losses resulting from non-compliance may increase as the size and scope of our operations increase. If we fail to comply with applicable local regulations in relation to our managed properties, we may be subject to penalties or other liabilities. The national, provincial or local laws and regulations applicable to our business 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 materially and adversely affect our business, financial position and results of operations.

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

We cannot assure you that we can sustain our historical growth in the future. Estimates and plans for future business growth are 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 annual disposable income of residents in the PRC, changes in the PRC real estate market and the property management market, changes in government regulations, changes in supply and demand for our services, as well as availability of suitable and proficient property managers and third-party service providers for our expansion efforts.

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. In 2020, 2021 and 2022, our overall gross profit margin was approximately 37.6%, 37.6% and 36.4%; while the gross profit margin for our property management services was approximately 36.1%, 34.7% and 33.2%. There is no guarantee that we will continue to be able to increase the number of our property management service agreements or total GFA under management as we did during the Track Record Period, nor will we be able to succeed in our business development efforts going forward. Moreover, we will continue to face challenges related to rising labor and subcontracting costs and intensive competition for employees and business opportunities. The effects of changing regulatory, economic or other factors beyond our control as discussed in this section may also have material adverse effects on our financial performance in addition to our business operations. 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, among other factors, 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.

Our profitability may fluctuate as we manage more properties developed by independent third-party property developers.

During the Track Record Period, as a continuous effort to further diversify our revenue source and reduce reliance on the Remaining Group, we managed to grow the percentage of our total GFA under management for properties developed by independent third-party property developers from approximately 44.7% as of December 31, 2020 to 46.0% as of December 31, 2022; the proportion of property management services revenue generated from properties developed by independent third-party property developers increased from approximately 23.9% in 2020 to 28.5% in 2022. The growth in both GFA under management and revenue from 2020 to 2022 above was primarily attributable to (i) our continuous efforts to expand our property management services to cover more properties developed by independent third-party property developers; (ii) our acquisition of a property management company, namely Zhejiang Chengcheng, in 2018; and (iii) the establishment of an investment development center by our Group to identify potential property management projects from independent third-party property developers. For projects developed by independent third-party property developers, we charged a lower monthly average property management fee as compared to those developed by the Remaining Group during the Track Record Period. See "Financial Information—Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income Items—Revenue" in this document for further discussion.

It is our intention to continue to adopt measures to reduce reliance on the Remaining Group upon **[REDACTED]** by seeking more property management service or subcontracting service engagements for properties developed by independent third-party property developers or by ways of strategic acquisitions of and investments in property management companies, submission of tender bids to independent third-party property developers or property owners' associations and direct engagement after negotiations. We, however, cannot guarantee that our gross profit margin for providing property management to properties developed by independent third-party property developers or subcontracting services to other property management companies will be comparable to or more favorable than that for properties developed by the Remaining Group going forward. If we were successful in securing more property management services from independent third-party property developers, or subcontracting service engagements from other property management companies, there is no assurance that such new engagements will have a positive impact on our overall gross profit margin and profitability.

We had net operating cash outflow for the year ended December 31, 2022

We had net operating cash outflow of RMB3.3 million in for the year ended December 31, 2022. The main reasons we recorded net operating cash outflow during the year was due to (i) increase in trade receivables, which was in line with our business growth; and (ii) increases in amounts due from related companies as a result of the relatively long payment settlement cycle, and (iii) increases in prepayments, other receivables and other assets in connection with our operation. Although we seek to effectively manage our working capital, we cannot assure you that we will be able to match the timing and amounts of our cash inflows with those of our cash outflows, such as our payment obligations.

During the Track Record Period, we mainly relied on internal resources generated from our operations, including income from property management services and other services. Net operating cash outflow may require us to obtain additional financing, such as other borrowings, to meet our operating needs and obligations and to support our expansion plans. In the event that we are unable to generate sufficient cash flow from our operations or otherwise unable to obtain sufficient external funds to finance our business, our liquidity and financial condition as well as our ability to grow our business may be materially and adversely affected. If we resort to other financing activities, we will incur additional financing costs, and we cannot assure you that we will be able to obtain the financing on terms acceptable to us, or at all. Such limitations could reduce our competitiveness and increase our exposure and sensitivity to adverse economic and industry conditions, which could materially adversely affect our financial condition and results of operations. See "Financial Information—Liquidity and Capital Resources—Cash Flow—Net Cash Flows From/(Used in) Operating Activities."

We may be susceptible to any adverse development in government policies or business environment in the Yangtze River Delta Region.

We focus on cities in economically developed regions with high urbanization rate, and a significant portion of our operations are concentrated in Zhejiang province located in the Yangtze River Delta Region. As of December 31, 2020, 2021 and 2022, we managed an aggregate GFA of approximately 7.9 million sq.m., 8.4 million sq.m. and 9.0 million sq.m., respectively, in the Zhejiang province, which accounted for approximately 72.9% and 70.9% and 70.1%, respectively, of our total GFA under our management as of such dates; in 2020, 2021 and 2022, approximately 82.1%, 79.9% and 80.1% of our revenue generated from property management services was derived from properties in Zhejiang province, respectively. Given 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, most of which are beyond our control such as changes in:

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

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 the NDRC on the Opinions for Decontrolling the Prices of Some Services (《國家發展和改革委員會關於放開部分服務價格意見的通知》) (Fa Gai Jia Ge [2014] No. 2755) (發改價格 [2014]2755號) (the "**2014 Circular**"), which requires the relevant provincial authorities to liberalize price control policies in relation to certain types of properties that have met the relevant conditions. Property management fees for government-supported houses, houses under housing-reform 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—Laws and Regulations Relating to Property Management Services and Other Related Services—Fees Charged by Property Management Enterprises" in this document for details.

We expect that price controls on residential properties will be relaxed over time. For now, some of our property management fees will continue to be subject to price controls until the relevant authorities pass local regulations to implement the 2014 Circular. For details, see "Business—Property Management Services—Our Pricing Policy" in this document. 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 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 unexpectedly 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 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, property sale and purchase and housing leasing but also on 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 operations could be materially and adversely affected.

Due to the stringent governmental regulations on property management fees and the lack of cooperation from property owners, it may be impracticable to collect additional property management fees. We may therefore be forced to reduce costs in order 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 property owners. Such cost saving measures to mitigate impact of uncollected property management fees may also adversely affect our service quality and customers satisfaction.

The PRC Government exerts considerable direct and indirect influence on the development of the PRC real estate sector by imposing industry-related 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. In particular, the PRC Government has introduced initiatives and implemented more stringent measures, such as setting caps on certain debt ratios, with a view to control the increase of the debt levels in the real estate sector. Such potential initiatives or measures, once in place, may further limit property developers' access to capital and slow down the overall growth of the real estate sector and expansion of property developers, including the Remaining Group, which may in turn negatively impact the growth of the property management industry and the supply of new properties for management by property management companies like us. In addition, property sales are also heavily regulated by the PRC Government, which may hinder the ability to generate sales proceeds by the property developers, including the Remaining Group, to fund their project development. In extreme case that the Remaining Group encounters financial difficulties that may result in delays in completion of its projects, the growth of our GFA under management will be affected, which in turn will adversely affect the growth of our property management services and other value-added services. Furthermore, any economic slowdown, recession or other developments in the social, political, economic or legal environment of the PRC could result in fewer new property development projects, or a decline in the purchasing power of property owners, residents or tenants of the properties we manage, resulting in lower demand for our services and lower revenue for us. As such, our business, financial condition and results of operations could be materially and adversely affected.

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

We generated a large portion of our revenue from our property management services during the Track Record Period. The performance of our property management services business is primarily dependent on the total GFA and number of projects we manage. As such, our growth in the 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, see "Regulatory Overview" in this document.

The PRC Government has introduced 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.

Also, in August 2020, according to certain news articles, the PBOC and the MOHURD plan to control the financing activities of property developers and the scale of interest-bearing debts of property developers in China by applying a newly proposed standard in the assessment of the debt burden of property developers which lay out three red-line standards on debt-to-asset ratio, net gearing ratio and cash to short-term debt ratio applicable to property developers. As of the Latest Practicable Date, apart from the policy relaxation proposed in early 2022 and policy adjustment published in November 2022[1], no such new regulations had been officially proposed. See "Industry Overview—Market Drivers—The "Three Red-Line" Standards" in this document for details. The "Three Red-Line" standards may slow down the growth of the whole real estate sector in the PRC, affecting the expansion of property developers such as the Remaining Group and in turn imposing adverse effect on our growth. Given that (i) most of the Remaining Group's (including both the Remaining Zhong An Group and the CNC Group)[2] relevant financial ratios as of December 31, 2022 did not exceed any of the aforementioned three red-line standards based on the annual report of the Remaining Group for the year ended December 31, 2022; (ii) the Group has generally been expanding its portfolio of property management services projects developed by independent third-party property developers during the Track Record Period, the GFA under management of which accounted for approximately 44.7%, 44.3% and 46.0% of our total GFA under management as of December 31, 2020, 2021 and 2022, respectively; (iii) a significant portion of our Group's revenue was generated from services provided to independent third-party customers, which accounted for at least 64.8% throughout the Track Record Period, and such proportion is expected to increase once the contracted but undelivered projects developed by the Remaining Group or its joint ventures and associates as of December 31, 2022 have been delivered to independent third-party property purchasers; and (iv) as of the Latest Practicable Date, 98.2% of our trade-related receivables due from related parties as of December 31, 2022 had been subsequently settled, our Directors are of the view that the "Three Red-Line" standards will not have material adverse effect on our Group's business operation and financial performance in the event it officially comes into effect. Nevertheless, in the event that the Remaining Group or other independent third-party property developers are unable to obtain sufficient financing to support their expansion of

Note:

(1) On November 11, 2022, the People's Bank of China and the China Banking and Insurance Regulatory Commission jointly issued the Notice on Improving the Steady and Healthy Development of the Real Estate Market Supported by Finance(《關於做好當前金融支持房地產市場平穩健康發展工作的通知》). A total of 16 specific measures were published to maintain reasonable and appropriate real estate financing, safeguard the legitimate rights and interests of consumers, and promote the steady and healthy development of the real estate market.

(2) Based on China New City's 2022 audited financial statements contained in its 2022 annual report, as of December 31, 2022, its interest-bearing bank loans and other borrowings repayable within one year was approximately RMB1,319,438,000 and its cash and cash equivalents was approximately RMB948,087,000. Accordingly, its cash to short-term debt ratio was lower than 1.0 time as of the relevant date and therefore deviated from one of the three red-line standards. Furthermore (i) China New City recorded a loss for both years for 2021 and 2022 mainly due to the unstable epidemic, as well as temporary suspension of service or rental reductions caused by upgrades, renovation and alteration of its commercial properties, which led to a lower average occupancy rate of its properties, and (ii) Zhong An recorded a decrease in profit in the year of 2022 (compared against year of 2021) due to fluctuated economic environment in the PRC and the recurrent epidemics. Notwithstanding the above, to the best of our Director's knowledge after consultation with the management of Zhong An and China New City, given (i) there was no evidence to suggest Zhong An and China New City had experienced any material financial difficulties and does not expect a material delay of its property development plans in 2023; and (ii) Zhong An and China New City was able to generate stable revenues and cash flows as of the Latest Practicable Date, our Directors are of the view that it is unlikely that such deviation would have caused any material financial difficulties or impact to its financial performance and resulted into any material adverse effect to our business operations.

business which results in a delay in the delivery of new properties to be managed by us, the growth of our GFA under management may be adversely affected.

Also, on October 23, 2021, the 31st Session of the Standing Committee of the 13th National People's Congress adopted 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 located in urban areas, and that the holders of land use rights and owners of such real estate shall pay 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 SCNPC. The Decision also authorizes the local governments of the pilot areas to formulate specific rules for its implementation. Although 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, the real estate tax, when implemented, might have an effect on the Remaining Group's and our business operations.

We are subject to changing laws and regulations regarding regulatory matters, environmental, social and governance and public disclosure that have increased both our costs and the risk of non-compliance.

We are or will be subject to rules and regulations by various governing bodies, including, for example, once we have become a public company, the Stock Exchange and the SFC, which are charged with the protection of investors and the oversight of companies whose securities are publicly traded, as well as the various regulatory authorities in China and the Cayman Islands, and to new and evolving regulatory measures under applicable laws. Our efforts to comply with new and changing laws and regulations have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Moreover, because these laws, regulations and standards are subject to varying interpretations, their application in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices. If we fail to address and comply with these regulations and any subsequent changes, we may be subject to penalties and our business may be harmed.

Our business operations may be affected by the COVID-19 pandemic.

An outbreak of respiratory illness caused by a novel coronavirus, namely COVID-19, was identified in late 2019 and spread globally. In March 2020, the World Health Organization characterized the outbreak of COVID-19 as a pandemic. As of the Latest Practicable Date, the COVID-19 outbreak is expected to have a continuous impact on the global economy due to reduced market liquidity and the prolonged depressed economic activities.

The COVID-19 pandemic has caused and may continue to cause an adverse impact on the economy and social conditions in China and other affected countries, which may have an indirect impact on the PRC property development and management industries, in turn may adversely affect our business operations and future prospect. In addition, in order to comply with the requirements of local governments with respect to community management during the outbreak of the COVID-19 pandemic, we may need to assign additional personnel and incur additional costs to conduct visitor control and implement other precautionary measures in properties under our management. While we do not expect COVID-19 to have a significant adverse impact on our business operations or financial position in the long run, we are uncertain as to when the COVID-19 pandemic will be completely contained in China and globally, nor can we guarantee whether the COVID-19 pandemic will have a long-term impact on our business operations. If we are unable to effectively and efficiently operate our business and implement our strategies as planned due to the prolonged economic impact brought by COVID-19, we may not be able to grow our business and generate revenue as anticipated, and our business operations, financial condition and prospects may be materially and adversely affected. See "Business—Effects of the COVID-19 Outbreak" in this document for details.

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—Competition" in this document for details. We primarily compete against the Top 100 Property Management Companies, particularly those affiliated with reputable property developers in China. 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 such as business scale, brand recognition, profitability, 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 into 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 have.

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 ensure 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 in-house property management services. In such event, we may lose future business opportunities from such property developers, and our business, results of operations and financial position could be materially and adversely affected.

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

We believe that our ability to expand our portfolio of property management service agreements is key to the sustainable growth of our business. During the Track Record Period, we procured new property management service agreements for residential properties generally through tender processes. The selection of a property management company depends on a variety 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, among other things, changes in the 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 prior to the delivery of the properties. We cannot assure you that we will be able to maintain our current bidding success rate in obtaining preliminary property management service agreements. In addition, such agreements are transitional in nature and are used to facilitate the transfer of legal and actual control of the properties from property developers to property owners. Preliminary property management service agreement typically expires after the property owners' association has been established and a new property management service agreement has been entered into with the property owners' association. As of December 31, 2022, 37 property management service agreements for residential properties under our management were entered into with property owners' associations, accounting for approximately 52.9% of the total number of residential properties under our management as of the same date. As of the Latest Practicable Date, the property owners' associations of the aforesaid residential properties had not requested to replace us with other property management companies. During the Track Record Period, our property management service agreements generally had terms ranging from one to three years. See "Business—Property Management Services—Property Management Service Agreements" in this document for details. We cannot assure you that property owners' associations will continue to engage us for property management services. Our customers select us based on parameters such as quality and cost, and we cannot assure you that we will always be able to balance them on favorable terms for both sides.

Even where we succeed in entering into property management service agreements with property owners' associations, we cannot guarantee that property owners' associations will renew the agreements upon expiration or will not terminate the agreements 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 generated all revenue from property management services on a lump-sum basis. We may be subject to losses if we fail to control our costs in rendering our property management services.

During the Track Record Period, we derived all of our revenue from property management services on a lump-sum basis where we charge property management fee at a pre-determined price either on a per sq.m. per month basis or on a per project basis without reference to any GFA, representing an all-inclusive fee for our 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, tenants 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 relevant contract terms. Our profitability depends on our ability to estimate or control our costs in performing our property management services.

In the event that the amount of property management fees that we charge is insufficient to cover all the costs for property management services we incur, we are not entitled to collect the shortfall from property owners, tenants or property developers. We may, as a result, suffer losses. In 2020, we incurred losses with respect to seven projects we managed on a lump-sum basis, respectively(1). See "Business—Property Management Services— Property Management Fees" in this document for details.

If we are unable to raise property management fees for properties managed on a lump-sum basis and there is a shortfall in working capital after deducting the property management expenses, our gross profit margin would be adversely affected. In such events, we may seek different measures to reduce property management expenses through cost-saving initiatives such as operation digitalization and automation measures to reduce labor costs and energy-saving measures to reduce energy costs. However, these initiatives may not be successful. Our cost-saving efforts may negatively affect the quality of our property management services, which in turn reduce property owners' willingness to pay property management fees or property developers' willingness to retain us as their property management service provider, which may further affect our results of operations and financial position negatively.

Note:

(1) For 2021 and 2022, we did not have loss-making property management projects.

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

We may encounter difficulties in collecting property management fees from property owners especially in communities where vacancy rate is relatively high. Even though we seek to collect overdue property management fees through a number of collection measures, we cannot assure you that such measures will be effective or will enable us to accurately predict our future collection rates of property management fees. Delays in receiving payments from, or non-payment by property developers, property owners or tenants would adversely affect our cash flow position and our ability to meet our working capital requirements.

Our allowance for impairment of trade receivables amounted to approximately RMB5.9 million, RMB6.3 million and RMB8.9 million as of December 31, 2020, 2021 and 2022, respectively. Although our management's estimates and the related assumptions have been made in accordance with information available to us, such estimates or assumptions may need to be adjusted if new information becomes known. See note 15 to the Accountants' Report in Appendix I 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. In the event that we are unable to collect property management fees from customers or face difficulty or experience a prolonged delay in receiving such fees, our cash flow position and our ability to meet our working capital requirements may be adversely affected.

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

We plan to continue to evaluate opportunities to acquire other property management companies and/or other businesses and integrate their operations into our business, so as to further expand our business scale, service offerings and geographical coverage. However, there can be no assurance that we will be able to identify suitable opportunities. The PRC property management market is highly fragmented and competitive with numerous market participants. See "Industry Overview—Competition" in this document for details. Accordingly, a number of property management companies with similar resources and strategies could be competing for acquisition targets that may be considered high-quality by us. In addition, even if we manage to identify suitable opportunities, we may not be able to complete the acquisitions on terms favorable or acceptable to us in a timely manner, or at all. The inability to identify suitable acquisition targets or complete acquisitions could materially and adversely affect our competitiveness and growth prospects.

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

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

Approximately **[REDACTED]**%, or HK$**[REDACTED]** of the **[REDACTED]** raised from the **[REDACTED]** will be used to pursue strategic acquisitions and investments. See "Future Plans and **[REDACTED]**" in this document for details. If we fail to identify suitable acquisitions opportunities or our future acquisition transactions fail to consummate for other reasons which are beyond our control, our **[REDACTED]** from the **[REDACTED]** may not be effectively used.

We may be jointly and severally liable for those debts or liabilities of Yuyao Zhong An and Hangzhou Zhongan Henglong prior to their demergers which are not otherwise allocated to Yuyao Zhongli and Hangzhou Zhonghong, being the newly established companies as a result of the demergers.

Under the PRC Company Law and the Civil Code of the PRC (《中華人民共和國民法典》), where a company undergoes a demerger, the demerged companies shall bear joint and several liabilities for the debts of the relevant predecessor companies prior to demerger, unless otherwise agreed between the relevant debtor and creditor. Yuyao Zhong An is the predecessor of Yuyao Zhongli of our Group, while Hangzhou Zhongan Henglong is the predecessor of Hangzhou Zhonghong, prior to their respective demergers on November 24, 2020 and November 18, 2020. See "History, Reorganization and Corporate Structure" in this document for details. Based on the unaudited management accounts of Yuyao Zhong An and Hangzhou Zhongan Henglong, such remaining liabilities of Yuyao Zhong An and Hangzhou Zhongan Henglong prior to their respective demergers (which are not otherwise allocated to Yuyao Zhongli and Hangzhou Zhonghong and excluding the amounts released pursuant to the consents obtained from the relevant creditors of Yuyao Zhong An and Hangzhou Zhongan Henglong in releasing Yuyao Zhongli and Hangzhou Zhonghong from the debts or liabilities of Yuyao Zhong An and Hangzhou Zhongan Henglong) as at the Latest Practicable Date, amounted to not more than RMB10.3 million, while approximately RMB8.2 million of such remaining liabilities were prepayments and deposits by tenants of Yuyao Zhong An and Hangzhou Zhongan Henglong under their respective lease agreements.

We cannot assure you that (i) Yuyao Zhong An and Hangzhou Zhongan Henglong and their respective holding companies will have sufficient resources to repay such remaining liabilities; and (ii) Zhong An will have sufficient resources to indemnify and keep us fully indemnified from any losses arising from or in connection with such remaining liabilities in the event that Yuyao Zhong An and Hangzhou Zhongan Henglong and their respective immediate holding companies fail to repay such remaining liabilities. Accordingly, Yuyao Zhongli and Hangzhou Zhonghong may be required to repay such remaining liabilities under the joint and several liability, which in turn may adversely affect the business, financial condition, the results of operations and prospects of our Group.

We may not be able to collect indemnity from the selling shareholders of Zhejiang Chengcheng for residual liabilities arising from the acquired company's non-compliances and/or disputes prior to our acquisition, and we may be unable to include the indemnity clauses in the agreements of our future acquisition.

We have been seeking to expand our business through potential acquisitions of other property management companies. For example, in January 2018, we completed the acquisition of 80% equity interest in Zhejiang Chengcheng.

Acquisition agreements may not include indemnity clauses and thereby indemnifying us from any residual liabilities or potential penalties arising from the acquired companies' non-compliances and/or disputes prior to the acquisition. As such, we may encounter difficulties in collecting indemnity from the selling shareholders of the acquired companies if we are held liable for such non-compliances and/or disputes. We cannot assure you that our measures to collect indemnity will be effective. With respect to Zhejiang Chengcheng, the acquisition agreement did not provide such terms. While the relevant non-compliances or disputes do not have materially adverse impact on our operation and financial condition, we cannot assure you that we will not be liable for other non-compliances or disputes related to Zhejiang Chengcheng in the future, which may materially impact our operation and financial condition.

We cannot assure you that we will be able to collect indemnity if we are held liable for such non-compliance and/or disputes, which could materially adversely affect our results of operations and financial condition.

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, 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 subcontractors, suppliers and employees, or other third-parties who sustain injuries or damages while visiting properties under our management. All of these disputes and claims may lead to legal or other proceedings or cause negative publicity against us, thereby resulting in damage to our reputation, substantial costs and diversion of resources and management's attention from our business activities. Any such dispute, claim or proceeding may have a material adverse effect on our business, financial position and results of operations.

We may be subject to administrative penalties if we fail to comply with applicable regulations and requirements such as on fire and safety systems at our managed properties. 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.

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 industry expertise and practical experience in the property management industry, 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 leaves 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.

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

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

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

The common areas of the communities we manage, such as lobbies, hallways, stairways, elevators and lifts, and gardens may be damaged or impacted in a variety of ways that are out of our control, including but not limited to natural disasters, residents' intended or unintended actions, and epidemics, such as severe acute respiratory syndrome.

The additional costs we incur due to damage to the common areas and facilities of our properties may increase along with our business growth and geographic expansion. For example, areas into where we expand may be subject to natural disasters such as earthquakes and typhoons. Although none of our assets, business, results of operations and financial positions were materiality affected during the Track Record Period, we continue to be exposed to such risks that a material number of the properties may suffer damage due to reasons such as natural disasters, epidemics and residents' intended or unintended actions.

Our community value-added services business may not grow as planned.

We plan to use approximately **[REDACTED]**% or HK$**[REDACTED]** of the **[REDACTED]** raised from the **[REDACTED]** to enrich the service offerings, scale and efficiency of our community value-added services. See "Future Plans and **[REDACTED]**" in this document for details. However, there is no assurance that we could grow such business as planned, and our related costs incurred may not be recovered. We need to recruit suitable employees with relevant experience to grow our community value-added services business. As the market is competitive, there is no assurance that we will be able to recruit sufficient number of suitable employees to support our growth plan. In addition, the development of community value-added services also relies on our ability to tap our existing customer base from our managed properties for community value-added services. However, our current planning may be changed or certain community value-added services that we plan to offer may not be realised due to changes in demand from customers and market trends. As a result, we must stay abreast of emerging lifestyle and consumer preferences and anticipate product and service trends that will appeal to existing and potential users. New products and services, or entrance into new markets, may require substantial time, resources and capital, and profitability targets may not be achieved. We cannot assure you that the residents will use the products and services we offer under the community value-added services. If our customers cannot access their desired products or services among all community value-added services that we offer at attractive prices or at all, our customers may lose interest in our products or service offerings, if at all, which in turn, may adversely affect our business, financial position and results of operations.

Increase in labor costs and subcontracting costs could adversely impact our business and reduce our profitability.

In 2020, 2021 and 2022, our labor costs (recorded as staff costs) accounted for approximately 77.8%, 74.8%, and 75.3%, respectively, of our total cost of sales. During the same years, our subcontracting costs represented approximately 9.9%, 11.2%, and 9.9%, respectively, of our total cost of sales. We face pressure from rising labor costs and subcontracting 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 considerably in recent years, directly affecting our labor costs as well as the fees we pay to our third-party subcontractors;

- increases in headcount. As we expand our operations, the headcount of our property management staff, sales and marketing staff and administrative staff 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 subcontractors. This increase in headcount also increased other associated costs such as those related to recruiting, staff costs, training, social insurance and housing provident funds contributions and quality control measures; and

- delay in implementing digitalization and automation of our operations, service professionalization and procedure standardization. There may be a lapse in time between our commencement of property management services for a particular property project and any implementation of our digitalization and automation of our operations, service professionalization and procedure standardization to that property project 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 rely on third-party subcontractors to perform certain property management services.

During the Track Record Period, we delegated certain property management services, primarily including cleaning services, gardening services, repair and maintenance services and garbage disposal services to third-party subcontractors. 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 subcontractors, 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 subcontractors, 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 subcontractors fail to maintain a stable and qualified staff, or if their staff 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 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, among other things, 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 may recognise impairment loss on our prepayment and other receivables.

We recorded prepayments, deposits and other receivables of approximately RMB12.5 million, RMB23.0 million and RMB46.8 million as of December 31, 2020, 2021 and 2022, respectively. Our prepayments, deposits and other receivables primarily consist of (i) prepayments on behalf of customers to utility suppliers; (ii) advance to staff; (iii) deposits; (iv) other prepayments; and (v) others. These financial assets are unsecured, non-interest-bearing and repayable on demand. Although these financial assets included in the above balances related to receivables had no recent history of default and past due amounts, and as of December 31, 2020, 2021 and 2022, the loss allowance for such balances was assessed to be minimal, we cannot assure you that there would not be any impairment charging on our prepayment or other receivables and we may record impairment losses on such amounts in the future, which may materially and adversely affect our business, results of operations and financial conditions.

We may incur additional cost and be subject to fines for failure to register for and/or sufficiently contribute to social insurance and housing provident funds on behalf of some of our employees.

During the Track Record Period, we did not register for and/or make full contributions to social insurance and housing provident funds for certain employees as required by the relevant PRC laws and regulations. We made provisions in the amounts of approximately RMB1.1 million, RMB0.7 million and RMB0.3 million, in respect of such potential liabilities in 2020, 2021 and 2022, respectively, for certain of our PRC subsidiaries and branch offices.

According to the relevant PRC laws and regulations, (i) for housing provident fund registrations that we fail to complete before the prescribed deadlines, we may be subject to a fine ranging from RMB10,000 to RMB50,000 for each non-compliant subsidiary or branch; and (ii) for housing provident fund contributions that we fail to pay within the prescribed deadlines, we may be subject to an order by the relevant people's court to make such payments. According to the relevant PRC laws and regulations, (i) for social insurance registrations that we fail to complete, we may be ordered by the social insurance administrative authorities to make correction within the prescribed deadlines; where correction is not made within the prescribed deadlines, we may be subject to a fine ranging from one to three times the amount of the social insurance premiums payable; and (ii) for outstanding social insurance contributions that we did not fully pay within the prescribed deadlines, the relevant PRC authorities may demand that we pay the outstanding social insurance contributions within a prescribed deadline and we may be liable for a late payment fee equal to 0.05% of the outstanding contribution amount for each day of delay; if we fail to make such payments within the prescribed deadline, we may be liable to a fine of one to three times the outstanding contribution amount. See "Business—Employees—Social Insurance and Housing Provident Fund Contributions" in this document for details. If the relevant government authorities exercise their enforcement options described above due to our historical or future failure to register for and/or make full contribution to social insurance and housing provident funds on behalf of our employees, our results of operations and financial condition may be materially and adversely affected.

We may incur additional cost to comply with the new policy regarding the tax bureau to collect social insurance and may be required by the tax bureau to make additional social insurance contributions.

On July 20, 2018, the General Office of the Communist Party of China and the General Office of the State Council released the Reform Plan of the State Tax and Local Tax Collection Administration System (《國稅地稅徵管體制改革方案》) (the "**Taxation Collection Reform Plan**"). Effective from January 1, 2019, the Taxation Collection Reform Plan places the responsibility of calculating and collecting social insurance contributions solely with the tax bureau instead of the human resources bureau, which is expected to improve social insurance compliance since the tax bureau is better resourced to monitor and collect such contributions. The impact of the newly adopted Taxation Collection Reform Plan is still uncertain as advised by our PRC Legal Advisor. We may incur additional costs to adapt to the Taxation Collection Reform Plan instead of the systems we have been using for a long time, such as hiring cost to recruit staff who are familiar with this new plan or training cost in respect of our existing staff. In addition, if we cannot adapt to the Taxation Collection Reform Plan as required under the prescribed timeframe, we may not be able to calculate and make contributions for social insurance in a timely manner which may subject us to the risk of being fined and in turn may have a material adverse impact on our business, financial position and results of operations.

We may be subject to administrative penalties as we have not filed some of our lease agreements with housing administration authorities.

Pursuant to applicable PRC laws and regulations, lease agreements must be filed with housing administration authorities. As of the Latest Practicable Date, we had not filed five lease agreements in relation to the properties we leased with the local housing administration authorities as required under the applicable PRC law, primarily due to the lack of cooperation from our lessors in registering the relevant lease agreements, which was beyond our control. Our PRC Legal Advisor has advised us that according to the relevant PRC laws and regulations, we might be ordered to rectify this failure by competent authorities and if we fail to rectify within a prescribed period, a penalty of RMB1,000 to RMB10,000 per agreement may be imposed as a result. As of the Latest Practicable Date, we had not received any notice from the relevant regulatory authority with respect to potential administrative penalties or enforcement actions as a result of our failure to file the lease agreements described above. Our PRC Legal Advisor has also advised us that the failure to file the lease agreements would not affect the validity of such lease agreements. In the event that our leases are challenged by third-parties, we intend to find alternative locations nearby and relocate. We may incur additional relocation costs and cannot assure you that we will be able to find alternative locations in a timely or effective manner.

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.

As of the Latest Practicable Date, for a total of nine leased properties, the relevant lessors could not provide the title certificates or proof of property ownership to us. As advised by our PRC Legal Advisor, if such lessors are unable to prove that they have valid titles to or valid leasehold interests in these properties, we may not be able to enforce our leases in relation to the aforesaid nine leased properties against third-parties with the relevant property interests. Any dispute or claim in relation to the titles of or the right to use 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 office premise or business operations occupying these properties. If any of our leases are terminated or voided as a result of challenges from third-parties or the relevant local governmental authorities, 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 prospect. In addition, there can be no assurance that the PRC Government will not amend or revise existing property laws, rules or regulations to require additional approvals, licenses or permits, or impose stricter requirements on us to obtain or maintain relevant title certificates for the properties that we use.

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

Under PRC laws and regulations, property developers are typically required to enter into preliminary property management service agreements for residential properties with a property management company through a tender and bidding process, and may be subject to fines and penalties if the required tender and bidding processes were not adopted in entering into preliminary property management service agreements. In addition, a public tender process may also be required under the PRC laws and regulations for the PRC Government, public institutions and bodies with public fiscal funds to engage property management service providers for management of properties, such as government buildings and public service facilities.

During the Track Record Period, eight of the preliminary property management service agreements we entered into with property developers were obtained by us without conducting the required tender and bidding processes in accordance with the PRC laws and regulations or the requirements of relevant local authorities. See "Business—Property Management Services—Tender Process" in this document for details. As confirmed by our Directors, the lack of tender and bidding processes for the selection of property management service providers for the abovementioned preliminary property management service agreements was caused by the relevant property developers but not us. As advised by our PRC Legal Advisor, a residential property developer may be required to take rectification measures and pay a fine within a prescribed period if it fails to comply with such tender and bidding requirements under the PRC laws prior to entering into preliminary property management service agreement. In addition, there are no specific laws or regulations in the PRC which set forth administrative penalties upon property management companies for failing to undergo the tender and bidding processes prior to the entering into of the preliminary property management service agreements. As further advised by our PRC Legal Advisor, the lack of tender and bidding processes for the eight agreements aforementioned shall not affect the validity of such agreements. However, according to the Regulation on Property Management (《物業管理條例》), any preliminary property management service agreements obtained without going through the required tender and bidding processes may be determined to be invalid by the relevant local judicial authority subject to the circumstances of the case. If this occurs, the relevant property developer may need to organise a tender and bidding process to select a new property management service provider for the relevant project. In the event that we do not win the tender and bidding process, we may not be able to continue to provide property management services for the relevant projects and our revenue and business may be negatively impacted.

We may not be able to honor our obligation in respect of the contract liabilities which may have impact on our results of operations and financial condition.

Our contract liabilities amounted to approximately RMB46.6 million, RMB45.4 million and RMB40.1 million as of December 31, 2020, 2021 and 2022, respectively. Our contract liabilities mainly represent property management fees received upfront as of the beginning of a billing cycle but not recognized as revenue. See "Financial Information—Selected Items of the Consolidated Statements of Financial Position—Contract Liabilities" in this document for details.

We may fail to honor 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 may decide not to continue to make upfront property management fee payments going forward. If so, we may not be able to convert such contract liabilities into revenue. Our customers may also terminate us for quality or other reasons and require us to refund the cash we have received upfront, which may adversely affect our cash flow and liquidity condition and our ability to meet our working capital requirements and in turn, our results of operations and financial condition. In addition, if we fail to fulfill our obligations under our contracts with customers, it may also adversely affect our relationships with such customers, which may in turn affect our reputation and results of operations in the future.

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" in this document for details.

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

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 subcontractors, 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 subcontractors' negligence or recklessness when performing repair and maintenance services. We may be held liable for the injuries or deaths of employees, subcontractors, residents or others. We may also experience interruptions to our business and may be required to change the manner in which we operate 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 be exposed to liabilities from disputes involving products advertised under our community value-added services.

To facilitate the development of our community value-added services, we assist property owners in leasing out common spaces of the projects we manage such as lifts, fences, entrance and exit gates to advertising companies or third-party vendors. We may therefore be subject to product liability arising from advertising the products under the Laws on the Protection of Rights and Interests of Consumers of the PRC, the Civil Code of the PRC (《中華人民共和國民法典》), the Advertising Law of the PRC and other relevant PRC laws and regulations. For instance, claims may be brought against us by purchasers, regulatory authorities or other third-parties alleging, among other things, that: (i) advertisements made with respect to such products are false, deceptive, misleading, libellous, injurious to the public welfare or otherwise offensive; and (ii) such marketing, communications or advertising infringe on the proprietary rights of other third-parties.

We currently do not carry any product liability insurance coverage. Any product liability claim or governmental regulatory action could be costly and time-consuming. We could be required to pay substantial damages as a result of such claim or action. A material design, manufacturing or quality failure in the products offered or advertised, safety issues or heightened regulatory scrutiny could each result in a product recall and increased product liability claims. Furthermore, customers may not use the products in accordance with product usage instructions, possibly resulting in customer injury. All of these events could materially harm our brand and reputation and marketability of such products, divert our management's attention and have a material adverse effect on our business, financial position and results of operations.

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

We rely on our information technology and management systems in our business operations to centralize the management of our operational functions such as storage of business information and the monitoring of communications with our customers. 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 and management systems according to our operational needs and customers' demands. If we are unable to detect or promptly remedy any system malfunction or misconfiguration, we may experience system interruptions or delays, which could adversely affect our operations.

We also accept payments via various methods, including but not limited to cash payments, bank transfers, credit cards or third-party platforms such as WeChat Pay and Alipay. Transactions conducted through such third-party platforms involve the transmission of confidential information 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. In the event funds paid using these platforms are misappropriated or otherwise do not reach our accounts, for example, in the event of a fraud involving wire transfers from the payment platform, we may bear financial loss which is difficult or impossible to recover from the wrongdoers or other responsible parties. 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.

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 technology and management systems will not occur going forward. We may incur significant costs in restoring any damage to our information technology and management systems. Failures in or disruptions to our information technology and management systems and loss or leakage of confidential information could cause transaction errors, processing inefficiencies and the loss of customers and sales, and subject us to increased costs, litigation and other liabilities, which could materially and adversely affect our business, financial position, results of operations and our reputation.

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.

During the ordinary course of our business, we collect, store and process personal and other sensitive data from our customers. 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 nevertheless 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 database could cause confidential customer information to be stolen and used for unlawful purposes. Security breaches or unauthorized access to confidential information could also expose us to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity.

Under the Cyber Security Law of the PRC (《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 shall not collect, use or provide personal information to others without consent. Moreover, the Provisions on Protection of Personal Information of Telecommunication and the Internet Users (《電信和互聯網用戶個人信息保護規定》) 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.

On July 6, 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly promulgated the Opinions on Strictly Combating Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》), which called for the improvement of laws and regulations regarding data security, cross-border data transfer and management of confidential information. Such laws and regulations are expected to undergo further changes, which may require increased information security responsibilities and stronger cross-border information management mechanism and process. We cannot guarantee whether new rules or regulations promulgated in the future will impose additional compliance requirements on us.

According to the Cyber security Review Measures (2021), operators of critical information infrastructure which purchase network products and services and online platform operators which carry out data processing activities that affect or may affect national security, shall conduct a cyber security review. According to the Cyber security Review Measures (2021), an online platform operator which holds and controls more than one million users' personal information must report to the Cyber security Review Office (網絡安全審查辦公室) for a cyber security review if it intends to be listed abroad (國外上市).

Pursuant to the Draft Regulations on Administration of Network Data Security published on November 14, 2021, the PRC Government will focus on the protection of personal information and important data and will strictly protect core data. Data processors shall be responsible for the data security and fulfill their obligations of data security protection in data processing. Data processors shall take necessary measures such as backup, encryption and access control to protect data from disclosure, theft, tampering, destruction, loss and illegal use, to deal with data security incidents, and to prevent illegal and criminal activities targeting and using data, maintain the integrity, confidentiality and availability of data. It stipulates that data processors shall, in accordance with the relevant national regulations, apply for cyber security review if they engage in the following activities, including, among other things, (i) intending to be listed abroad which processes more than one million users' personal information, or (ii) intending to be listed in Hong Kong which affect or may affect national security. As at the Latest Practicable Date, the Draft Regulations on Administration of Network Data Security had not been formally adopted.

Since (i) our Group, as a property management service provider, only collects limited type of data from our customers such as customer's name, home address and contact information during our Group's operation and we have collected, used, stored and managed the aforesaid data or personal information from our customers by fully complying with the principles and requirements set out in the relevant laws and regulations (including the draft laws and regulations) with respect to cyber security and data protection, (ii) we will continue to be collecting such limited data or personal information and to be compliant with the relevant laws and regulations (including the draft laws and regulations) after the launch of our mobile App, (iii) after consulting with our PRC Legal Advisor, considering the nature of our business and our Group's limited collection and usage of data, our Directors are of the view that the risk of the **[REDACTED]** being determined to affect or may affect national security is remote and therefore the possibility of our Group being required to comply with the reporting obligations set out in the Draft Regulations on Administration of Network Data Security is remote, (iv) we did not operate any online platform or hold, control or process more than one million users' personal information as at the Latest Practicable Date for which we are not required to comply with the reporting obligations set out in the Cyber security Review Measures (2021) and the Draft Regulations on Administration of Network Data Security, and (v) as at the Latest Practicable Date, our Group had not been notified by any authority of being classified as a data processor or an online platform operator carrying out data processing activities that affect or may affect national security or holding, controlling or processing more than one million users' personal information, or that the **[REDACTED]** affects or may affect national security, neither had our Group been subject to any cyber security penalty, review, enquiry, investigation or notice by the Cyberspace Administration of China (國家互聯網信息辦公室) or any other relevant PRC governmental authority, our Directors and our PRC Legal Advisor are of the view that the Cyber security Review Measures (2021) and the Draft Regulations on Administration of Network Data Security will not affect our Group's compliance with the applicable laws and regulations related to cyber security and data protection which were in effect as at the Latest Practicable Date in any material aspects. Based on the above, our Directors are of the view that the Cyber security Review Measures (2021) and the Draft Regulations on Administration of Network Data Security will not affect our business operations and financial position in any material aspects. Our Directors also expect that our Group will continue to be compliant with the relevant laws and regulations in all material respects after our mobile App has been launched. However, as advised by our PRC Legal Advisor, the exact details of the Cyber security Review Measures (2021), the Draft Regulations on Administration of Network Data Security and the current regulatory regime remain unclear, and the PRC government authorities may have wide discretion in the interpretation and enforcement of these laws and regulations. As such, our Directors and PRC Legal Advisor cannot preclude the possibility that new rules or regulations promulgated in the future will impose additional compliance requirements on our Group in relation to cyber security review, which may result in, among other things, an increase in our cost of compliance and expected time required in case we conduct further capital raising in future.

Apart from the Cyber security Review Measures (2021) and the Draft Regulations on Administration of Network Data Security, the evolving PRC regulations regarding cyber security and data protection may lead to future restrictions and establishment of new regulatory agencies. We may therefore be subject to more legal responsibilities and compliance costs, which may have an adverse effect on our business. For further details, see "Regulatory Overview—Laws and Regulations on Data Security and Privacy" in this document.

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 subcontractors 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 operations and prospects would be materially and adversely affected.

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

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

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

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

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

We are exposed to fraud or other misconduct committed by our employees, subcontractors, 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 subcontracted a project to us for property management which constitutes its non-compliance, 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 information management 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.

We may be involved in intellectual property disputes and claims.

As of the Latest Practicable Date, we registered three domain names and 20 trademarks, and filed application for registration of four trademarks that we believe are material to our business. We have also been licensed by the Remaining Zhong An Group to use 17 of its trademarks for our operation pursuant to which we were entitled to use such trademarks on a non-exclusive, non-transferable and royalty-free basis for the period stipulated in the trademark licensing agreement. We rely on and expect to continue to rely on a combination of confidentiality procedures and license agreements, as well as trademark and domain name protection laws, to protect our proprietary rights. See "Business—Intellectual Property" and "Connected Transactions—(A) Continuing Connected Transactions Fully Exempted from the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements—1. Trademark Licensing" in this document for details. 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.

We may become subject to claims from competitors or third-parties alleging intellectual property infringement by us 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 administrative or judicial decision, 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 in our industry.

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 approximately RMB1.5 million, RMB1.6 million and RMB2.2 million as of December 31, 2020, 2021 and 2022, respectively. We periodically assess the probability of the realization of deferred tax assets, using significant judgments and estimates with respect to, among other things, 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.

Fluctuations in amounts of government subsidies may lead to volatility in our profit.

We received subsidies from government authorities granted in light of, among other things, the outbreak of COVID-19.

Our government grants amounted to approximately RMB4.6 million, RMB707,000 and RMB928,000 in 2020, 2021 and 2022, respectively. Government grants fluctuated during the Track Record Period because such 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 government grants, or at all. Accordingly, we may experience additional fluctuations in our government grants, which may lead to volatility in our profit.

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 CONDUCTING 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 through our subsidiaries and branches in the PRC. 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 periods. 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.

In addition, the outlook for the world economy and financial markets remains uncertain. China's economic growth may also slow down due to weakened exports as a result of tariffs and trade tensions caused by the U.S.-China trade war. The lasting impact the trade war may have on China's economy and the industry we operate remains uncertain. These and other issues resulting from the global economic slowdown and financial market turmoil have adversely affected, and may continue to adversely affect, the PRC economy, which in turn may affect our business.

Moreover, the outbreak of COVID-19 may materially and adversely affect the global economy. See "—Our business operations may be affected by the COVID-19 pandemic" in this section for details. These and other issues resulting from the global economic slowdown and financial market turmoil have adversely affected, and may continue adversely affecting, the overall PRC economy, which would in turn affect our business.

We may be subject to the approval and/or other requirements of the CSRC or other PRC governmental authorities in connection with the [REDACTED] and our future capital raising activities under the PRC law.

On February 17, 2023, the CSRC promulgated Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and relevant five guidelines, which became effective on March 31, 2023.

According to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. For the circumstances under which an overseas listing or offering is explicitly prohibited, see "Regulatory Overview—Laws and Regulations Relating to Property Management Services and Other Related Services—Overseas Listing".

The Overseas Listing Trial Measures also provides that if the issuer both meets the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as indirect overseas offering by PRC domestic companies: (i) 50% or more of any of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by domestic companies; and (ii) the main parts of the issuer's business activities are conducted in mainland China, or its main place(s) of business are located in mainland China, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their usual place(s) of residence located in mainland China. Where an issuer submits an application for initial public offering to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted. The Overseas Listing Trial Measures also requires subsequent reports to be filed with the CSRC on material events, such as change of control or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings. Given that (i) our domestic operating entities generated 100% of our total revenue as shown in our audited consolidated financial statements for the year ended December 31, 2022; (ii) most of our senior management are PRC citizens; and (iii) our business activities are mainly conducted in the PRC, the **[REDACTED]** falls within the scope of indirect overseas offering and listing by PRC domestic companies. Therefore, we are subject to the filing obligations as contemplated in the Overseas Listing Trial Measures.

On February 17, 2023, the CSRC also issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (關於境內企業境外發行上市備案管理安排的通知) (the "**Notice**"), which, among others, clarified that domestic companies that have obtained approval from overseas regulatory authorities or securities exchanges (for example, a contemplated offering and/ or listing in Hong Kong has passed the hearing of the Stock Exchange) for their indirect overseas offering and listing prior to the effective date of the Overseas Listing Trial Measures (i.e. March 31, 2023) but have not yet completed their indirect overseas issuance and listing, are granted a six-month transition period from March

31, 2023. Those who complete their overseas offering and listing within such six months are deemed as Existing Issuers (存量企業) and are not required to complete the overseas listing filing immediately, but shall complete filings as required if they conduct refinancing or are involved in other circumstances that require filing with the CSRC. Within such six-month transition period, however, if such domestic companies need to reapply for offering and listing procedures to the overseas regulatory authority or securities exchanges (such as requiring a new hearing of the Stock Exchange), or if they fail to complete their indirect overseas offering and listing, such domestic companies shall complete the filling procedures with the CSRC.

Given we have obtained the approval of the Stock Exchange for the **[REDACTED]** before **[REDACTED]** and based on the verbal communication with CSRC on **[REDACTED]**, our PRC Legal Advisor is of the view that we will not be required to complete the filing procedures with the CSRC for the **[REDACTED]**, if (i) we are not required to go through the hearing procedure with the Stock Exchange again, and (ii) we complete our **[REDACTED]** by **[REDACTED]**. However, if (i) we are required to go through the hearing procedure with the Stock Exchange again, or (ii) we fail to complete our **[REDACTED]** by **[REDACTED]**, our PRC Legal Advisor is of the view that we will be required to complete the filing procedures with the CSRC in connection with the **[REDACTED]**.

In addition, the Overseas Listing Trial Measures also provide that domestic companies must file with the CSRC within three business days for its follow-on offering of securities after it is listed in an overseas market. If we fail to complete such filing with the CSRC, in a timely manner or at all, for any future securities offering or any other financing activities which are subject to the filing requirements under the Overseas Listing Trial Measures, our ability to raise or utilize funds and our operations could be materially and adversely affected.

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

The PRC Government, in certain cases, imposes controls on the convertibility of Renminbi into foreign currencies and the remittance of currency out of China. See "Regulatory Overview—Laws and Regulations Relating to Foreign Exchange Control" in this document for details. We received all of our revenue in Renminbi during the Track Record Period. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or make other payments or satisfy other foreign currency denominated obligations, if any. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our shareholders.

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, overseas organizations and individuals making direct investments in the PRC shall, after obtaining approval from the relevant authorities in charge, undergo the registration formalities with the foreign exchange control authorities, except for payments of certain current account items can be made in foreign currencies without prior approval from the local branch of the SAFE by complying with certain procedural requirements. Also, 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 subsidiaries' ability to obtain foreign exchange through debt or equity financing, including by means of loans or capital contribution from us.

Fluctuations in exchange rates 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, among other factors, 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 **[REDACTED]** 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]** or **[REDACTED]** 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.

Inflation in China could negatively affect our profitability and growth.

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

Our ability to access credit and capital markets may be adversely affected by factors beyond our control.

Interest rate increases by the PBOC or market disruptions may increase our cost of borrowing or adversely affect our ability to access sources of liquidity upon which we may rely to finance our operations and satisfy our obligations as they become due. We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges. There can be no assurance that the anticipated cash flow from our operations will be sufficient to meet all of our cash requirements, or that we will be able to secure external financing at competitive rates, or at all. Any such failure may adversely affect our ability to finance our operations, meet our obligations or implement our growth strategy.

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 Supreme People's Court of China (中國最高人民法院), 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 partly based 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 Cayman Islands. All of our assets are located in China, all of our executive Directors and most of our 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 civil court judgments with Japan, the United Kingdom, the United States and many other countries. As a result, recognition and enforcement in China of a civil court judgment obtained in other jurisdictions may be difficult or impossible.

In addition, on July 14, 2006, the Supreme People's Court of China and the Government of Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between

Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**2006 Arrangement**"). Pursuant to the 2006 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.

In addition, on January 18, 2019, the Supreme People's Court of China and the Government of the Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**2019 Arrangement**"), which seeks to establish a mechanism with greater clarity and certainty for the recognition and enforcement of judgments in a wider range of civil and commercial matters between China and Hong Kong. The 2019 Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People's Court of China and the completion of the relevant legislative procedures in Hong Kong. Once it becomes effective, the 2019 Arrangement will supersede the 2006 Arrangement, and discontinue the requirement for a choice of court agreement for bilateral recognition and enforcement. As for now, the 2019 Arrangement has not come into force.

On January 9, 2021 MOFCOM promulgated Measures for Blocking Improper Extraterritorial Application of Foreign Laws and Measures (《阻斷外國法律與措施不當域外適用辦法》) with immediate effect, or Order No. 1, pursuant to which, where a citizen, legal person or other organization of China is prohibited or restricted by foreign legislation and other measures from engaging in normal economic, trade and related activities with a third State (or region) or its citizens, legal persons or other organizations, he or she/it shall truthfully report such matters to MOFCOM within 30 days. Upon assessment and being confirmed that there exists unjustified extra-territorial application of foreign legislation and other measures, MOFCOM shall issue a prohibition order to the effect that, the relevant foreign legislation and other measures are not accepted, executed, or observed, but such a citizen, legal person or other organization of China may apply to MOFCOM for an exemption from compliance with such prohibition order. However, since the Order No. 1 is relatively new, the enforcement of it involves uncertainty in practice.

We face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.

Pursuant to the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (the "**Bulletin 7**"), an "indirect transfer" of PRC taxable assets, including a transfer of equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. When determining whether there is a "reasonable commercial purpose" of the transaction arrangement, factors to be taken into consideration include: whether the main value of the equity interest of the relevant offshore enterprise derives from PRC taxable assets; whether the assets of the relevant offshore enterprise mainly consist of direct or indirect investment in China or if its income mainly derives from China; whether the offshore enterprise and its subsidiaries directly or indirectly hold PRC taxable assets have real commercial nature, which is evidenced by their actual function and risk exposure; the duration of shareholders, existence of the business model and organizational structure; the replicability of the transaction by direct transfer of PRC taxable assets; and the tax situation of such indirect transfer and applicable tax treaties or similar arrangements. In respect of an indirect offshore transfer of assets of a PRC establishment, the resulting gain is to be reported on with the enterprise income tax filing of the PRC establishment or place of business being transferred, and would consequently be subject to PRC enterprise income tax at a rate of 25%. Where the underlying transfer relates to equity investments in a PRC resident enterprise, which is not related to a PRC establishment or place of business of a non-resident enterprise, a PRC enterprise income tax of 10% would apply, subject to available preferential tax treatment under applicable tax treaties or similar arrangements. Late payment of applicable tax will subject the transferor to default interest. Gains derived from the sale of shares by investors through a public stock exchange will not be subject to PRC enterprise income tax pursuant to Bulletin 7 where such shares were acquired in a transaction through a public stock exchange.

There are uncertainties as to the application of Bulletin 7. Bulletin 7 may be determined by the tax authorities to be applicable to sale of the shares of our offshore subsidiaries or investments where PRC taxable assets are involved. We face uncertainties as to the reporting and other implications of certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, or the sale of the shares in our offshore subsidiaries or investments. Our Company may be subject to filing obligations or taxes if our Company is the transferor in such transactions, and may be subject to withholding obligations if our Company is the transferee in such transactions, under Bulletin 7. For transfers of shares in our Company by investors that are non-PRC resident enterprises, our PRC subsidiary may be requested to assist with the filing under Bulletin 7. As a result, we may be required to expend valuable resources to comply with Bulletin 7 or to request the relevant transferors from whom we purchase taxable assets to comply with these circulars, or to establish that our Company should not be taxed under Bulletin 7, for our previous and future restructuring or disposal of shares of our offshore subsidiaries or investments, which may have a material adverse effect on our financial condition and results of operations.

The PRC tax authorities have the discretion under Bulletin 7 to make adjustments to the taxable capital gains based on the difference between the fair value of the taxable assets transferred and the cost of investment. If the PRC tax authorities make adjustments to the taxable income of the transactions under Bulletin 7, or under Bulletin on Issues Concerning the Withholding of Non-PRC Resident Enterprise Income Tax at Source (《關於非居民企業所得稅源泉扣繳有關問題的公告》), our income tax costs associated with such potential acquisitions or disposals will increase, which may have an adverse effect on our financial condition and results of operations.

We may be deemed a "PRC resident enterprise" under the EIT Law and be subject to a tax rate of 25% on our global income, which could result in unfavorable tax consequences to us.

Pursuant to the EIT Law, which came into effect on January 1, 2008 and was amended on February 24, 2017 and December 29, 2018, an enterprise established outside China whose "de facto management body" is located in China is considered a "PRC resident enterprise" and will generally be subject to the uniform enterprise income tax rate, or EIT rate, of 25% on its global income. Under the implementation rules of the EIT Law, "de facto management body" is defined as the organizational body that effectively exercises management and control over such aspects as the business operations, personnel, accounting and properties of the enterprise.

SAT released the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) ("**Circular 82**") on April 22, 2009 (which was amended on December 29, 2017) setting out the standards and procedures for determining whether the "de facto management body" of an enterprise registered outside of China and controlled by PRC enterprises or PRC enterprise groups is located within China. Under Circular 82, a foreign enterprise controlled by a PRC enterprise or a PRC enterprise group is considered a PRC resident enterprise if all of the following apply: (i) the senior management and core management departments in charge of daily business operations are located mainly within China; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in China; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within China; and (iv) at least half of the enterprise's directors with voting rights or senior management reside within China. In addition, Circular 82 also requires that the determination of "de facto management body" shall be based on the principle that substance is more important than form. Further to Circular 82, SAT issued the Chinese-Controlled Offshore Incorporated Resident Enterprises Income Tax Regulation (Trial Implementation) (《境外註冊中資控股居民企業所得稅管理辦法(試行)》) (the "**Bulletin 45**"), which took effect on September 1, 2011 and amended on April 17, 2015, June 28, 2016 and June 15, 2018 to provide more guidance on the implementation of Circular 82 and clarify the reporting and filing obligations of such "Chinese-controlled offshore incorporated resident enterprises." Bulletin 45 provides procedures and administrative details for the determination of resident status and administration of post-determination matters. Although Circular 82 and Bulletin 45 explicitly provide that the above standards apply to enterprises which are registered outside of China and controlled by PRC enterprises or PRC enterprise groups, Circular 82 may reflect SAT's criteria for determining the tax residence of foreign enterprises in general. Most of the members of our senior management are currently based in China; if we are deemed a PRC resident enterprise, the EIT rate of 25% on our global taxable income may reduce capital we could otherwise divert to our business operations.

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

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

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

PRC laws and regulations establish more complex procedures for some acquisitions of PRC companies by foreign investors, which could make it difficult for us to pursue growth through acquisitions in China.

A number of PRC laws and regulations, including the M&A Rules, the Anti-Monopoly Law (《反壟斷法》), the Measures for the Security Review of Foreign Investments (《外商投資安全審查辦法》) and the Rules of MOFCOM on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》) promulgated by MOFCOM on August 25, 2011 and effective from September 1, 2011 (the "**Security Review Rules**"), have established procedures and requirements that are expected to make the review of certain merger and acquisition activities by foreign investors in China more time-consuming and complex. These include requirements in some instances to notify MOFCOM in advance of any transaction in which foreign investors take control of a PRC domestic enterprise, or to obtain approval from MOFCOM before overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. PRC laws and regulations also require certain merger and acquisition transactions to be subject to merger control or security review.

The Security Review Rules prohibits foreign investors from bypassing the security review requirement by structuring transactions through proxies, trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions. If we are found to be in violation of the Security Review Rules and other PRC laws and regulations with respect to merger and acquisition activities in China, or fail to obtain any of the required approvals, the relevant regulatory authorities would have broad discretion in dealing with such violations, including levying fines, revoking business and operating licenses, confiscating our income and requiring us to restructure or unwind our restructuring activities. Any of these actions could cause significant disruption to our business operations and may materially and adversely affect our business, financial position and results of operations. Furthermore, if the business of any target company we plan to acquire falls into the ambit of security review, we may not be able to successfully acquire such company either by equity or asset acquisition, capital contribution or any contractual arrangement. We may grow our business in part by acquiring other companies operating in our industry. Complying with the requirements of the relevant regulations to complete such transactions could be time-consuming, and any required approval processes, including approval from MOFCOM, may delay or inhibit our ability to complete such transactions, thus affecting our ability to expand our business or maintain our market share.

Natural disasters, public health and public security hazards in the PRC may severely disrupt our business and operations.

Our business is subject to general economic and social conditions in the PRC. The outbreak of any severe diseases in China such as the human swine flu, also known as Influenza A (H1N1), H5N1 avian flu, severe acute respiratory syndrome or COVID-19, if uncontrolled, could have an adverse effect on the overall business sentiment and environment in China, which in turn may have an adverse impact on domestic consumption and the demand for our services. In addition, if employees are affected by a severe communicable disease, we may be required to institute measures to prevent the spread of the disease. The spread of any severe communicable disease in China may also affect the operations of our general suppliers and other service providers.

Moreover, China has experienced natural disasters, including floods, landslides, fire and droughts in the past, resulting in deaths of people, significant economic losses and significant and extensive damage to factories, power lines and other properties, as well as blackouts, transportation and communications disruptions and other losses in the affected areas. Any future natural disasters, public health and public security hazards may materially and adversely affect or disrupt our operations. Furthermore, such natural disasters, public health and public security hazards may severely restrict the level of economic activity in affected areas, which may in turn materially and adversely affect our business, results of operations and prospects.

RISKS RELATING TO THE [REDACTED] AND THE [REDACTED]

Possible setting of the [REDACTED] after making a [REDACTED]

We have the flexibility to make a **[REDACTED]** to set the **[REDACTED]** at **[REDACTED]** below the bottom end of the indicative **[REDACTED]** range per **[REDACTED]**. It is therefore possible that the **[REDACTED]** will be set at HK$**[REDACTED]** per **[REDACTED]** upon the making of a **[REDACTED]**. In such a situation, the **[REDACTED]** will proceed and the **[REDACTED]** will not apply. If the **[REDACTED]** is set at HK$**[REDACTED]**, the estimated **[REDACTED]** we will receive from the **[REDACTED]** will be reduced to approximately HK$**[REDACTED]**, and such reduced **[REDACTED]** will be used as described in "Future Plans and **[REDACTED]** — **[REDACTED]**" in this document.

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

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

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

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

Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in the PRC have experienced price volatility in the past, and it is possible that our Shares may be subject to changes in price not directly related to our performance.

Normally, a **[REDACTED]** acting on behalf of the **[REDACTED]** may **[REDACTED]** (via **[REDACTED]**) or effect short sales or any other stabilizing activities with a view to stabilizing or maintaining the market price of the **[REDACTED]** at a level higher than that which might otherwise prevail in the open market. However, given that we will not grant any **[REDACTED]** to the **[REDACTED]**, and the fact that no **[REDACTED]** has been appointed by us in connection to the **[REDACTED]** and it is anticipated that no price stabilization activities will be conducted by any **[REDACTED]**, which may result in substantial losses for investors during the period when **[REDACTED]** activities would normally have been conducted.

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

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

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

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

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

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

Any declaration of dividends will be proposed by our Board, and the amount of any dividends will depend on various factors, including, without limitation, our results of operations, financial position, capital requirements and surplus, contractual restrictions, future prospects and other factors which our Board may determine are important. See "Financial Information—Dividend Policy and Distributable Reserves" in this document for details. We cannot guarantee when, if and in what form dividends will be paid. Our historical dividend policy should not be taken as indicative of our dividend policy in the future.

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

Our management may use the **[REDACTED]** from the **[REDACTED]** in ways that you may not agree with or that do not yield a favorable return to our Shareholders. By investing in our Shares, you are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the **[REDACTED]** from this **[REDACTED]**. See "Future Plans and **[REDACTED]**" in this document for details.

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

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

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

Immediately upon completion of the **[REDACTED]**, and assuming no exercise of the **[REDACTED]**, our Controlling Shareholders will directly or indirectly control the exercise of 75% of voting rights in the general meeting of our Company. See "Relationship with Controlling Shareholders" in this document for details. The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. Our Controlling Shareholders will have significant influence on the outcome of any corporate transaction or other matters submitted to our Shareholders for approval, including mergers, consolidations, sales of all or substantially all of our assets, election of Directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent changes in control of our Company that would otherwise benefit our other Shareholders. To the extent that the interests of our Controlling Shareholders conflict with those of our other Shareholders, our other Shareholders may be deprived of opportunities to advance or protect their interests.

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

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

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

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

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

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

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

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

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

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong, which normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. We do not have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules. We have applied for a waiver from strict compliance with Rule 8.12 of the Listing Rules primarily on the basis that, as our Group is headquartered in the PRC with its principal business operations based, managed and conducted in the PRC, and substantially all of our Group's assets are based in the PRC, our management is best able to attend to our Group's function by being based in the PRC. We have applied to the Stock Exchange for, and the Stock Exchange has granted us a waiver from strict compliance with Rule 8.12 of the Listing Rules subject to, among others, the following conditions:

(1) pursuant to Rule 3.05 of the Listing Rules, we have appointed two authorized representatives, Mr. Sun Zhihua (孫志華), our executive Director, and Mr. Yeung Man Simon (楊敏), our chief financial officer and company secretary, who will jointly act as our Company's principal channel of communication with the Stock Exchange. Mr. Yeung Man Simon (楊敏) is an ordinarily resident in Hong Kong. Each of our authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of our authorized representatives is authorized by our Board to communicate on our behalf with the Stock Exchange;

(2) each of our authorized representatives has means to contact our Directors (including our independent non-executive Directors) and of the senior management team promptly at all times as and when the Stock Exchange wishes to contact them or any of them for any matters. Each of 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. To enhance the communication between the Stock Exchange, the authorized representatives and our Directors, our Company will implement a number of policies whereby (i) each Director shall provide (if available) his/her office phone number, mobile phone number, fax number and/or email address to the authorized representatives or maintain an open line of communication via his/her mobile phone; and (ii) all of our Directors and authorized representatives will provide (if available) their respective office phone number, mobile phone number, fax number and/or email address to the Stock Exchange. Our Company shall promptly inform the Stock Exchange of any changes to the contact details of our Directors and authorized representatives;

(3) Rainbow Capital (HK) Limited has been appointed as our Company's compliance advisor, pursuant to Rule 3A.19 of the Listing Rules, to provide our Company with professional advice on continuing obligations under the Listing Rules, and to act at all times, in addition to the two authorized representatives of our Company, as our Company's additional channel of communication with the Stock Exchange for the period commencing on the **[REDACTED]** and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules and publishes our annual report in respect of our first full financial year commencing after the **[REDACTED]**. The contact person of our compliance advisor will be fully available to answer enquiries from the Stock Exchange;

(4) we will appoint other professional advisors (including legal advisors in Hong Kong and accountants) after the **[REDACTED]** to assist us in dealing with any questions which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange;

(5) our Company will designate one of our staff members as the communication officer at our headquarter after the **[REDACTED]** who will be responsible for maintaining day-to-day communication with Mr. Yeung Man Simon (楊敏) and our Company's professional advisors in Hong Kong, including our legal advisors in Hong Kong and our compliance advisor, to keep abreast of any correspondences and/or enquiries from the Stock Exchange and report to our executive Directors to further facilitate communication between the Stock Exchange and our Company; and

(6) meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives or our 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 our compliance advisor.

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 pursuant to Rule 14A.105 of the Listing Rules for, and the Stock Exchange has granted us waivers from strict compliance with 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 Transactions Subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements" of this document. See "Connected Transactions" in this document for details.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Shi Zhongan (施中安) (alias Shi Kancheng) (施侃成)	Room 101, Building 7 (East) Zhongan Garden Chengxiang Road Xiaoshan, Hangzhou Zhejiang Province PRC	Chinese
Mr. Sun Zhihua (孫志華)	Room 22-6-601 Yuxi Garden, Xixi Road Xihu, Hangzhou Zhejiang Province PRC	Chinese
Mr. Lu Jianguo (盧建國)	Room 206, East Unit Building 2, Wanxiang City Garden Chengxiang Street Xiaoshan, Hangzhou Zhejiang Province PRC	Chinese
Ms. Xu Jianying (徐建穎)	Meihe Mingfu 2-2-1601 Chengxiang Street Xiaoshan, Hangzhou Zhejiang Province PRC	Chinese

Name	Address	Nationality
Independent Non-executive Directors		
Mr. Chung Chong Sun (鍾創新)	Flat D, 15/F, Ho Kwan Building 48-54 Jordan Road Yau Ma Tei, Kowloon Hong Kong	Chinese
Mr. Liang Xinjun (梁信軍)	99 Cairnhill Circle 04-01, Hilltops Singapore	Chinese
Mr. Chiu Ngam (趙岩)	Flat F, 17/F, Tower 10 Island Harbourview, 11 Hoi Fai Road Tai Kok Tsui, Kowloon Hong Kong	Chinese

See "Directors and Senior Management" in this document for further details of our Directors.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

China Merchants Securities (HK) Co., Limited
48/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

Huatai Financial Holdings (Hong Kong) Limited
62/F, The Center
99 Queen's Road Central
Central, Hong Kong

[REDACTED]

Legal Advisors to our Company	*As to Hong Kong laws:* **Jingtian & Gongcheng LLP** Suites 3203-3207, 32nd Floor Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong
	As to PRC laws: **Jingtian & Gongcheng** 45th Floor K. Wah Centre 1010 Huaihai Road (M) Xuhui District, Shanghai PRC
	As to Cayman Islands laws: **Maples and Calder (Hong Kong) LLP** 26th Floor, Central Plaza 18 Harbour Road Wanchai Hong Kong
Legal Advisors to the Joint Sponsors and [REDACTED]	*As to Hong Kong laws:* **King & Wood Mallesons** 13th Floor, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong
	As to PRC laws: **Commerce & Finance Law Offices** 12-14th Floor, China World Office 2 No. 1, Jianguomenwai Avenue Chaoyang 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

Compliance Advisor	**Rainbow Capital (HK) Limited** Room 5B, 12/F, Tung Ning Building No. 2 Hillier Street Sheung Wan Hong Kong
Industry Consultant	**China Index Academy** Tower A No. 20 Guogongzhuang Middle Street Fengtai District Beijing PRC

[REDACTED]

CORPORATE INFORMATION

Registered office	PO Box 309, Ugland House Grand Cayman, KY1-1104 Cayman Islands
Headquarters and principal place of business in the PRC	Room 527, 5th Floor Building 6, Xinhang Business Center Xihu, Hangzhou Zhejiang Province PRC
Principal place of business in Hong Kong	Room 4009, 40/F China Resources Building 26 Harbour Road Wanchai Hong Kong
Company's website	**www.zazhsh.com** *(The contents of the website do not form a part of this document)*
Company secretary	Mr. Yeung Man Simon (楊敏) *(HKICPA, AICPA)* Flat D, 16/F, Block 7 Sceneway Garden 8 Sceneway Road Lam Tin, Kowloon Hong Kong
Authorized representatives	Mr. Sun Zhihua (孫志華) Room 22-6-601 Yuxi Garden, Xixi Road Xihu, Hangzhou Zhejiang Province PRC Mr. Yeung Man Simon (楊敏) Flat D, 16/F, Block 7 Sceneway Garden 8 Sceneway Road Lam Tin, Kowloon Hong Kong

Audit Committee	Mr. Chung Chong Sun (鍾創新) *(chairman)* Mr. Liang Xinjun (梁信軍) Mr. Chiu Ngam (趙岩)
Remuneration Committee	Mr. Liang Xinjun (梁信軍) *(chairman)* Mr. Sun Zhihua (孫志華) Ms. Xu Jianying (徐建穎) Mr. Chung Chong Sun (鍾創新) Mr. Chiu Ngam (趙岩)
Nomination Committee	Mr. Shi Zhongan (施中安) (alias Shi Kancheng (施侃成) *(chairman)* Mr. Liang Xinjun (梁信軍) Mr. Chung Chong Sun (鍾創新)

[REDACTED]

Principal banks	**Xiaoshan Rural Commercial Bank** Zhejiang Xiaoshan Yinfa Sub-branch 195 Renmin Road, Chengxiang Street Xiaoshan, Hangzhou Zhejiang Province PRC
	Agricultural Bank of China Hangzhou Jincheng Road Sub-branch 466 Jincheng Road Xiaoshan, Hangzhou Zhejiang Province PRC

The information and statistics set out in this section and other sections of this document were extracted from the industry report prepared by CIA, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged CIA to prepare the CIA Report, an independent industry report, in connection with the **[REDACTED]**. *The information from official government sources has not been independently verified by us, the Joint Sponsors, the* **[REDACTED]**, *the* **[REDACTED]**, *the* **[REDACTED]**, **[REDACTED]** *and the* **[REDACTED]**, *any of their respective directors and advisers, or any other persons or parties involved in the* **[REDACTED]**, *and no representation is given as to its accuracy.*

RESEARCH BACKGROUND, METHODOLOGIES AND ASSUMPTIONS OF CIA

We purchased the right to use and quote multiple data from publications by CIA at a total cost of RMB800,000. CIA has extensive experience in researching and tracking the PRC property management industry and has conducted research on the Top 100 Property Management Companies since 2008. In conducting its research, CIA mainly evaluates property management companies that have managed at least ten properties or an aggregate GFA of 500,000 sq.m. or above for the previous three years. CIA uses research parameters and assumptions and gathers data from multiple primary and secondary sources, including (i) published statistics, websites and marketing materials of property management companies; (ii) surveys and data from China Real Estate Index System and China Real Estate Statistics Yearbooks; (iii) public data from governmental authorities; and (iv) data gathered for Top 100 Property Management Companies in China from 2008 to 2023 and Property Management Companies by Brand Value from 2013 to 2022. In addition, since 2008, CIA has published the rankings of China's Top 100 Property Management Companies in terms of overall strength, primarily by evaluating data from the previous year in relation to management scale, operational performance, service quality, growth potential and social responsibility of the property management companies under consideration. CIA assesses the growth potential of property management companies primarily in terms of growth rate of revenue, growth rate of total GFA under management, contracted but undelivered GFA, total number of employees and employee composition.

Data analysis in this section includes the data and information of the Top 100 Property Management Companies as ranked by CIA. In determining such rankings, CIA may assign the same ranking to multiple companies with the same or very close scores, and therefore it is possible that more than 100 companies may be classified as being among the Top 100 Property Management Companies in the industry. CIA may, upon specific request, prepare further rankings within the Top 100 Property Management Companies for certain indices. In preparing the CIA Report, CIA assumed that: (i) the social, economic and political conditions in China and the world will remain stable during the forecast period; (ii) government policies on the property management industry in China will remain unchanged during the forecast period; (iii) all data published by relevant statistics bureaus are accurate; and (iv) all collected information relating to residential sales transactions from the relevant local housing administrative bureaus are accurate. On this basis, the Directors believe that such data and statistical information are reliable.

THE PRC PROPERTY MANAGEMENT INDUSTRY

Overview

The history of the PRC property management industry can be traced back to the early 1980s with the establishment of the first property management company in China. Followed by the official promulgation of the Regulation on Property Management (《物業管理條例》) in 2003 and the issue of the Property Law of the PRC (《中華人民共和國物權法》) in 2007, the regulatory framework for the property management industry gradually took shape and matured, and an open and fair market system for the industry was established, which encouraged significant growth of the PRC property management industry. The PRC property management industry now services a wide range of properties, including residential properties, commercial properties, office properties, public properties, industrial parks, schools, hospitals and other properties.

Major Fee Models in the PRC Property Management Industry

In China, property management companies generally charge fees for property management services and value-added services. Property management services typically include cleaning, gardening, security and repair and maintenance services. Value-added services typically include community value-added services such as common area management services, property agency services, housekeeping services, elderly care and nursing services and value-added services to non-property owners such as consultancy services and engineering services. Property management fees may be charged either on a lump-sum or commission basis. The lump-sum basis revenue model is the dominant model of collecting property management fees in China, particularly for residential properties. It refers to the property management fee collection model which requires property owners to pay a fixed property management fees, and property management companies shall be entitled to surplus or bear the deficit incurred. It also dispenses certain collective decision-making procedures through the property owners' associations (if any) making large expenditures, which are instead required under the commission fee model. Therefore, lump-sum model improves efficiency by incentivizing property management companies to optimize their operations to enhance profitability. In contrast, the commission model is increasingly adopted in non-residential properties to allow property owners to be more deeply involved in the management of their properties and property management companies to be more closely supervised, as any excess or shortfall of the property management fees (after deducting the relevant expenses) belong to or are borne by the property owners.

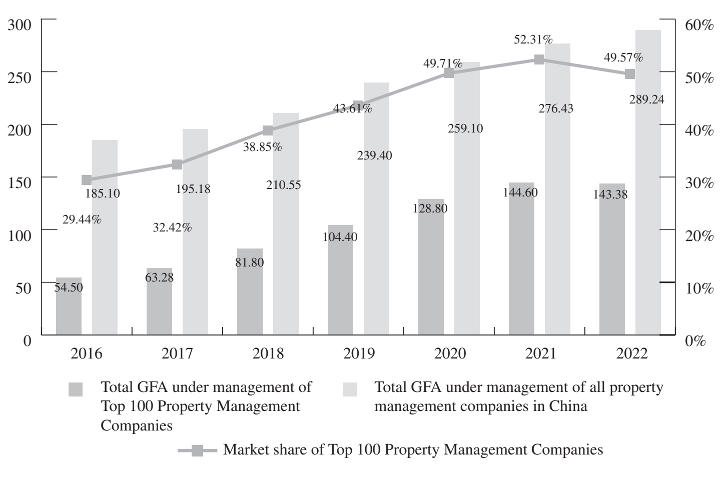
Overall Market Size and Future Development of the PRC Property Management Industry

Property management industry experienced significant growth in recent years as a result of swift urbanization and continual growth in per capita disposable income in the PRC. According to CIA, total GFA under management for all property management companies in the PRC increased from approximately 19.5 billion sq.m. in 2017 to 28.9 billion sq.m. in 2022, representing a CAGR of approximately 8.2%. According to CIA, the total GFA under management for all property management companies in the PRC is expected to increase from approximately 31.1 billion sq.m. in 2023 to 35.5 billion sq.m. in 2026, representing a CAGR of approximately 4.5%.

Overview of the Top 100 Property Management Companies

In recent years, following the continuous urbanization and growth in the per capita disposable income in the PRC, the GFA of properties managed by the Top 100 Property Management Companies has grown as demand for quality property management services provided by the Top 100 Property Management Companies increased. Total GFA under management for Top 100 Property Management Companies increased from approximately 6.3 billion sq.m. in 2017 to 14.3 billion sq.m. in 2022, representing a CAGR of approximately 17.8%. The market share of the Top 100 Property Management Companies in terms of total GFA under management increased from approximately 32.4% in 2017 to 49.6% in 2022.

The following chart sets forth the total GFA under management of all property management companies in China, of Top 100 Property Management Companies, and the market share of Top 100 Property Management Companies in the years indicated.

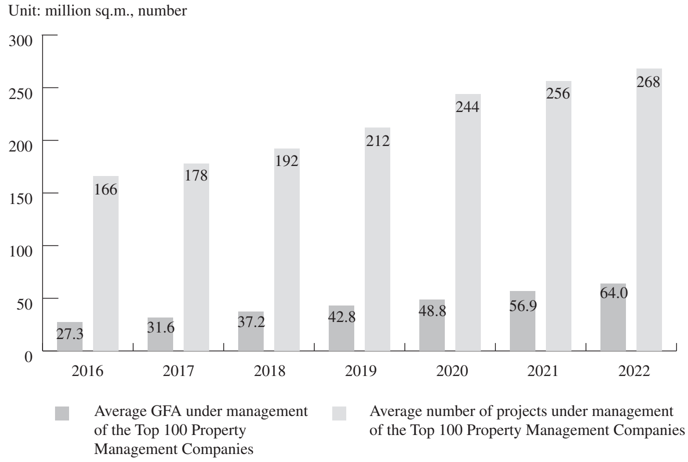


Source: CIA

The increasing market concentration of the PRC property management industry is primarily because large-scale property management companies actively accelerate their expansion by means of both organic growth and mergers and acquisitions of small- and medium-sized property management companies, so as to expand the scale of property management and realize economies of scale to improve their market position. The average GFA of properties managed by the Top 100 Property Management Companies increased to approximately 64.0 million sq.m. in 2022 from 31.6 million sq.m. in 2017, representing a CAGR of approximately 15.2%.

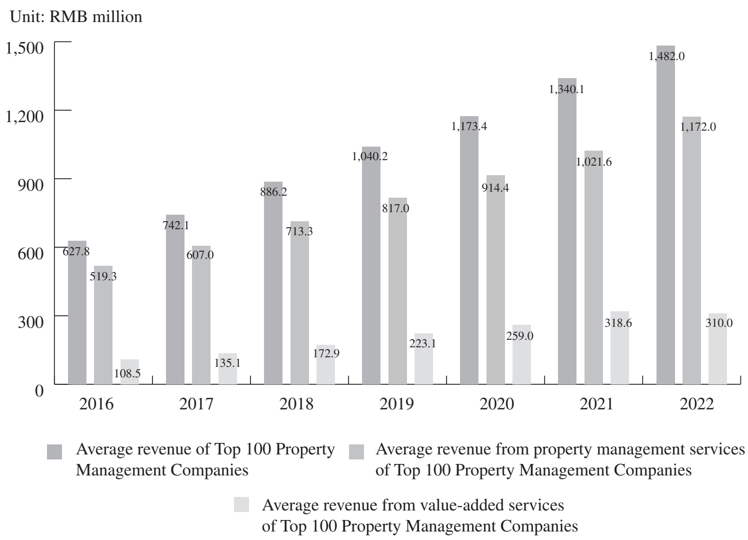
Meanwhile, the average number of projects managed by Top 100 Property Management Companies increased from 178 in 2017 to 268 in 2022, representing a CAGR of approximately 8.5%.

The following chart sets forth the rise in average GFA under management and average number of properties under management of the Top 100 Property Management Companies in the years indicated.



Source: CIA

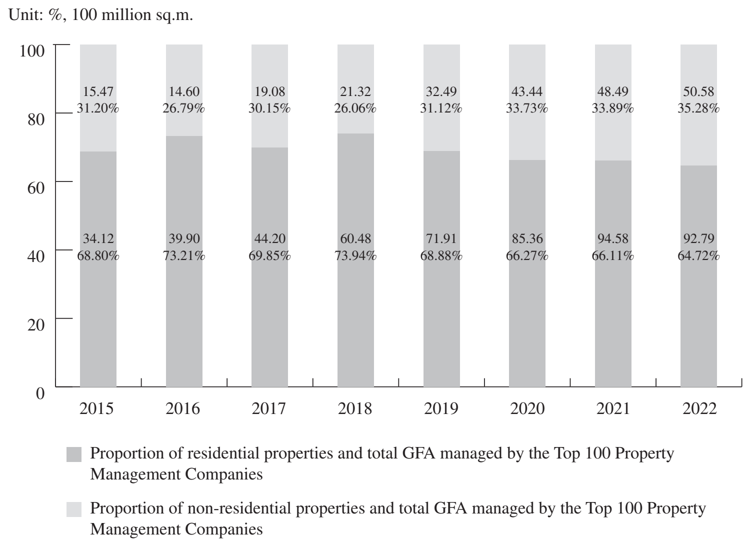
Revenue generated from property management services is the main source of revenue of property management companies. Other than that, property management companies may also generate revenue from value-added services. The following chart sets forth the increases in average revenue and respective average revenue generated from property management services and value-added services for the Top 100 Property Management Companies in the years indicated.



Source: CIA

Residential properties continue to be the dominant type of property in the management portfolios of property management companies. The total GFA of non-residential properties managed by the Top 100 Property Management Companies increased from approximately 1.9 billion sq.m. as of December 31, 2017 to 5.1 billion sq.m. as of December 31, 2022, representing a CAGR of approximately 21.8%.

The following chart sets forth the total GFA of residential and non-residential properties managed by the Top 100 Property Management Companies in the years indicated.



Source: CIA

OVERVIEW OF PROPERTY MANAGEMENT INDUSTRY IN THE YANGTZE RIVER DELTA REGION AND ZHEJIANG PROVINCE

Regional Overview

The Yangtze River Delta Region is one of the more economically developed regions in China with high urbanization rates and resident disposable income. In 2022, the Yangtze River Delta Region had an urbanization rate of approximately 72.0%, and average annual disposable income of RMB63,156, which is approximately 1.3 times the national average. In 2022, the total GFA under management in the Yangtze River Delta Region was approximately 6.4 billion sq.m., accounting for approximately 22.1% of China's total GFA under management of the same year. Among the 2022 Top 100 Property Management Companies, 63 companies are headquartered in the Yangtze River Delta Region and 23 of which are headquartered in Zhejiang province.

Price Trend of Property Management Fees

The following table sets forth the average property management fees for residential properties of the Top 100 Property Management Companies by geographic location in the years indicated:

	The PRC	**Yangtze River Delta Region**	**Zhejiang province**	**Hangzhou**
		(RMB per sq.m. per month)		
2020	2.05	2.30	2.48	2.68
2021	2.02	2.33	2.51	2.78
2022	2.01	2.35	2.54	2.83

Source: CIA

The following table sets forth the average property management fees for non-residential properties of the Top 100 Property Management Companies by geographic location in the years indicated:

	The PRC	Yangtze River Delta Region	Zhejiang province	Hangzhou
		(RMB per sq.m. per month)		
2020	4.99	6.03	6.51	7.03
2021	5.09	6.07	6.57	7.14
2022	5.02	6.09	6.60	7.21

Source: CIA

According to CIA, the nationwide average property management fee for residential properties managed by the Top 100 Property Management Companies manifested a decreasing trend from approximately RMB2.05 per sq.m. per month in 2020 to RMB2.01 per sq.m. per month in 2022, as most of the Top 100 Property Management Companies are seeking to diversify their property management projects in lower-tier cities where a lower average property management fee is charged. The average property management fee for residential properties in the Yangtze River Delta Region and Zhejiang province managed by the Top 100 Property Management Companies between 2020 and 2022 were higher than that of the nationwide average during the same period, primarily due to a stronger economic development and the more developed and active real estate market in the region with more newly delivered projects, which would generally yield a higher average property management fee, and a higher per capita disposable income in the region which raised demand for quality services. In addition, the increasing investment in and application of internet and information technologies by property management companies in the area, raised operating cost and in turn enabled the Top 100 Property Management Companies to charge a higher property management fee. As one of the major cities in Zhejiang province, the average property management fee for residential properties in Hangzhou managed by the Top 100 Property Management Companies between 2020 and 2022 were slightly higher than that of Zhejiang province, primarily due to its stronger economic development and more established property management service market.

According to CIA, the Top 100 Property Management Companies have been seeking to diversify their property management projects and management experience to include more non-residential properties such as commercial and office buildings, industrial parks, schools and hospitals. In general, property management companies may charge higher property management fees for non-residential properties than residential properties due to the quality of services required in managing these properties.

MARKET DRIVERS

The growth of China's property management industry is attributable to the following key drivers.

Favorable Government Policies

The PRC Government has formulated and implemented a number of favorable policies intended to further support and promote the growth of the property management industry. The policies have set forth a regulatory framework under which the property management companies are encourage to, among other things, expand their services to keep up with the evolving needs of customers by staying technologically innovative through investment and development in smart communities and technology-related services, and continue to broaden the business scope of traditional property management services to improve the living standards of customers.

In 2003, the PRC Government promulgated the Regulation on Property Management, establishing a regulatory framework for the property management industry. Since then, a number of laws and rules have come into effect regulating various aspects of the property management industry, and numerous policies were enacted to promote its development. These include, but are not limited to, the Circular of the NDRC on the Opinions for Decontrolling the Prices of Some Services (國家發展和改革委員會《關於放開部分服務價格意見的通知》), the Guidance on Accelerating the Development of the Resident Service Industry to Promote the Upgrading of Consumption Structure (《關於加快發展生活性服務業促進消費結構升級的指導意見》) and the Recommendations on Strengthening and Improving the Governance of Urban and Rural Communities (《關於加強和完善城鄉社區治理的意見》). In December 2020, MOHURD in conjunction with nine ministries and commissions promulgated the 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》), with intention to improve the management and efficiency level, achieve a market-based pricing for property management services and stimulating potential profit growth for property management companies.

In July 2020, the PRC Government issued the consultation notice for Smart City-Construction and Resident Community Part 1: Specifications for the Construction of Smart Communities (Draft) (《智慧城市－建築及居住區第1部分：智慧社區建設規範 (征求意見稿)》), which standardizes the specifications and requirements for the construction of smart community systems. According to CIA, such policies will jointly create a supportive and orderly environment for the development of the property management industry and property management companies. See "Regulatory Overview—Laws and Regulations Relating to Property Management Services and Other Related Services" in this document for more information on laws and regulations related to the property management industry.

In July 2021, eight PRC governmental departments, including the MOHURD, jointly issued the Regulatory Notice. This notice accelerates the development of the property management industry and promotes high-quality property management services. CIA is of the view that:

(a) the Regulatory Notice emphasizes on standardizing specific operational-related regulations set out in the Civil Code of the PRC (《中華人民共和國民法典》), the Regulation on Property Management and other provisions;

(b) the issuance of the Regulatory Notice focuses on (i) improving systems and mechanisms, and (ii) standardizing market order, which help resolve existing problems and issues in the PRC property management industry;

(c) in respect of the real estate market in the PRC as a whole, the Regulatory Notice helps standardize such market and promote further development within the industry by eliminating companies that (i) do not comply with the relevant laws and regulations, and (ii) provide services that are not up to the standard; and

(d) the Regulatory Notice benefits property management companies which have standardized operations, in particular those providing high-quality services with standardized operations. With more scrutinized supervision, it is expected that high-quality property management companies will stand out, which would eventually help them expand their market share and geographic coverage.

The Continuous Urbanization and Increasing Per Capita Disposable Income

According to CIA, the continuous urbanization in China and growth in per capita disposable income are principal growth drivers for the PRC property management industry. The demand for commodity properties (being properties developed for sale) increased in parallel with the continuous urbanization in China and growth in per capita disposable income. According to CIA, the urbanization rate in China increased from approximately 29.0% in 1995 to 65.2% in 2022 and the total GFA of commodity residential properties sold in China increased from approximately 1,573.5 million sq.m. in 2016 to 1,794.3 million sq.m. in 2021, representing a CAGR of approximately 2.7%. The total GFA of commodity residential properties sold fell to 1,358.4 million sq.m. in 2022 primarily because the urbanization rate has reached a relatively high level, and the real estate enterprises was affected by the strict real estate policies in 2021 and the COVID-19. The total GFA of commodity residential properties of which constructions increased from approximately 1,669.3 million sq.m. in 2016 to 1,989.0 million sq.m. in 2021, representing a CAGR of approximately 3.6%. The growing urbanization, increasing urban population, and expansion of the real estate market produce a high demand for property management services, stimulating the continuous development of the industry.

Furthermore, according to CIA, the continuous growth in the per capita disposable income of the urban population, which increased from RMB18,779 per capita in 2010 to RMB49,283 per capita in 2022, representing a CAGR of approximately 8.4% since 2010, will raise consumers' willingness to pay premiums for the pursuit of quality property management services and encourage their discretionary spending on goods and services beyond basic necessities, such as better living conditions, educational and healthcare services.

Capital Market as a Major Driver of the Industry's Organic Development

According to CIA, the market value of property development companies continues to rise alongside the development of "Property + Internet" management model. A total of 58 property management companies have been listed on the Stock Exchange with a total market capitalization of approximately HK$437.1 billion according to the available data at the closing of trading day on December 31, 2022. Access to capital markets offers a source of funding for property management companies to enrich their service offerings and expand their business scales through organic growth and merger and acquisitions.

The "Three Red-Line" Standards

The "Three Red-Line" standards are expected to speed up real estate companies' deleveraging process and promote the healthy development of the PRC real estate industry, which is expected to be favorable to real estate companies which have advantages in capital sufficiency. This may in turn positively affect the property management service providers affiliated to such real estate companies, since many of their projects are sourced from related parties. In contrast, the "Three Red-Line" standards may pose challenges to companies which may no longer be able to take advantage of high financial leverage to achieve rapid expansion.

In August 2020, according to certain news articles, the PBOC and the MOHURD plan to control the financing activities of property developers and the scale of interest-bearing debts of property developers in China by applying a newly proposed standard in the assessment of the debt burden of property developers which lay out three red-line standards, including:

- Red-line I: the debt-to-asset ratio, excluding advances from customers, not higher than 70%;
- Red-line II: the net gearing ratio not higher than 100%; and
- Red-line III: the cash to short-term debt ratio not lower than 1.0 time.

In accordance with the above standards, real estate companies would be categorized into four tiers by colour, on which restrictions would be applied to different extents:

- Red tier: companies whose financial ratios exceed all three red-lines are not allowed to increase their interest-bearing debt;
- Orange tier: companies whose financial ratios exceed two red-lines are allowed to expand their interest-bearing debt at a maximum annual rate of 5%;
- Yellow tier: companies whose financial ratios exceed one red-line are allowed to expand their interest-bearing debt at a maximum annual rate of 10%; and
- Green tier: companies whose financial ratios do not exceed any of the three red-lines are allowed to expand their interest-bearing debt at a maximum annual rate of 15%.

In early 2022, financial institutions in the PRC informed certain large-scale property developers that the "Three Red-Line" standards have been relaxed by excluding short-term loans obtained by property developers for the purpose of merger and acquisitions from the calculation of pro forma ratios. As advised by CIA, such possible relaxation in the policy, if becomes official, would be beneficial to the upstream companies within the real estate industry, including property development companies and property construction companies, in the PRC as a whole, in particular property developers which have good financial performance, in the short term and long term.

On the other hand, for property management services companies, (i) most of them typically derive a considerable portion of revenue from their existing property projects under management which have been contracted to be managed by them, and (ii) property management companies also typically procure new 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, the "Three Red-Line" standards and the possible relaxation on such policy are not expected to create a significantly adverse impact on property management companies in general.

On November 11, 2022, the People's Bank of China and the China Banking and Insurance Regulatory Commission issued the "Notice on Improving the Steady and Healthy

Development of the Real Estate Market Supported by Finance" (《關於關於做好當前金融支持房地產市場平穩健康發展工作的通知》), and introduced 16 measures to support the stable and healthy development of the real estate market, which specifically includes measures to maintain stable and orderly real estate financing, actively provide financial services for "guaranteed housing deliveries", actively cooperate with distressed real estate companies to deal with risks, protect the legitimate rights and interests of housing finance consumers in accordance with law, adjust some financial management policies in stages, and increase housing leasing financial support. The notice emphasizes to insist on treating state-owned, private and other real estate enterprises equally, meet the reasonable financing requirements of real estate projects, maintain the continuous and stable financing of construction enterprises, and support the reasonable extension of development loans and trust loans. For those loans due within the next six months, an extension of one year beyond the original regulations and without adjusting the loan classification can be allowed. The notice also emphasizes to support high-quality real estate enterprises to issue bonds for financing, maintain stable financing of trust and other asset management products, and encourage to introduce trust and other asset management products which can support the reasonable financing needs of real estate market.

FUTURE TRENDS OF THE PRC PROPERTY MANAGEMENT INDUSTRY

Increasing Market Concentration and Merger and Acquisition Activities

The PRC property management industry is fragmented and competitive. Large-scale property management companies accelerate their expansion actively by means of organic growth and merger and acquisitions of small- and medium-sized property management companies in order to expand the scale of properties under management and realize economies of scale to improve their market positions.

Increasing Standardization and Adoption of Information Technology

The property management service industry is a labor-intensive industry. According to CIA, in terms of cost structure among the Top 100 Property Management Companies, labor cost is the single largest component of operating costs. In 2022, labor cost constituted approximately 57.4% of the average operating cost of the Top 100 Property Management Companies, increased from 55.8% in 2017. The average labor cost incurred by the Top 100 Property Management Companies increased from approximately RMB321.9 million in 2017 to RMB667.1 million in 2022, representing a CAGR of approximately 15.7%.

Enabled by information technology, property management companies are encouraged to improve operational standardization and automate key processes to reduce operating costs, enhance management efficiency and ensure the delivery of high-quality services. Standardization is also expected to monitor and ensure consistent and reliable application of policies and procedures throughout the entire organization.

Many property management companies have developed diversified business, reduced labor costs and enhanced profitability by leveraging information technologies such as cloud applications, e-commerce, internet of things, big data and artificial intelligence. For example, artificial intelligence technologies such as smart entrance pass, smart building management and patrol robots effectively reduced labor costs of property management companies. In addition, by adopting new technologies and e-service platforms, property management companies could effectively integrate and allocate resources to provide more diversified value-added services and further expand their services to common space management, community finance and resident services. As a result, the revenue generated from value-added services gradually becomes an important source of revenue for property management companies.

With the integration of intelligent technology into the property management industry, applications of intelligent technology has entered the standardization period. For example, local provinces and cities, such as Hangzhou, have introduced specific implementation measures to regularize the protection of property owners' personal information. These measures help standardize the development and application of intellectual technology, and promote self-regulation and standardization in the industry to construct a foundation for healthy and long-term development of the industry. Property management companies should strictly comply with the relevant national and regional laws and regulations and adhere to the security baseline of using facial recognition and other biometric recognition techniques and safeguard the personal interests of property owners, which can help avoid unnecessary legal and operation risks, while realizing the supportive contribution to the business and services by applying intelligent technology.

Diversified Services and Growing Focus on Service Quality

According to CIA, Top 100 Property Management Companies have been enriching their service offerings based on property owners' demands, which contributed to the diversification of revenue sources, they primarily focus on the provision of diversified value-added services to property owners, such as housekeeping services, household services, community space operation services, e-commerce services, realty services, automobile services, community financial services and elderly care services. Due to consumers' growing emphasis on service quality in selecting their property management service providers over their choices solely based on cost considerations, together with the growth in the per capita disposable income, consumers are more willing to pay premiums for quality and increase their discretionary spending, property management companies in the PRC are expected to deliver quality service going forward.

COMPETITION

Competitive Landscape

According to CIA, the PRC property management industry is fragmented and highly competitive, however the trend has been moving towards a higher degree of concentration. The market share of Top 100 Property Management Companies in terms of total GFA under management increased from approximately 32.4% in 2017 to 49.6% in 2022.

Looking forward, we intend to expand our business scale through strategic acquisitions and investments. [As advised by CIA, as of the Latest Practicable Date, there are around 300, 100, 100 and 100 property management companies in the Yangtze River Delta Region, Eastern China region (except areas covered in the Yangtze River Delta Region), Central China region and South Western China region, respectively, which can fulfill our acquisitions and investment criteria of having a total GFA under management of not less than 1.0 million sq.m. and a total annual net profit of not less than RMB1.0 million for the most recent financial year.] Notwithstanding the large number of potential acquisition or investment targets meeting our selection criteria, we are facing competition with industry peers, in particular those listed on the Stock Exchange which are actively looking for acquisition or investment opportunities in the market, and there is no assurance that we will be able to materialize our plan to acquire or invest in other small- and medium-sized property management companies that focus on residential or non-residential properties in the PRC. For details, see "Risk Factors—Risks Relating to our Business and Industry—Our future acquisitions may not be successful or materialized, and we may face difficulties in integrating acquired operations with our existing operation" in this document.

Our Group

We are a reputable integrated property management service provider with deep roots in Zhejiang province and the Yangtze River Delta Region and headquartered in Hangzhou. According to CIA, our ranking among the Top 100 Property Management Companies in China in terms of overall strength of property management increased from 82nd in 2016 to 40th in 2023. Among the 2023 Top 100 Property Management Companies in China headquartered in Hangzhou, Zhejiang province and the Yangtze River Delta Region, we were ranked sixth, eighth and 18th in terms of net profit in 2022, respectively, and ranked seventh, ninth and 25th in terms of our GFA under management as of December 31, 2022, respectively. We primarily compete against the Top 100 Property Management Companies, particularly those affiliated with reputable property developers in China. The growth of the brand of the Remaining Group provides a strong foundation for our own advancement. Our Group's market share in the PRC in terms of our GFA under management as of December 31, 2022 was approximately 0.04%.

The following table shows our ranking in terms of GFA under management in the PRC as of December 31, 2022 among the 2022 Top 100 Property Management Companies that are headquartered in Hangzhou.

Ranking	Company	Background	Listing Status	GFA under management in the PRC as of 2022–12–31	Market share (in terms of GFA under management in the PRC)
				(million sq.m.)	*%*
1	Company A	A property management service provider established in 1998, principally engaged in providing property management services, property consulting services and community value-added services.	Listed on the Main Board of the Stock Exchange	380	1.33
2	Company B	A property management service provider established in 1994, principally engaged in providing property management services, sales office management services, property consulting services and value-added services.	Listed on the Shanghai Stock Exchange	85	0.29
3	Company C	A property management service provider, principally engaged in providing property management services to residential and commercial properties, public properties,Urban operation solutions, etc..	Not listed	50	0.17
4	Company D	A property management service provider established in 1995, principally engaged in providing property management services, value-added services to non-property owners and value-added services to property owners.	Listed on the Main Board of the Stock Exchange	40	0.15
5	Company E	A property management service provider established in 2004, principally engaged in providing property management services, value-added services to non-property owners and community value-added services.	Listed on the Main Board of the Stock Exchange	35	0.12
6	Company F	A property management service provider established in 2011, principally engaged in providing property management services to governmental office buildings, residential and commercial properties, and other types of properties.	Not listed	20	0.08
7	**Our Group**			**13**	**0.04**

Source: CIA

Our Competitive Strengths

See "Business—Competitive Strengths" in this document for details.

ENTRY BARRIERS

Brand Awareness and Reputation

According to CIA, new market entrants will face difficulties penetrating into a market where consumers place an increased demand for service quality. In selecting property management service providers, property developers, property owners and residents are likely to prioritize companies with longer operating histories. New market entrants are at a disadvantage as compared to property management companies which have built up their brand value and reputation for quality through years of service.

Capital Requirements

According to CIA, property management companies are striving to enhance operational efficiency by investing in more advanced equipment and technologies to achieve automation and digitalization. Such investments may include the procurement of intelligent robotic facilities to substitute manual labor, application of automation and the adoption of online information management systems. This results in the gradual transformation of the PRC property management industry from a labor-intensive industry to a capital-intensive industry, thereby raising the capital requirements for new entrants.

Management Quality and Availability of Industry Expertise

As the property management industry becomes increasingly competitive, management experience and capabilities of core management members of industry players gradually becomes a vital element in maintaining competitiveness. Established property management companies typically possess unique management competencies in terms of property management procedures, application of information systems and financial management, and are therefore better positioned to manage large properties.

In addition, achieving success in the property management industry requires a range of professional technical personnel as well as a stable talent development mechanism. With the increased application of big data and information technology in the property management industry, property management companies have been constantly developing innovative business models and value-added services. As a result, professional technical personnel have been playing progressively a more important role in the property management industry.

POTENTIAL THREATS AND CHALLENGES TO THE PROPERTY MANAGEMENT INDUSTRY

In addition to the entry barriers described in "—Entry Barriers" in this section, with intensifying competition, requirements for property management services will become more professionalised and standardised. The challenges we face also include (i) risk of intensified market competition; (ii) cost control risk in response to rising labor cost; (iii) risk of over concentration of sources of business; and (iv) risk of shortage of labor. See "Risk Factors" in this document for more information on industry related risks.

OUTBREAK OF COVID-19 AND ITS IMPACT ON THE PROPERTY MANAGEMENT MARKETS OF THE PRC AND THE YANGTZE RIVER DELTA REGION

According to CIA, the impact of outbreak of COVID-19 on China's property management industry is expected to be limited in the long run. This is due to the fact that China's solid economic scale is capable of withholding the impact of COVID-19. In addition, the PRC Government has introduced various types of policies to support the recovery of national economy, including the development of the property management industry. To combat the pandemic, many cities in the PRC adopted strict lock-down measures which led to higher reliance on property management service providers by residents in terms of their daily living needs, leading to higher requirements for property management companies' service quality. Such high reliance also paves way for property management companies to introduce new service offerings to properties under management. Being at the forefront of combating against COVID-19, the property management industry therefore received widespread attention and its role has become increasingly prominent. The market opportunities brought by COVID-19 is more significant than the challenges, as the prospects of the industry and demand for quality property management services remain positive.

In the Yangtze River Delta Region, the regional macroeconomic development plans and talent attraction plans in the long run remain unchanged, and thus after the COVID-19 outbreak is effectively controlled, the outlook for the demand of residential and commercial properties and other related property management services in the Yangtze River Delta Region and Zhejiang province will remain positive. In the first quarter of 2020, the rate of decline in GDP of the Yangtze River Delta Region was slower than the national average. On the contrary, its region's GDP contribution to the national economy during the corresponding period increased. Since the resumption of work in March 2020, the Yangtze River Delta Region has seen clear sign of recovery, with various economic indicators picking up again gradually.

DIRECTORS' CONFIRMATION

Our Director confirm that, after enquiry, there is no material adverse change in the market information since the issue date of the abovementioned sources which may qualify, contradict or adversely impact on the information contained in this section.

LAWS AND REGULATIONS RELATING TO PROPERTY MANAGEMENT SERVICES AND OTHER RELATED SERVICES

Foreign Invested Property Management Enterprises

On January 1, 2020, the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) which was jointly issued by the Ministry of Commerce (the "**MOFCOM**") and the State Administration for Market Regulation came into effect and replaced the Provisional Measures for the Filing Administration of Establishment and Changes of Foreign-Invested Enterprise (2018 Revision) (《外商投資企業設立及變更備案管理暫行辦法(2018年修正)》). It sets out the prescribed procedures for the establishment and modifications of foreign-invested enterprise to be registered or filed with delegated commerce authorities through enterprise registration system and specifies the procedures and requirements for online submission in detail.

According to Regulations on Foreign Investment Guidelines (《指導外商投資方向規定》) (Order No. 346 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 shall be classified into four categories, namely "encouraged", "permitted", "restricted" and "prohibited." Encouraged, restricted and prohibited foreign investment projects shall be listed in the Guideline Catalog of Foreign Investment Industries, while foreign investment projects that do not fall within the encouraged, restricted or prohibited categories shall be classified as permitted foreign investment projects.

On June 30, 2019, the MOFCOM and the NDRC promulgated the Catalog of Industries for Encouraging Foreign Investment (Edition 2019) (《鼓勵外商投資產業目錄(2019年版)》) and the Special Management Measures (Negative List) for the Access of Foreign Investment (Edition 2019) (《外商投資准入特別管理措施(負面清單)(2019年版)》) (the "**Negative List (Edition 2019)**"), both of which came into effect on July 30, 2019, and provide that property management industry is an industry that allows foreign merchants to make investments. On June 23, 2020 and December 27, 2020, the MOFCOM and the NDRC promulgated the Special Management Measures (Negative List) for the Access of Foreign Investment (Edition 2020) (《外商投資准入特別管理措施(負面清單) (2020年版)》) (the "**Negative List (Edition 2020)**") an d the Catalog of Industries for Encouraging Foreign Investment (Edition 2020) (《鼓勵外商投資產業目錄(2020年版)》), which became effective on July 23, 2020 and January 27, 2021 and superseded the Negative List (Edition 2019) and the Catalog of Industries for Encouraging Foreign Investment (Edition 2019), while the policy for the property management industry remains the same. On December 27, 2021, the MOFCOM and the NDRC promulgated the Special Management Measures (Negative List) for the Access of Foreign Investment (Edition 2021) (《外商投資准入特別管理措施(負面清單) (2021年版)》), which became effective on January 1, 2022 and superseded the Negative List (Edition 2020), while the policy for the property management industry remains the same.

On March 15, 2019, the National People's Congress (the "**NPC**") adopted the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") which became effective on January 1, 2020, the Foreign Investment Law replaced the Law on Sino-foreign Equity Joint Ventures (《中外合資經營企業法》), the Law on Sino-Foreign Co-operative Joint Ventures (《中外合作經營企業法》) and the Law on Wholly Foreign-owned Enterprises (《外資企業法》) to become the legal foundation for foreign investment in the PRC. Under the Foreign Investment Law, the PRC Government shall implement the management system of pre-entry national treatment and a negative list for foreign investments, and shall give national treatment to foreign investments which do not fall into the negative list.

Overseas Listing

On February 17, 2023, the CSRC promulgated Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and relevant five guidelines, which became effective on March 31, 2023.

According to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. The Overseas Listing Trial Measures provides that an overseas listing or offering is explicitly prohibited, if any of the following: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

The Overseas Listing Trial Measures also provides that if the issuer both meets the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as indirect overseas offering by PRC domestic companies: (i) 50% or more of any of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by domestic companies; and (ii) the main parts of the issuer's business activities are conducted in mainland China, or its main place(s) of business are located in mainland China, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their usual place(s) of residence located in mainland China. Where an issuer submits an application for initial public offering to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted. The Overseas Listing Trial Measures also requires subsequent reports to be filed with the CSRC on material events, such as change of control or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings.

On February 17, 2023, the CSRC also issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (關於境內企業境外發行上市備案管理安排的通知) (the "**Notice**"), which, among others, clarified that domestic companies that have obtained approval from overseas regulatory authorities or securities exchanges (for example, a contemplated offering and/ or listing in Hong Kong has passed the hearing of the Stock Exchange) for their indirect overseas offering and listing prior to the effective date of the Overseas Listing Trial Measures (i.e. March 31, 2023) but have not yet completed their indirect overseas issuance and listing, are granted a six-month transition period from March 31, 2023. Those who complete their overseas offering and listing within such six months are deemed as Existing Issuers（存量企業） and are not required to complete the overseas listing filing immediately, but shall complete filings as required if they conduct refinancing or are involved in other circumstances that require filing with the CSRC. Within such six-month transition period, however, if such domestic companies need to reapply for offering and listing procedures to the overseas regulatory authority or securities exchanges (such as requiring a new hearing of the Stock Exchange), or if they fail to complete their indirect overseas offering and listing, such domestic companies shall complete the filling procedures with the CSRC.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Provision on Confidentiality**"), which became effective on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic company provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic companies providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the State. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas offering and listing of domestic companies shall be kept within the territory of the PRC, and those that need to leave the PRC shall go through the examination and approval formalities in accordance with the relevant provisions.

Qualification of Property Management Enterprises

According to the Regulation on Property Management (《物業管理條例》), which was promulgated on June 8, 2003, came into effect since September 1, 2003, and was amended on August 26, 2007, February 6, 2016 and March 19, 2018, the construction administration authority of the State Council shall, jointly with the relevant authorities, establish a joint honesty incentives and joint dishonesty punishment mechanism, and strengthen industry creditworthiness administration.

According to Measures for the Administration on Qualifications of Property Service Enterprises (《物業服務企業資質管理辦法》) (Order No. 125 of the Ministry of Construction), which was promulgated by the Ministry of Construction on March 17, 2004, came into effect on May 1, 2004, amended on November 26, 2007 and abolished on March 8, 2018, a system of qualification administration was once adopted and the qualifications of a property management enterprise were classified into first, second and third grades based on specific conditions.

According to 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》), which was promulgated by the State Council on January 12, 2017, the examination and approval of second grade or below qualifications of property management enterprises were canceled. According to the Decision of the State Council on Canceling a Group of Administrative Licensing Items (《國務院關於取消一批行政許可事項的決定》) (Guo Fa [2017] No. 46), which was promulgated by the State Council on September 22, 2017, the examination and approval of first-grade qualification of property management enterprises were canceled.

According to the Notice of the General Office of Ministry of Housing and Urban-Rural Development on Effectively Implementing the Work of Canceling the Qualification Accreditation for Property Service Enterprises (《住房城鄉建設部辦公廳關於做好取消物業服務企業資質核定相關工作的通知》) (Jian Ban Fang [2017]No.75), which was promulgated by the General Office of the Ministry of Housing and Urban-Rural Development (the "**MOHURD**") on December 15, 2017, application for, change, renewal or re-application of the qualifications of property management enterprises shall not be accepted, and the qualifications obtained already shall not be a requirement for property management enterprises to undertake new property management projects. The real estate administration department at and above the county level shall, together with relevant departments and pursuant to their respective duties, instruct and supervise the property management work, and the integrity management system of the property management industry will be established and the supervision of property management enterprises will be based on credit appraisal. The Decision of Ministry of Housing and Urban-Rural Development on Abolishing Measures for the Administration on Qualification of Property Service Enterprises (《住房和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 No. 39 of MOHURD) which was promulgated and came into effect on March 8, 2018, abolished Measures for the Administration on Qualifications of Property Service Enterprises and canceled the accreditation of qualifications of property management enterprises.

The Decision of the State Council on Revising and Repealing Certain Administrative Regulations (2018) (《國務院關於修改和廢止部分行政法規的決定(2018年)》) (Order No. 698 of the State Council) which was promulgated and came into effect on March 19, 2018, deleted the requirements on qualifications of property management enterprises in the Regulation on Property Management.

The Establishment of Property Owners' Associations

According to the Property Law of the PRC (《中華人民共和國物權法》) (Order No. 62 of the President of the PRC) issued by the NPC on March 16, 2007 which came into effect on October 1, 2007 and was repealed on January 1, 2021, the general meeting of property owners may vote to establish a property owners' association. The property owners' association shall be elected by the property owners, and represents the property owners' interest in matters related to property management, and the association's decisions are binding on the property owners.

According to the Civil Code of the PRC (《中華人民共和國民法典》) (Order No. 45 of the President of the PRC) (the "**Civil Code**") promulgated by the NPC on May 28, 2020 and became effective on January 1, 2021, the property owners may establish the general meeting and 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.

According to the Regulation on Property Management (《物業管理條例》) (Order No. 379 of the State Council), which was promulgated by the State Council on June 8, 2003, came into effect on September 1, 2003 and was revised on August 26, 2007, February 6, 2016 and March 19, 2018, to form the general meeting of the property owners and elect the property owners' association, the property owners in the property management area shall follow the guidelines of the real estate administrative department of the district or county government or the sub-district office (街道辦事處) or the township government (鄉鎮政府). However, where there is only one owner, or the number of property owners is relatively small and they unanimously agree not to form the general meeting of the property owners, the owner(s) shall (jointly) perform the duties of the general meeting and the property owners' association. The local government shall provide guidance and assistance with respect to the formation of the property owners' association, providing guidelines and advice. 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》) (Jian Fang [2009] No. 274), which was promulgated by the MOHURD on December 1, 2009, 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.

With a view to improving the property management level and responding to the requirements of the newly revised national regulations on property management and the Civil Code, property management regulations have been revised in various places, such as Jiangsu Province, Hangzhou, Ningbo and Taizhou in Zhejiang Province, to promulgate a property management committee system. For example, the Hangzhou Property Management Regulations (《杭州市物業管理條例》) (came into effect on March 1, 2022) stipulates that the property management committee consists of the representatives designated by sub-district offices (街道辦事處), township government (鄉鎮政府), neighborhood committees (居民委員會), construction entities respectively and property owners' representatives. The main tasks of the property management committee are to organize and hold the first assembly of property owners in qualified property management areas, elect or guide the reelection of the property owners' associations. For the property management areas where conditions for the convening of the first assembly of property owners have not been met, or where the conditions thereof have been met but the general meeting of property owners has not yet been established, or where the property owners' association has not been elected in time, the property management committees shall temporarily perform the duties of the property owners' associations.

Appointment of Property Management Enterprises

According to Property Law of the PRC (《中華人民共和國物權法》) (Order No. 62 of the President of the PRC) issued by the NPC on March 16, 2007 which came into effect on October 1, 2007 and was repealed on January 1, 2021, the property owners may manage the building and its affiliated facilities by themselves or by entrusting property management enterprise or other management personnel. The owners are entitled to change the property management enterprise or any other management personnel hired by the developer according to law. Property management enterprises or other management personnel shall manage the building and its ancillary facilities within the building area upon the entrustment of the owners and be subject to the supervision of the owners.

In accordance with the Civil Code, the appointment or dismissal of a property management company should be codetermined by property owners in a property management area. Property owners can either manage the buildings and ancillary facilities by themselves, or engage a property management company or other management personnel to manage the buildings and ancillary facilities. Property owners are entitled to change property management companies or other management managers appointed by the property developer.

According to the Regulation on Property Management (《物業管理條例》) (Order No. 379 of the State Council), which was promulgated by the State Council on June 8, 2003, came into effect on September 1, 2003 and was revised on August 26, 2007, February 6, 2016 and March 19, 2018, a general meeting of the property owners of a community can engage or dismiss the property management enterprise with affirmative votes of owners who own more than half of the total gross floor area (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 property management service contract with property management enterprises engaged at the general meeting. Before the engagement of a property management enterprise by the property owners and a general meeting of the property owners, a written preliminary property management service contract should be entered into between the property developer and the selected property management enterprise. A sales contract concluded by the property developer and the realty buyer shall include the contents stipulated in the preliminary property management service contract. The preliminary property management service contract may stipulate the contract term. If the property management service contract signed by the property owners' association and the property management enterprise comes into force within the term of preliminary property management service contract, the preliminary property management service contract shall be terminated automatically. Property developers of residential buildings shall enter into preliminary property management service contract with property management enterprises through tender and bidding process; where there are no more than three bidders or the residence scale is relatively small, the property developer may select a property management enterprise through agreement upon approval by the real estate administration department of district or county level at the place where the realty is located. Where the property developer fails to hire the property management enterprise through a tender and bidding process or hire the property management enterprise through agreement without the approval of relevant government authority, the competent real estate administrative department of the local government at the county level or above may order it to make correction within a prescribed time limit, issue a warning and impose with the penalty of no more than RMB100,000.

According to the Civil Code, a quorum for the general meeting of the property owners to engage or dismiss a property management enterprise shall consist of the property owners holding more than two-thirds of exclusive areas and representing more than two-thirds of the total number of property owners and shall have affirmative votes of property owners who participate in the voting and hold more than half of the exclusive area owned by the voting owners and who represent more than half of the total number of property owners participating in voting. In addition, the Civil Code clarifies that if property owners do not renew the property management contract or engage a new property service provider after expiration of the term of property management services and the property service provider continues providing property services, the original property service contract shall continue to be valid without a fixed term. Each party may rescind the contract by sixty days' advance written notice to the other parties. In addition, the Civil Code explicitly requires that any income generated from the usage of common space in properties under management, net of any reasonable operating costs, shall belong to the property owners. Under the Civil Code, the income from the buildings and ancillary facilities shall be distributed according to the property owners' agreement or based on their respective proportion of the total GFA of the exclusive area of the community if there is no agreement or the agreement is ambiguous.

The Interim Measures for Bid-Inviting and Bidding Management of Preliminary Property Management (《前期物業管理招標投標管理暫行辦法》) (Jian Zhu Fang [2003] No. 130), which was promulgated by the Ministry of Construction on June 26, 2003 and came into effect on September 1, 2003, applied to preliminary property management service agreement implemented by the property management enterprise, which is employed by the property developer before the owners or the owners' general meeting select and engage a property management enterprise at its own discretion. The property developer of residential buildings and non-residential buildings located in the same property management areas shall engage the property management enterprises with corresponding qualification through bid-invitation and bidding. The bid inviter shall establish tender evaluation committee consisting of an odd number of no less than five members, among whom the experts in property management other than the representatives of the bid inviter shall be no less than two-thirds of total members.

The property management experts shall be confirmed by the means of random sampling from the expert name list set up by the administrative departments of real estate, and person of interest with the bidder shall not be a member of the tender evaluation committee of the relevant project. In cases where there are no more than 3 bidders or the residence scale is relatively small, the property developer may select the property management enterprise with corresponding qualifications through agreement upon approval by the administrative department of real estate of the people's government of the district or county of the place where the realty is located.

Fees Charged by Property Management Enterprises

According to Administrative Measures for Property Service Charges (《物業服務收費管理辦法》) (Fa Gai Jia Ge [2003] No. 1864), 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 property service fees from property owners for repairing, maintaining and managing houses as well as their ancillary facilities and equipment and relevant sites, and maintaining the sanitation and order of relevant areas according to relevant property management contracts.

Property service charges shall be reasonable, transparent, and suitable for the level of services offered, and shall take into account the unique nature and characteristics of the different properties and be priced under the government's guidance and market regulation respectively. In which way the service is priced shall be determined by competent price departments under the people's governments of all provinces, autonomous regions and municipalities directly under the central government, in concert with the competent departments of real estate.

According to the Regulation on Property Management Service Fee with Clear Price Tag (《物業服務收費明碼標價規定》) (Fa Gai Jia Jian [2004] No. 1428), which was jointly promulgated by the NDRC and the Ministry of Construction on July 19, 2004 and came into effect on October 1, 2004. If property management enterprises provide services to property owners (including the property services as stipulated in the property management agreement as well as other services requested by property owners), they shall, in accordance with such regulations, charge service fees at clearly marked prices and indicate the service items, standard of charges and other related information. In case there is any change to the pricing standard, the property management enterprise shall adjust the related contents displayed and indicate the execution date of new standards one month prior to the implementation of the new standards.

According to the Circular of the NDRC on the Opinions for Decontrolling the Prices of Some Services (《國家發展和改革委員會關於放開部分服務價格意見的通知》) (Fa Gai Jia Ge [2014] No. 2755), which was promulgated by the NDRC and became effective on December 17, 2014, the competent price departments of all provinces, autonomous regions and municipalities directly under the PRC Government are supposed to perform relevant procedures to liberalize the prices of the following types of services that have met the relevant conditions:

(1) Property management services for non-government-supported houses. Property management fees are fees charged by property management service providers as agreed in the property management service contract for (i) the maintenance, conservation and management of non-government-supported houses, their supporting facilities and equipment and the relevant sites thereof, (ii) maintaining the environment, sanitation, and order within the property management area, etc. The provincial price authorities shall, jointly with the housing and urban-rural development administrative authorities, implement government guidance prices for property management fees charged in relation to government-supported houses, houses under housing reform, older residential communities and preliminary property management services based upon the actual situation.

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

According to the Circular of the NDRC and the Ministry of Construction on Issuing the Measures for the Supervision and Examination of Pricing Costs of Property Services (Trial) (《國家發展改革委及建設部關於印發〈物業服務定價成本監審辦法(試行)〉的通知》) (Fa Gai Jia Ge [2007] No. 2285) which was jointly issued by the NDRC and the Ministry of Construction on September 10, 2007 and came into effect on October 1, 2007, competent pricing department of people's government shall formulate or adjust property management charging standards and implements pricing cost supervision and examination on relevant property management enterprises. Property management pricing cost shall be determined according to the social average cost of property management services determined by the competent pricing department of the people's government. With the assistance of a competent real estate administrative department, competent pricing department is responsible for organizing 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 of public facilities and equipment, green conservation costs, sanitation fees, order maintenance cost, public facilities and equipment as well as public liability insurance costs, office expenses, shared administration fee, fixed assets depreciation and other fees approved by property owners.

According to the Administrative Measures of Zhejiang Province on Property Management Service Charges (Trial) (《浙江省物業服務收費管理實施辦法(試行)》), which was promulgated by the Price Bureau of Zhejiang Province and the Ministry of Construction of Zhejiang Province on March 28, 2005 and came into effect on May 1, 2005, the fees charged by property management enterprises shall be determined with references to the government guidance prices or market prices, which are set based on different situations, including the type of relevant property to which the property management services are provided, the stage of the property management services and the nature and features of the property management services provided. The preliminary property management service charges for ordinary residential properties (excluding high-standard residential properties such as villas) shall comply with government guidance price; the property management service charges for non-residential properties, high-standard residential properties such as villas and ordinary residential properties after the establishment of property owners' associations shall be determined by the market. According to the Notice of Zhejiang Provincial Development and Reform Commission on Publishing the Pricing Catalogue of Zhejiang Province (Edition 2022) (浙江省發展改革委關於印發《浙江省定價目錄（2022年版）》的通知) (Zhe Fa Gai Jia Ge [2022] No. 163) , which was promulgated on June 17, 2022 and came into effect on August 1, 2022, other than that the preliminary property management charges of ordinary residential properties in municipal districts to which government guidance prices continue to be applicable, the price control on the preliminary property management charges of ordinary residential properties in non-municipal districts has been cancelled. According to the Notice of Price Bureau of Anhui Province on Publishing the Pricing Catalogue of Anhui Province (《安徽省物價局關於公佈<安徽省定價目錄>的通知》) (Wan Jia Fa [2018] No.17), which was promulgated on February 11, 2018 and came into effect on March 1, 2018, the municipal governments and governments of counties are authorized to set the government guidance price of the preliminary property management service for ordinary residential properties.

Continuous Rectification and Regulation of the Real Estate Market Order

On July 13, 2021, MOHURD and relevant authorities promulgated Notice on the Continuous Rectification and Regulation of the Real Estate Market Order (關於持續整治規範房地產市場秩序的通知) (Jian Fang [2021] No. 55) (the "**Regulatory Notice**"). The Regulatory Notice reiterated several requirements to regulate the real estate market as well as property management industry in the PRC. The key issues in relation to the provision of property management services identified in the Regulatory Notice which require rectification and regulation include (i) failing to provide services in accordance with the property services contract; (ii) failing to disclose the information in respect of the property service, such as charging standards for the property services, information in relation to the operation of the owners' common areas, the income generated therefrom and utilization of maintenance and repair funds in accordance with applicable laws and regulations; (iii) charging fees out of the scope of the contract or announced charging standards; (iv) using the owners' common areas to carry out business activities without authorization, encroaching or misappropriating income generating from the operation of the owners' common areas; and (v) refusing to withdraw from the property management project without a proper reason upon rescission or termination of the property services contract. The Regulatory Notice also requires local authorities shall, in light of the actual conditions, innovate ideas, take multiple measures simultaneously, and carry out rectification pursuant to the laws and regulations. For property services enterprises 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 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.

Fire Protection

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

REGULATIONS ON PARKING SERVICE FEES

According to the Guidance on the Planning, Construction and Management of Urban Parking Facilities (《關於城市停車設施規劃建設及管理的指導意見》) (Jian Cheng [2010] No. 74) (jointly promulgated by the MOHURD, the Ministry of Public Security and the NDRC and came into effect on May 19, 2010), a franchise management system shall be adopted with market access and exit standards and the professional urban parking service enterprises shall be selected in an open, fair and equitable manner. Pursuant to the Circular of the MOHURD on Strengthening the Administration of Urban Parking Facilities (《住房和城鄉建設部關於加強城市停車設施管理的通知》) (Jian Cheng [2015] No. 141) (promulgated by the MOHURD on September 22, 2015 and came into effect on the same day), the implementation of franchise in-road parking lots and public parking lots invested and constructed by government is encouraged.

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 the NDRC, the MOHURD and the Ministry of Transport on December 15, 2015 and came into effect on the same day), the fees charged in parking service shall be market-oriented, and the scope of government guidance prices in parking services shall be gradually reduced to encourage the construction of parking facilities by social capital. Furthermore, the implementation of differentiated charges according to the location of parking facilities, parking time and the type of motor vehicles etc. shall be accelerated.

According to the Circular of the NDRC on the Opinions for Decontrolling the Prices of Some Services (《國家發展和改革委員會關於放開部分服務價格意見的通知》) (Fa Gai Jia Ge [2014] No. 2755) (promulgated by NDRC on December 17, 2014 and came into effect on the same day), price control on parking services in residential communities meeting certain conditions was also liberalized.

LAWS AND REGULATIONS ON DATA SECURITY AND PRIVACY

According to the Civil Code, personal information refers to all kinds of information recorded by electronic or otherwise that can be used to independently identify or be combined with other information to identify specific natural persons, including the natural persons' names, dates of birth, ID numbers, biometric information, addresses, telephone numbers, e-mail addresses, health information, whereabouts, etc. The personal information of a natural person shall be protected by the law. Any organization or individual shall legally obtain the personal information of others when necessary and ensure the safety of such personal information, and shall not illegally collect, use, process or transmit the personal information of others, or illegally buy or sell, provide or make public the personal information of others.

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

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

Pursuant to the Cyber security Review Measures (2021), operators of critical information infrastructure which purchase network products and services and online platform operators which carry out data processing activities that affect or may affect national security, shall conduct cyber security review. According to the Cyber security Review Measures (2021), an online platform operator which holds and controls more than one million users' personal information must report to the Cyber Security Review Office for a cyber security review if it intends to be listed abroad (國外上市).

Pursuant to the Data Security Law of the PRC (《中華人民共和國數據安全法》), which was promulgated by the SCNPC on June 10, 2021 and became effective on September 1, 2021, data processing activities (including the collection, storage, use, processing, transmission, provision and disclosure of data) shall be carried out in accordance with the provisions of laws and regulations, a whole-process data security management system should be established and improved, data security education and training should be organized and carried out, and corresponding technical measures and other necessary measures should be taken to ensure data security. The use of the internet or other information networks to carry out data processing activities shall fulfill the aforementioned data security protection obligations based on the cyber security classified protection system. Processors of important data should specify the person responsible for data security and management agencies to implement data security protection responsibilities.

Pursuant to the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) promulgated by the SCNPC on August 20, 2021 and became effective on November 1, 2021, personal information shall be processed (including the collection, storage, use, processing, transmission, provision, disclosure and deletion of personal information) following the principles of lawfulness, legitimacy, necessity and integrity, and shall not be processed through misleading, fraudulent, coercive or other means. The processing of personal information shall have a clear and reasonable purpose, and shall be directly related to the purpose of processing, and should adopt a method that has the least impact on personal rights and interests. The collection of personal information should be limited to the minimum scope of achieving the purpose of processing, and excessive collection of personal information shall not be allowed. Processing of personal information shall follow the principles of openness and transparency, with personal information processing rules disclosed. The purpose, manner and scope of processing should be explicitly disclosed. Personal information processors shall be responsible for their personal information processing activities and take necessary measures to ensure the security of the personal information processed.

Pursuant to the Draft Regulations on Administration of Network Data Security published by Cyberspace Administration of China on November 14, 2021, the PRC Government will focus on the protection of personal information and important data and strictly protect core data. Data processors shall be responsible for the data security and shall fulfill their obligations of data security protection in data processing. Data processors shall take necessary measures such as backup, encryption and access control to protect data from disclosure, theft, tampering, destruction, loss and illegal use, to deal with data security incidents, and to prevent illegal and criminal activities targeting and using data, and maintain the integrity, confidentiality and availability of data. It stipulates that data processors shall, in accordance with relevant national regulations, apply for cyber security review if they engage in the following activities, including, among others, i) intending to be listed abroad which processes more than one million users' personal information, or ii) intending to be listed in Hong Kong which affect or may affect national security. As at the Latest Practicable Date, the Draft Regulations on Administration of Network Data Security had not been formally adopted.

According to the relevant provisions in the Notice on Strengthening and Improving the Administration of Residential Property Management (《關於加強和改進住宅物業管理工作的通知》) jointly issued by the MOHURD, the Central Political and Legal Affairs Commission, the Central Civilization Office and other seven authorities, property service enterprises are encouraged to use technologies such as Internet of Things, cloud computing, big data, block chain and artificial intelligence to build a smart property management service platform and improve the level of property wisdom management services. However, subject to the privacy and personal information protection requirements stipulated in the Civil Code and Personal Information Protection Law of the PRC (came into effect on November 1, 2021), some cities have introduced specific implementation measures to regulate the use of biometric authentication and mandatory consumption of value-added community services, such as the Hangzhou Property Management Regulations (came into effect on March 1, 2022), which clarify that property management service providers shall not (i) compulsorily require property owners or residents to provide facial features, fingerprints or other biometric information for the purpose of entering into the areas that are under their management or using the relevant common areas; (ii) disclose personal information of property owners and residents obtained in the course of provision of property management services; (iii) compulsorily require property owners or residents to purchase the goods or services provided or designated by the property management service providers; and (iv) infringe the personal and property rights of property owners and residents.

LAWS AND REGULATIONS RELATING TO TAXATION

Enterprise 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》) (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 then amended respectively on February 24, 2017 and December 29, 2018, and the Enterprise Income Tax Implementation Rules (《企業所得稅法實施條例》) (Order No. 512 of the State Council), which was promulgated by the State Council on December 6, 2007 and became effective from January 1, 2008 and was amended on April 23, 2019, enterprises are classified as either resident enterprises and non-resident enterprises. The income tax rate for resident enterprises, including both domestic and foreign-invested enterprises shall typically be 25% since January 1, 2008. An enterprise established outside the PRC with its "de facto management body" located in the PRC is considered a "resident enterprise", which means it can be treated as domestic enterprise for enterprise income tax purposes. A non-resident enterprise that does not have an establishment or place of business in the PRC, or has an establishment or place of business in the PRC but the income of which has no actual connection with such establishment or place of business, shall pay enterprise income tax on its income deriving from inside the PRC at the reduced rate of enterprise income tax of 10%.

Income Tax in Relation to Dividend Distribution

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on 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稅避免雙重徵稅和防止偷漏稅的安排》), which was promulgated by the State Taxation Administration and the Government of Hong Kong and became effective on December 8, 2006, if the beneficial owner directly holds at least 25% of the equity capital in a PRC company, a withholding tax at the rate of 5% shall be paid in connection with the dividend paid by the PRC company to such Hong Kong tax resident; while if the beneficial owner directly holds less than 25% of the equity capital in a PRC company, a withholding tax at the rate of 10% shall be paid in connection with the dividend paid by the PRC company to such Hong Kong tax resident.

Pursuant to the Circular of the State Taxation Administration on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Treaties (《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》) promulgated by the State Taxation Administration and became effective on February 20, 2009, all of the following requirements must be satisfied for a resident enterprise to enjoy the preferential tax rates provided under the tax treaties: (i) such a tax resident who obtains dividends should be a company as defined in the tax agreement; (ii) the equity and voting interests in the PRC resident enterprise directly owned by such fiscal resident must reach a specified percentage; and (iii) the equity interests of the PRC resident enterprise directly owned by such tax resident, at any time during the consecutive 12 months prior to the payment of the dividends, must reach a specified percentage in such tax treaty.

Pursuant to the Administrative Measures on Enjoying Treaty Benefits for Non-Resident Taxpayers (《非居民納稅人享受協定待遇管理辦法》), which was issued on October 14, 2019 by the State Taxation Administration and became effect on January 1, 2020 a non-resident taxpayer who make their own declaration shall make self-assessment regarding whether they are entitled to tax treaty benefits and submit the relevant reports, statements and materials stipulated in Article 7 thereof. Also, all levels of tax authorities shall, through strengthening follow-up administration for non-resident taxpayers' entitlement to tax treaty benefits, implement treaties accurately, and prevent abuse of treaties and tax evasion and tax avoidance risks.

The Announcement of the State Taxation Administration on Issues concerning "Beneficial Owners" in Tax Treaties (《國家稅務總局關於稅收協定中"受益所有人"有關問題的公告》) (the "**Announcement 9**"), which was promulgated by the State Taxation Administration on February 3, 2018 and took effect on April 1, 2018, provides the methods to determine the "beneficial owners" under the treaty articles on dividends, interest and royalties. Pursuant to Announcement 9, a "beneficial owner" generally must be engaged in substantive business activities and, for determining such a "beneficial owner", a comprehensive analysis shall be conducted based on the factors set out in the Announcement 9 and in combination with the actual conditions of the specific case.

Value-added Tax

According to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》), 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 and November 19, 2017, and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-Added Tax (《中華人民共和國增值稅暫行條例實施細則》) (No. 65 Order of the Ministry of Finance and State Tax Administration), which were issued on December 25, 1993 by the Ministry of Finance, and became effective on the same day and revised on December 15, 2008 and October 28, 2011 (collectively, the "**VAT Law**"), the 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 imported goods in the PRC shall be taxpayers of Value-added Tax ("**VAT**"), and the tax rate for taxpayers engaging in sale of services and intangible assets shall be 6% unless otherwise stipulated and for taxpayers selling goods, labor services, or tangible movable property leasing services or imported goods shall be 17% 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 Taxation Administration 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 VAT instead of business tax.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》), which was issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on March 20, 2019 and came into effect on April 1, 2019, for VAT taxable sales or imported goods of a VAT general taxpayer where the VAT rate of 16% applies currently, it shall be adjusted to 13%, the currently applicable VAT rate of 10% shall be adjusted to 9%.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE CONTROL

According to Regulations on Foreign Exchange Administration of the PRC (《中華人民共和國外匯管理條例》) (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, RMB is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loan or investment in securities outside the PRC, unless the prior approval by the State Administration of Foreign Exchange (the "**SAFE**") or its local counterparts is obtained.

According to the Circular of the SAFE on Reforming the Administration Measures on Settlement of Foreign Exchange Registered Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (Hui Fa [2015] No. 19) ("**SAFE Circular 19**"), which was promulgated on March 30, 2015 and became effective on June 1, 2015, a foreign-invested enterprise may, in response to its actual business needs, settle with a bank the portion of the foreign exchange capital in its capital account for which the relevant foreign exchange bureau has confirmed monetary contribution rights and interests (or for which the bank has registered the account crediting of monetary contribution). Foreign-invested enterprises are allowed to settle such portion at 100% tentatively of their foreign exchange capital on a discretionary basis. Furthermore, SAFE Circular 19 stipulates that the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises.

According to the Notice of the SAFE 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) ("**SAFE Notice 16**"), which was promulgated and became effective on June 9, 2016, enterprises registered in the PRC (including Chinese-funded enterprises and foreign- funded enterprises, but excluding financial institutions) may also covert their foreign debt from foreign currency into RMB on self-discretionary basis. SAFE Notice 16 also provides an integrated standard for settlement of foreign exchange under capital account items (including but not limited to foreign currency capital, foreign debt and funds recovered from overseas listing) on a self-discretionary basis, which applies to all enterprises registered in the PRC. Domestic institutions may, at their discretion, settle up to 100% of their foreign exchange receipts under the capital account. The SAFE may adjust the aforesaid proportion in due time based on the balance of payment.

On October 23, 2019, the SAFE promulgated the Circular on Further Promoting the Facilitation of Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》) ("**Circular No. 28**"). Pursuant to Circular No. 28, on the basis of allowing investment-oriented foreign-invested enterprises (including foreign-invested investment companies, foreign-invested venture capital enterprises and foreign-invested equity investment enterprises) to use capital funds for domestic equity investment in accordance with laws and regulations, non-investment foreign-invested enterprises shall be allowed to use capital funds for domestic equity investment in accordance with the laws under the premise of not violating the Negative List and the domestic invested projects being authentic and compliant.

LAWS AND REGULATIONS RELATING TO LABOR

Enterprises in China are mainly subject to the following PRC labor laws and regulations: the Labor Law of the PRC (《中華人民共和國勞動法》), the PRC Labor Contract Law (《中華人民共和國勞動合同法》), the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), the Regulation of Insurance for Work-Related Injury (《工傷保險條例》), the Regulations on Unemployment Insurance (《失業保險條例》), the Provisional Measures on Insurance for Maternity of Employee (《企業職工生育保險試行辦法》), the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), the Administrative Regulation on Housing Provident Fund (《住房公積金管理條例》) and other related regulations, rules and provisions issued by the relevant governmental authorities from time to time.

Pursuant to the 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 and amended on August 27, 2009 and December 29, 2018, companies must enter into employment contracts with their employees, based on the principles of equality, consent and agreement through consultation. Companies must establish and effectively implement a system of ensuring occupational safety and health, educate employees on occupational safety and health, preventing work-related accidents and reducing occupational hazards. Companies must also pay for their employees' social insurance premium.

The principal regulation governing the employment contract is the PRC Labor Contract Law (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC on June 29, 2007 and was amended on December 28, 2012 and came into effect on July 1, 2013, pursuant to which, employers shall establish an employment relationship with employees on the date that they start employing the employees. To establish employment, a written employment contract shall be concluded, or employers will be liable for illegal actions. Furthermore, the probation period and liquidated damages shall be restricted by the law to safeguard employees' rights and interests.

As required under the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), the Regulation of Insurance for Work-Related Injury (《工傷保險條例》), the Regulations on Unemployment Insurance (《失業保險條例》), the Provisional Measures on Insurance for Maternity of Employee (《企業職工生育保險試行辦法》), the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) and the Administrative Regulation on Housing Provident Fund (《住房公積金管理條例》), enterprises in China are obliged to provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, injury insurance, medical insurance and housing provident fund.

According to the Social Insurance Law of PRC (《中華人民共和國社會保險法》) (Order No. 35 of the President of the PRC) (promulgated by the SCNPC on October 28, 2010 and came into effect on July 1, 2011 and as amended on December 29, 2018), employers must carry out social insurance registration at the local social insurance agency, provide social insurance and pay and withhold the relevant social insurance premiums for and on behalf of employees. For employers failing to conduct social insurance registration, the administrative department of social insurance shall order them to make corrections within a prescribed time limit; if they fail to do so within the time limit, employers have to pay a penalty over one time but no more than three times of the amount of the social insurance premium payable by them, and their executive staffs and other directly responsible persons shall be fined RMB500 to RMB3,000. Where an employer fails to pay social insurance premiums in full or on time, the social insurance premium collection agency shall order it to pay or make up the balance within a prescribed time limit, and shall impose a daily late fee at the rate of 0.05% of the outstanding amount from the due date; if the employers still fail to pay within the time limit prescribed, a fine of one time to three times the amount in default will be imposed on them by the relevant administrative department. Also, it has consolidated pertinent provisions for basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance, and the legal obligations and liabilities of employers who do not comply with relevant laws and provisions on social insurance have been stipulated in detail.

On July 20, 2018, the General Office of the Communist Party of China and the General Office of the State Council of the PRC issued the Reform Plan of the State Tax and Local Tax Collection Administration System (《國稅地稅徵管體制改革方案》) (the "**Reform Plan**"). Under the Reform Plan, from January 1, 2019, tax authorities will be responsible for the collection of social insurance contributions in the PRC.

Pursuant to the Notice of the General Office of the State Taxation Administration of on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective 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, the tax authorities shall properly handle historical arrears under the principle of clearly sorting out and properly taking over historical outstanding accounts and not organising the review of arrears on their own. Pursuant to the Urgent Notice on Implementing the Spirit of the Executive Meeting of the State Council in Stabilising the Collection of Social Security Contributions (《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》) released by the Ministry of Human Resources and Social Security on September 21, 2018, the relevant policies for both the rate and basis of social insurance contributions shall remain unchanged until the reform on the transfer of the authority for social insurance has been completed, and it is strictly prohibited for the relevant authorities to collectively initiate and proactively collect historical outstanding social security contributions from enterprises. On November 16, 2018, the State Taxation Administration released the Notice of Certain Measures on Further Supporting and Serving the Development of Private Economy (《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》), which provided that the policy for social insurance shall remain stable and the State Taxation Administration will pursue to lower the social insurance contribution rates with the relevant authorities, and ensure the overall burden of social insurance contribution on enterprises will decline.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) issued by the State Council on April 3, 1999 and became effective on the same day, and amended on March 24, 2002 and March 24, 2019, the housing provident fund contributions by the individual employee and his or her employer shall be owned by the individual employee. Employers shall timely pay the housing provident fund in full and overdue or insufficient payment shall be prohibited. Employers shall process the housing provident fund payment and deposit registration in the housing provident fund administrative center. For enterprises who violate the above Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) and fail to apply for housing provident fund deposit registration or open housing provident fund accounts for their employees, the housing provident fund administrative center may order the relevant enterprises to make corrections within a prescribed period. If an enterprise violates such regulations as a result of failing to complete the housing provident fund deposit registration or failing to complete the formation procedures related to housing provident fund accounts for its employees, the housing provident fund administration center may order it to complete the relevant procedures within a prescribed period; if the relevant procedures are not completed within such prescribed period, it shall be subject to a fine ranging from RMB10,000 to RMB50,000. If an enterprise violates the provisions of such regulations as a result of failing to pay the housing provident fund in time or in full, the housing provident fund administration center may order such enterprise to make the payment within a prescribed period; if the payment is not made within such prescribed period, the relevant authority may petition the people's court for judicial enforcement.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Trademark Law

According to the Trademark Law of the PRC (《中華人民共和國商標法》) (Order No. 10 of SCNPC), which was promulgated on August 23, 1982, amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019, and came into effect on November 1, 2019, and the Implementation Regulations on the Trademark Law of the PRC (《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 came into effect on May 1, 2014, the trademark registrant may, by concluding a trademark licensing contract, authorize others to use the registered trademark. The licensor shall supervise the quality of the goods on which the licencee uses the licensor's registered trademark, and the licencee shall guarantee the quality of the goods on which the registered trademark is used. For licensed use of a registered trademark, the licensor shall file record of the licensing of the said trademark with the trademark bureau and published by it, while non-filing of the licensing of a trademark shall not be contested against a good faith third party.

Domain Name

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) (No. 43 Order of the Ministry of Industry and Information Technology), which was issued by the Ministry of Industry and Information Technology on August 24, 2017 and came into effect on November 1, 2017, the Ministry of Industry and Information Technology is responsible for managing Internet network domain names of China. The "CN" and the "zhongguo (in Chinese character)" shall be China's national top-level domains. The principle of "first-to-file" is adopted for domain name services. The applicant of domain name registration shall provide the agency of domain name registration service with the true, accurate and complete information about the domain name holder's identity for the registration purpose. Upon the completion of the registration process, the applicant will become the holder of the relevant domain name.

OUR HISTORY AND DEVELOPMENT

History

We are members of Zhong An which comprise the Remaining Zhong An Group, the CNC Group and our Group. Zhong An Shares have been listed on the Main Board of the Stock Exchange since November 2007 and the shares of China New City have been listed on the Main Board of the Stock Exchange since July 2014. Both Zhong An and China New City have been under the control of Mr. Shi and he is the ultimate controlling shareholder of Zhong An and China New City throughout the Track Record Period. The Remaining Zhong An Group is principally engaged in the development, sales of and investment in residential properties in the PRC while the CNC Group is principally engaged in the development, sales and leasing of and investment in commercial properties and operation and management of hotel and cinema in the PRC. Prior to the Reorganization, our subsidiaries (excluding Ningbo Zhongan) which provide residential and certain non-residential property management services were under the Zhong An Group and our subsidiaries which provide commercial property management services were under the CNC Group. We are a reputable integrated property management service provider headquartered in Hangzhou with deep roots in Zhejiang province and the Yangtze River Delta Region. We have built up reputable brand recognition in the Yangtze River Delta Region, and have also established strategic presence in cities outside of the Yangtze River Delta Region including Guangzhou, Nanchang, Qingdao, Wuhan and Kunming.

The history of our Group can be traced back to 1998 when Zhong An Management, our major operating subsidiary, was established in Hangzhou, Zhejiang province, the PRC. Upon commencement of our business operation in 1998, we mainly provided our property management services in Zhejiang province with a focus on residential properties, and gradually expanded our service scope to cover various non-residential properties including commercial and office buildings, serviced apartments, public and other properties (such as office buildings of PRC governmental bodies, industrial parks, hospitals and schools).

As of December 31, 2022, the properties we managed are all located in the Yangtze River Delta Region and Shandong province. We provide property management services to 95 projects, with a total GFA under management of approximately 12.8 million sq.m, covering 11 cities and three provinces in China and we had a total of 139 contracted projects with a total contracted GFA of approximately 19.4 million sq.m., covering 19 cities and seven provinces in China.

According to CIA, we have been included in the list of the Top 100 Property Management Companies in China (中國物業服務百強企業) since 2016 and our ranking among the Top 100 Property Management Companies in China (中國物業服務百強企業) in terms of overall strength of property management increased from 82nd in 2016 to 40th in 2023, reflecting our growing property management capabilities. We have also received various honours and awards in the past. See "Business—Awards and Recognition" in this document for further details of the awards that we have obtained during the Track Record Period and up to the Latest Practicable Date.

Business Development Milestones

The following table sets out the key milestones in the history of our corporate and business development:

Year	Milestones
1998	• Zhong An Management was established and we commenced to provide residential property management services in Zhejiang province
2003	• We established our business presence in Anhui province
2005	• We commenced to provide commercial property management services in Zhejiang province
2009	• We were accredited ISO9001:2015 quality standard for quality management and ISO14001:2009 quality standard for environmental management
2010	• We commenced to provide value-added services mainly to property developers and community value-added services to property owners and residents
2016	• We were accredited OHSAS18001:2007 for occupational health and safety management systems
2018	• We acquired 80% equity interest of Zhejiang Chengcheng
	• We were ranked the 69th by CIA among the Top 100 Property Management Companies in China (2018中國物業服務百強企業) in terms of overall strength
2019	• We were ranked the 63rd by CIA among the Top 100 Property Management Companies in China (2019中國物業服務百強企業) in terms of overall strength
2020	• We were ranked the 59th by CIA among the Top 100 Property Management Companies in China (2020中國物業服務百強企業) in terms of overall strength
	• Our aggregated GFA under management reached 10 million sq.m.
2021	• We were ranked the 50th by CIA among the Top 100 Property Management Companies in China (2021中國物業服務百強企業) in terms of overall strength
2022	• We were ranked the 42nd by CIA among the Top 100 Property Management Companies in China (2022 中國物業服務百強企業) in terms of overall strength
2023	• We were ranked the 40th by CIA among the Top 100 Property Management Companies in China (2023 中國物業服務百強企業) in terms of overall strength

OUR CORPORATE DEVELOPMENTS

Our Company was incorporated in the Cayman Islands under the Cayman Companies Act as an exempted company with limited liability on November 16, 2020, and became the holding company and **[REDACTED]** for all members of the Group upon completion of the Reorganization. See "—Reorganization" below for details.

Our Operating Subsidiaries in the PRC

As of the Latest Practicable Date, our business operations had been carried out by our operating subsidiaries established or acquired by our Group in the PRC. Set out below are the major corporate developments including major shareholding changes in the equity interests in our operating subsidiaries in the PRC:

1. Zhong An Management

Zhong An Management was established in the PRC with limited liability on November 18, 1998 with an initial registered capital of RMB500,000 which was fully paid-up in cash. It is principally engaged in (i) property management services; (ii) value-added services mainly to property developers; and (iii) community value-added services. As of the Latest Practicable Date, Zhong An Management is the immediate holding company of 100% equity interest of Anhui Zhongan Property, 80% equity interest of Zhejiang Chengcheng and 100% equity interest of Hefei Green Harbor.

Upon its establishment, Zhong An Management was owned as to 90% by Zhejiang Zhong An and 10% by Hangzhou Zhongqiang, respectively. The beneficial owners of Hangzhou Zhongqiang are also beneficial owners of Yunzhongxia who holds 10% equity interest of Zhejiang Zhong An, which is an indirect non-wholly owned subsidiary of Zhong An.

Subsequent to a series of equity transfers and increase in registered capital between August 20, 2008 and October 13, 2016, Zhong An Management was wholly-owned by Zhong An Service Holding with a registered capital of RMB26 million. On February 20, 2020, the registered capital of Zhong An Management was further increased from RMB26 million to RMB100 million and the then paid-up registered capital of Zhong An Management was RMB10 million. On May 26, 2021, the registered capital of Zhong An Management of RMB100 million was fully paid-up in cash.

Pursuant to an equity transfer agreement dated May 31, 2021, as part of the Reorganization, WFOE acquired the entire equity interest in Zhong An Management from Zhong An Service Holding. For further details, see "Reorganization—8. Acquisition of Zhong An Management by WFOE" in this section. Upon completion of the above equity transfer on June 4, 2021 and up to the Latest Practicable Date, Zhong An Management was wholly-owned by WFOE.

Branches of Zhong An Management

In order to facilitate the development of its operation in different regions in the PRC, as of the Latest Practicable Date, Zhong An Management has 22 branches in Quzhou City, Cixi City, Hefei City, Wenzhou City, Fuyang District (Hangzhou City), Ningbo City, Yuyao City, Zhoushan City, Yuhang District (Hangzhou City), Huaibei City, Hongdao District (Qingdao City), Kunming City, Lishui City, Shaoxing City, Yiwu City, Taizhou City, Wuhan City, Huangdao District (Qingdao City), Tonglu County (Hangzhou City), Jiangyin City, Chun'an County (Hangzhou City) and Chuzhou City.

2. *Anhui Zhongan Property*

Anhui Zhongan Property was established in the PRC with limited liability on November 24, 2003 with an initial registered capital of RMB1 million which was fully paid-up in cash. It is principally engaged in (i) property management services; (ii) value-added services mainly to property developers; and (iii) community value-added services. As of the Latest Practicable Date, Anhui Zhongan Property is the immediate holding company of 90% equity interest of Huaibei Zhonghong.

Upon its establishment, Anhui Zhongan Property was owned as to 60% by Mr. Shi and 40% by Ms. Chen Yurong (陳玉蓉) who was previously a director of certain subsidiaries of Zhong An. On March 22, 2007, for administrative efficiency purpose, Mr. Shi transferred 60% equity interest in Anhui Zhongan Property to Mr. Shen Ding (沈定), who was a nominee of Mr. Shi and a former employee of the Zhong An Group, at nil consideration.

On August 26, 2009, to consolidate the property management business of the Zhong An Group, pursuant to the instructions of Mr. Shi, Mr. Shen Ding (沈定) transferred 60% of equity interest in Anhui Zhongan Property at nil consideration to Zhong An Management, while Ms. Chen Yurong (陳玉蓉) transferred 40% of equity interest in Anhui Zhongan Property to Zhong An Management at nil consideration since Anhui Zhongan Property was loss-making. Upon completion of the above equity transfer and up to the Latest Practicable Date, Anhui Zhongan Property was wholly-owned by Zhong An Management. On August 5, 2013, the registered capital of Anhui Zhongan Property was increased from RMB1 million to RMB3 million and such registered capital was fully paid-up in cash.

3. *Huaibei Zhonghong*

Huaibei Zhonghong was established in the PRC with limited liability on March 30, 2020 with an initial registered capital of RMB1 million to be fully paid-up in cash on or before March 25, 2025 pursuant to the articles of association of Huaibei Zhonghong. It is principally engaged in (i) property management services; and (ii) community value-added services. Since the date of its establishment and up to the Latest Practicable Date, Huaibei Zhonghong was owned as to 90% by Anhui Zhongan Property and 10% by Huaibei Hongqiao Property Service Co., Ltd. (淮北宏橋物業服務有限公司), an Independent Third Party (other than being a substantial shareholder of Huaibei Zhonghong).

4. *Zhejiang Chengcheng*

Zhejiang Chengcheng was established in the PRC with limited liability on January 12, 2009 with an initial registered capital of RMB500,000 which was fully paid-up in cash. It is principally engaged in (i) property management services; (ii) value-added services mainly to property developers; and (iii) community value-added services. In February 2012, the registered capital of Zhejiang Chengcheng was increased from RMB500,000 to RMB10 million which was fully paid-up in cash.

Immediately prior to the acquisition of 80% equity interest in Zhejiang Chengcheng by our Group, Zhejiang Chengcheng was owned as to 80%, 10% and 10% by Mr. Xu Qunfeng (徐群峰) ("**Mr. Xu**") (husband of Ms. Bao Liyun (包利雲) ("**Ms. Bao**") who is currently a substantial shareholder of Zhejiang Chengcheng), Mr. Zhang Shuhong (張樹洪) (brother-in-law of Ms. Bao) and Mr. Bao Hongchun (包洪春) (brother of Ms. Bao), respectively. In addition, it had 11 residential property projects under its management which are located in Tonglu County, Hangzhou, Zhejiang province.

For the purpose of expanding its property management business in Tonglu County, Hangzhou, Zhejiang province, on January 1, 2018, Zhong An Management acquired 80% equity interest in Zhejiang Chengcheng from Mr. Xu at a consideration of RMB3.76 million, while Ms. Bao acquired 10% equity interest in Zhejiang Chengcheng from each of Mr. Zhang Shuhong (張樹洪) and Mr. Bao Hongchun (包洪春), each at a consideration of RMB1 million. The consideration for the acquisition of 80% equity interest in Zhejiang Chengcheng by Zhong An Management was determined after arm's length negotiations with reference to valuation of Zhejiang Chengcheng based on (i) the net asset value of approximately RMB1.2 million as of July 31, 2017; (ii) the amount of consideration of approximately RMB3.9 per sq.m. calculated based on the GFA under management of Zhejiang Chengcheng immediately before the acquisition which is equivalent to approximately five times of RMB0.8 per sq.m., being, to the best knowledge of our Directors, the property management fee of nearby property management projects in 2018; (iii) the profitability of Zhejiang Chengcheng taking into account the average property management fee of approximately RMB0.5 per sq.m. charged by the property management projects of Zhejiang Chengcheng on a monthly basis before the acquisition; and (iv) a net loss of approximately RMB2.3 million for the year ended December 31, 2016. Despite Zhejiang Chengcheng did not meet the Group's selection criteria of having annual net profit of not less than RMB1 million, the Directors believe that the acquisition of Zhejiang Chengcheng would allow the Group to expand its property management business in Tonglu County, Zhejiang Province and leveraging on our Group's strength, resources and expertise in property management business, the Directors were of the view that our Group would improve the overall management efficiency and performance of Zhejiang Chengcheng by integrating our Group's resources to provide standardized procedures and quality standards in provision of property management services.

Upon completion of the above equity transfers on January 8, 2018 and up to the Latest Practicable Date, Zhejiang Chengcheng was owned as to 80% and 20% by Zhong An Management and Ms. Bao who held such 20% equity interest on behalf of her husband, Mr. Xu, and both Ms. Bao and Mr. Xu are Independent Third Parties (other than being substantial shareholder of Zhejiang Chengcheng), respectively, and Zhejiang Chengcheng became an indirect non-wholly owned subsidiary of our Company.

5. *Hefei Green Harbor*

Hefei Green Harbor was established in the PRC with limited liability on August 1, 2007 with an initial registered capital of RMB500,000 which was fully paid-up in cash. It is principally engaged in (i) property management services; and (ii) community value-added services. At the time of its establishment, it was wholly-owned by Anhui Zhong An Real Estate Co., Ltd. (安徽眾安實業有限公司), a member of the Zhong An Group.

As part of internal restructuring of the Zhong An Group, pursuant to an equity transfer agreement dated November 1, 2007, Anhui Zhong An Real Estate Co., Ltd. (安徽眾安實業有限公司) transferred the entire equity interest in Hefei Green Harbor to Anhui Zhongan Property at a consideration of RMB500,000 with reference to the paid-up registered capital of Hefei Green Harbor at the time of the transfer.

Pursuant to an equity transfer agreement dated June 2, 2009, Anhui Zhongan Property transferred the entire equity interest in Hefei Green Harbor to Zhong An Management at a consideration of RMB500,000 with reference to the paid-up registered capital of Hefei Green Harbor at the time of the transfer. Upon completion of the above equity transfer, and up to the Latest Practicable Date, Hefei Green Harbor was directly wholly-owned by Zhong An Management.

6. *Zhejiang Runzhou*

Zhejiang Runzhou was established in the PRC with limited liability on November 27, 2014 with an initial registered capital of USD2 million. On April 9, 2021, the denomination of the registered capital of Zhejiang Runzhou was changed to RMB, following which the registered capital of Zhejiang Runzhou became RMB13.08 million, of which (i) RMB6.54 million was paid-up as of the Latest Practicable Date; and (ii) the remaining RMB6.54 million shall be fully paid-up on or before December 31, 2050 pursuant to the articles of association of Zhejiang Runzhou. It is principally engaged in (i) property management services; and (ii) community value-added services. At the time of its establishment, it was wholly-owned by Bright (Hong Kong), which was in turn an indirect wholly-owned subsidiary of China New City.

Pursuant to an equity transfer agreement dated February 3, 2021, as part of the Reorganization, WFOE acquired the entire equity interest in Zhejiang Runzhou from Bright (Hong Kong). For further details, see "—Reorganization—7. Amendments to the Existing Non-Compete Undertakings and Acquisition of Zhejiang Runzhou, Yuyao Zhongli and Hangzhou Zhonghong by WFOE" in this section. Upon completion of the above equity transfer on April 13, 2021 and up to the Latest Practicable Date, Zhejiang Runzhou was wholly-owned by WFOE.

7. Yuyao Zhongli

Yuyao Zhongli was established in the PRC with limited liability on November 24, 2020 as a result of the demerger of Yuyao Zhong An, the predecessor company of Yuyao Zhongli. Yuyao Zhongli has an initial registered capital of RMB5 million, of which (i) RMB2.5 million was paid-up as of the Latest Practicable Date; and (ii) the remaining RMB2.5 million shall be fully paid-up on or before October 10, 2026 pursuant to the articles of association of Yuyao Zhongli. Yuyao Zhong An's registered capital was also reduced from RMB10 million to RMB5 million upon completion of the demerger. Yuyao Zhongli is principally engaged in (i) property management services; and (ii) community value-added services.

Upon completion of the demerger of Yuyao Zhong An and the establishment of Yuyao Zhongli, Yuyao Zhong An and Yuyao Zhongli were wholly-owned by Zhong An Commercial, which was directly held as to approximately 54.99% by Zhong An Shenglong and approximately 45.01% by Zhejiang Agricultural Bank of China Phoenix Investment Management Co., Ltd. (浙江農銀鳳凰投資管理有限公司), an Independent Third Party (other than being a substantial shareholder of Zhong An Commercial), and both Yuyao Zhong An and Yuyao Zhongli were indirect non-wholly owned subsidiaries of China New City. For details of the demerger, see "—Reorganization—6. Demerger of two members of the CNC Group" in this section.

Pursuant to an equity transfer agreement dated February 3, 2021, as part of the Reorganization, WFOE acquired the entire equity interest in Yuyao Zhongli from Zhong An Commercial. For further details, see "—Reorganization—7. Amendments to the Existing Non-Compete Undertakings and Acquisition of Zhejiang Runzhou, Yuyao Zhongli and Hangzhou Zhonghong by WFOE" in this section. Upon completion of the above equity transfer on April 13, 2021 and up to the Latest Practicable Date, Yuyao Zhongli was wholly-owned by WFOE.

8. Hangzhou Zhonghong

Hangzhou Zhonghong was established in the PRC with limited liability on November 18, 2020 as a result of the demerger of Hangzhou Zhongan Henglong, the predecessor company of Hangzhou Zhonghong. Hangzhou Zhonghong has an initial registered capital of RMB1 million to be fully paid-up in cash on or before December 31, 2050 pursuant to the articles of association of Hangzhou Zhonghong. Hangzhou Zhongan Henglong's registered capital was also reduced from RMB2 million to RMB1 million upon completion of the demerger. Hangzhou Zhonghong is principally engaged in (i) property management services; and (ii) community value-added services.

Upon completion of the demerger of Hangzhou Zhongan Henglong and the establishment of Hangzhou Zhonghong, Hangzhou Zhongan Henglong and Hangzhou Zhonghong were wholly-owned by Zhong An Shenglong, which was directly held as to 90% by Qirui Management and 10% by Yunzhongxia, and both Hangzhou Zhongan Henglong and Hangzhou Zhonghong were indirect non-wholly owned subsidiaries of China New City. For details of the demerger, see "— Reorganization—6. Demerger of two members of the CNC Group" in this section.

Pursuant to the equity transfer agreement dated February 3, 2021, as part of the Reorganization, WFOE acquired the entire equity interest in Hangzhou Zhonghong from Zhong An Shenglong. For further details, see "—Reorganization—7. Amendments to the Existing Non-Compete Undertakings and Acquisition of Zhejiang Runzhou, Yuyao Zhongli and Hangzhou Zhonghong by WFOE" in this section. Upon completion of the above equity transfer on April 13, 2021 and up to the Latest Practicable Date, Hangzhou Zhonghong was wholly-owned by WFOE.

9. Ningbo Zhongan

Ningbo Zhongan was established in the PRC with limited liability on November 3, 2021 with an initial registered capital of RMB1 million to be fully paid-up in cash on or before October 26, 2041. At the time of its establishment and up to the Latest Practicable Date, Ningbo Zhongan was wholly-owned by Zhong An Management.

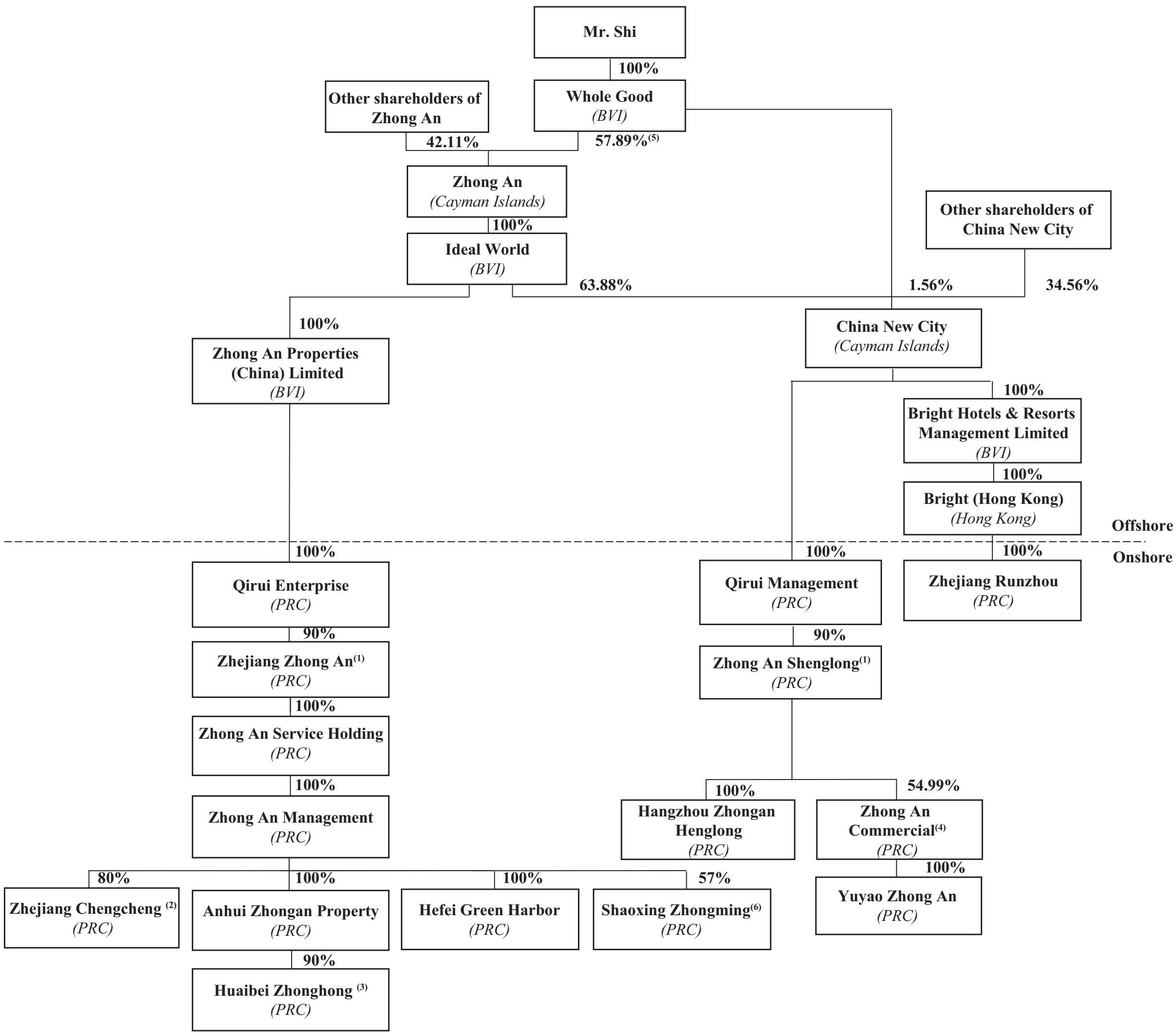
As at the Latest Practicable Date, Ningbo Zhongan had not yet commenced any business activity. Ningbo Zhongan will be engaged in provision of property management services in Ningbo, the PRC.

10. Shaoxing Zhongming

Shaoxing Zhongming was established in the PRC with limited liability on July 20, 2022 with an initial registered capital of RMB500,000 to be fully paid up in cash on or before July 19, 2052. At the time of its establishment and up to the Latest Practicable Date, Shaoxing Zhongming was owned as to 57% by Zhong An Management and 43% by Zhejiang Minglan Property Co., Ltd.（浙江明瀾物業有限公司）("**Zhejiang Minglan**"). Zhejiang Minglan is a wholly-owned subsidiary of Zhejiang Riyue Jewelry Group Co., Ltd. (浙江日月首飾集團有限公司) ("**Zhejiang Riyue**"). Zhejiang Riyue is owned as to 48.24% and 41.21%% equity interest by Yu Tuliang (虞兔良) and Yu Awu (虞阿五), respectively. Shaoxing Zhongming is established to provide property management service to residential property developed by a joint venture company whose equity interests are owned as to 57% by a subsidiary of Zhong An and 43% is indirectly owned by Zhejiang Riyue. As at the Latest Practicable Date, Shaoxing Zhongming had not commenced any business activity.

REORGANIZATION

The following diagram shows our shareholding structure immediately before the Reorganization:



Notes:

1. Each of the remaining 10% equity interests in Zhejiang Zhong An and Zhong An Shenglong is held by Yunzhongxia, whose equity interests are held as to 60% by Ms. Qi Xiaomin (戚小敏) and 40% by Mr. Chen Junmin (陳軍民). Ms. Qi and Mr. Chen also hold 60% equity interest and 40% equity interest of Hangzhou Zhongqiang, respectively. Hangzhou Zhongqiang is a substantial shareholder of Zhejiang Zhong An Property Development and Zhejiang Zhong An Property Development is an indirect non-wholly owned subsidiary of China New City which is owned as to 90% by Zhong An Shenglong directly. Ms. Qi is an ex-employee and business partner of the Remaining Group.
2. The remaining 20% equity interest in Zhejiang Chengcheng is held by Ms. Bao who held such 20% equity interest on behalf of her husband, Mr. Xu, and both Ms. Bao and Mr. Xu are Independent Third Parties (other than being substantial shareholder of Zhejiang Chengcheng).
3. The remaining 10% equity interest in Huaibei Zhonghong is held by Huaibei Hongqiao Property Service Co., Ltd. (淮北宏橋物業服務有限公司), an Independent Third Party (other than being a substantial shareholder of Huaibei Zhonghong).

4. The remaining 45.01% equity interest in Zhong An Commercial is held by China Phoenix Investment Management Co., Ltd. (浙江農銀鳳凰投資管理有限公司), an Independent Third Party (other than being a substantial shareholder of Zhong An Commercial).
5. Pursuant to an exchangeable note ("**Exchangeable Note**") as secured by certain security documents, entered into between Whole Good, Mr. Shi, Haitong International Finance Company Limited and Fountain I Limited ("**Fountain I**"), an indirect non-wholly owned subsidiary of Haitong Securities Co., Ltd., Fountain I has granted a loan to Whole Good with an outstanding principal amount of HK$88,000,000 as at the Latest Practicable Date with a right to exchange for such 160,000,000 Zhong An Shares (representing approximately 2.84% of the entire issued share capital of Zhong An as at the Latest Practicable Date) at an initial exchange price of HK$0.55. As security for such loan, pursuant to the Exchangeable Note, Whole Good has charged 1,008,087,280 Zhong An Shares (representing approximately 17.89% of the entire issued share capital of Zhong An as at the Latest Practicable Date) in favour of Fountain I as onshore security agent. The Exchangeable Note shall expire on June 17, 2023.
6. Shaoxing Zhongming was established on July 20, 2022. The remaining 43% equity interest in Shaoxing Zhongming is held by Zhejiang Minglan Property Co., Ltd. (浙江明瀾物業有限公司). See " —Our Corporate Developments—Our Operating Subsidiaries in the PRC—10. Shaoxing Zhongming" in this section for details.

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

1. Incorporation of Zhong An BVI

Zhong An BVI was incorporated in the BVI with limited liability on November 11, 2020 which was authorized to issue a maximum of 50,000 shares of a single class each with a par value of US$1.00. On the date of its incorporation, one share was allotted and issued at par value to Zhong An.

2. Incorporation of our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on November 16, 2020 with an authorized share capital of HK$380,000.00 divided into 38,000,000 Shares of a nominal value of HK$0.01 each. On the date of its incorporation, one Share was allotted and issued to the initial subscriber, an Independent Third Party which was transferred to Zhong An on the same day.

On December 3, 2020, Zhong An transferred one Share to Zhong An BVI at nominal consideration. Upon completion of such share transfer, our Company was wholly-owned by Zhong An BVI.

3. Incorporation of Throng Unity

Throng Unity was incorporated in the BVI with limited liability on November 13, 2020 which was authorized to issue a maximum of 50,000 shares of a single class each with a par value of US$1.00. On the date of its incorporation, one share was allotted and issued at par value to Zhong An.

On December 3, 2020, Zhong An transferred one share at par value to our Company. Upon completion of such share transfer, Throng Unity was wholly-owned by our Company.

4. Incorporation of Zhong An Hong Kong

Zhong An Hong Kong was incorporated in Hong Kong with limited liability on November 16, 2020. On the date of its incorporation, one share was allotted and issued at a consideration of HK$1.00 to Mr. Shi.

On December 2, 2020, Mr. Shi transferred one share to Throng Unity at consideration of HK$1.00. Upon completion of such share transfer, Zhong An Hong Kong was wholly-owned by Throng Unity.

5. Incorporation of WFOE

WFOE was established in the PRC as wholly foreign-owned enterprise with limited liability on January 14, 2021. Since its establishment, WFOE has been a direct wholly-owned subsidiary of Zhong An Hong Kong.

6. Demerger of two members of the CNC Group

Yuyao Zhongli and Hangzhou Zhonghong were demerged from their respective predecessors which were subsidiaries of China New City. Further details of the demergers of these two members of the CNC Group are set out below:

Yuyao Zhongli

Immediately prior to its demerger, Yuyao Zhong An which is the predecessor of Yuyao Zhongli had a registered capital of RMB10 million, was wholly-owned by Zhong An Commercial, an indirect non-wholly owned subsidiary of China New City. Yuyao Zhong An demerged and established another separate company namely Yuyao Zhongli on November 24, 2020 with an initial registered capital of RMB5 million, whereas the registered capital of Yuyao Zhong An was reduced from RMB10 million to RMB5 million, both companies were wholly-owned by Zhong An Commercial immediately after the demerger.

As a result of the demerger, (i) Yuyao Zhongli would be principally engaged in commercial property management services previously undertaken by Yuyao Zhong An (prior to the demerger) and would take over the assets, rights and liabilities and employees associated with such business; and (ii) Yuyao Zhong An (after the demerger) would be principally engaged in property leasing business previously undertaken by Yuyao Zhong An (prior to the demerger). As advised by our PRC Legal Advisor, the demerger was completed on November 24, 2020 and was in compliance with the applicable laws and regulations in the PRC.

Hangzhou Zhonghong

Immediately prior to its demerger, Hangzhou Zhongan Henglong which is the predecessor of Hangzhou Zhonghong had a registered capital of RMB2 million, was wholly-owned by Zhong An Shenglong, an indirect non-wholly owned subsidiary of China New City. Hangzhou Zhongan Henglong demerged and established another separate company namely Hangzhou Zhonghong on November 18, 2020 with an initial registered capital of RMB1 million, whereas the registered capital of Hangzhou Zhongan Henglong was reduced from RMB2 million to RMB1 million, both companies were wholly-owned by Zhong An Shenglong immediately after the demerger.

As a result of the demerger, (i) Hangzhou Zhonghong would be principally engaged in commercial property management services previously undertaken by Hangzhou Zhongan Henglong (prior to the demerger) and would take over the assets, rights and liabilities and employees associated with such business; and (ii) Hangzhou Zhongan Henglong (after the demerger) would be principally engaged in property leasing business previously undertaken by Hangzhou Zhongan Henglong (prior to the demerger). As advised by our PRC Legal Advisor, the demerger was completed on November 18, 2020 and was in compliance with the applicable laws and regulations in the PRC.

As advised by our PRC Legal Advisor, under the PRC Company Law and the Civil Code of the PRC (《中華人民共和國民法典》), where a company undergoes a demerger, the demerged companies shall bear joint and several liabilities for the debts of the relevant predecessor companies prior to demerger, unless otherwise agreed between the relevant debtor and creditor. As of the Latest Practicable Date, we have obtained consent from major creditors (i.e. those with a net outstanding amount of RMB500,000 or above) of the predecessor companies namely, Yuyao Zhong An and Hangzhou Zhongan Henglong (collectively, the "**Predecessor Companies**") to release and discharge the newly established companies, namely, Yuyao Zhongli and Hangzhou Zhonghong, from the Predecessor Companies' liabilities that are not otherwise allocated to our Group. As advised by our PRC Legal Advisor, the consents obtained from those creditors are legal, valid, binding and enforceable under the relevant PRC laws. The remaining liabilities of the Predecessor Companies mainly comprise prepayments (which in general will be recognized as revenue over time) and deposits (which in general will be returned to tenants upon expiration or forfeited in accordance with the terms of the relevant lease agreements) in relation to tenants of lease agreements (such as rental, utility, renovation and other deposits). As advised by our PRC Legal Advisor, the remaining liabilities of the Predecessor Companies will be extinguished upon the fulfillment of obligations of the Predecessor Companies. In the event that creditors of the Predecessor Companies request Yuyao Zhongli and/or Hangzhou Zhonghong to bear the Predecessor Companies' liabilities, our Group will direct such creditors to the relevant Predecessor Company for settlement of their liabilities. In the event that the Predecessor Company could not repay its liabilities, the immediate holding company of such Predecessor Companies also agreed to settle such liabilities (if any). Based on the unaudited management accounts of the Predecessor Companies, such remaining liabilities of the Predecessor Companies prior to their respective demergers (which are not otherwise allocated to Yuyao Zhongli and Hangzhou Zhonghong and excluding the amounts released pursuant to the consents obtained from the relevant creditors of the Predecessor Companies in releasing Yuyao Zhongli and Hangzhou Zhonghong from debts or liabilities of the Predecessor Companies), as at the Latest Practicable Date, amounted to not more than RMB10.3 million, while approximately RMB8.2 million of such remaining liabilities were prepayments and deposits by tenants of the Predecessor Companies under their respective lease agreements. Since such remaining liabilities of the Predecessor Companies will decrease over time as the relevant leases expire or terminate, the Directors are of the view that default of such remaining liabilities by the Predecessor Companies or failure to repay such remaining liabilities by their respective immediate holding companies is remote. Zhong An has also undertaken to us that it will indemnify and keep us fully indemnified from any losses arising from or in connection with such remaining liabilities in the event that the Predecessor Companies and their relevant immediate holding companies fail to repay such remaining liabilities.

Furthermore, the Predecessor Companies were in the course of novating their property management contracts to the newly established companies. As at the Latest Practicable Date, the property management contracts which are yet to be novated to the Group comprise mainly of tenants of commercial premises (including retail shops, restaurants and supermarkets) and the total revenue under these property management contracts only accounted for approximately 0.14% of the Group's revenue for the year ended December 31, 2022. Such property management contracts will expire by July 2028. As the revenue in relation to property management contracts yet to be novated to the Group only accounted small portion of the Group's revenue and such revenue belongs to the Group rather than the Remaining Group, the Group and the Remaining Group have entered into agreement, pursuant to which the revenue received and costs borne arising from such property management contracts yet to be novated to the Group shall be received or borne by the Group. In such circumstances, the Remaining Group (only acting as agent of our Group) will neither receive any returns nor bear any costs in relation to such property management contracts yet to be novated to our Group.

As advised by our PRC Legal Advisor, all approvals necessary to complete and implement such demergers have been duly obtained from the PRC Government authorities and filings with the PRC Government authorities have been duly completed.

Based on the above, the Directors are of the view that there would not be any material and adverse impact on the financial condition of the Group and the Directors are of the view that the equity transfer agreements in relation to the acquisition of Zhejiang Runzhou, Yuyao Zhongli and Hangzhou Zhonghong are entered into on arm's length basis since it was an internal restructuring of the Remaining Group at the relevant time.

7. Amendments to the Existing Non-Compete Undertakings and Acquisition of Zhejiang Runzhou, Yuyao Zhongli and Hangzhou Zhonghong by WFOE

In order to consolidate the property management business to the Zhong An Group, on February 3, 2021, each of the CNC Controlling Shareholders and China New City entered into the amended deed of non-compete undertakings (the "**Amended Non-Compete Undertakings**") to amend the deed of non-compete undertakings dated May 31, 2014 entered into among the CNC Controlling Shareholders and China New City (the "**Existing Non-Compete Undertakings**"), among other things, to allow any member of Zhong An and its subsidiaries from time to time (excluding China New City and its subsidiaries from time to time) to engage in property management business (including but not limited to residential, commercial or mixed commercial-residential use properties and related ancillary services, and for the avoidance of doubt, does not include operations and management of hotel and cinema in the PRC. The CNC Group would no longer be engaged in any property management business (excluding operations and management of hotel and cinema) in the PRC.

Pursuant to three separate equity transfer agreements all dated February 3, 2021:

(a) WFOE acquired the entire equity interest in Zhejiang Runzhou from Bright (Hong Kong) at a consideration of approximately RMB35.17 million. The consideration was determined after arm's length negotiation having taken into account, amongst other things, (i) the valuation of Zhejiang Runzhou of RMB41.01 million based on the price to earnings ratio of comparable transactions, less (ii) dividends declared on January 18, 2021 out of the distributable profits of Zhejiang Runzhou in the amount of RMB5.84 million to Bright (Hong Kong);

(b) WFOE acquired the entire equity interest in Yuyao Zhongli from Zhong An Commercial at a consideration of approximately RMB12.35 million. The consideration was determined after arm's length negotiation having taken into account, amongst other things, (i) the valuation of Yuyao Zhongli of RMB17.18 million based on the price to earnings ratio of comparable transactions, less (ii) dividends declared on January 18, 2021 out of the distributable profits of Yuyao Zhongli in the amount of RMB4.83 million to Zhong An Commercial; and

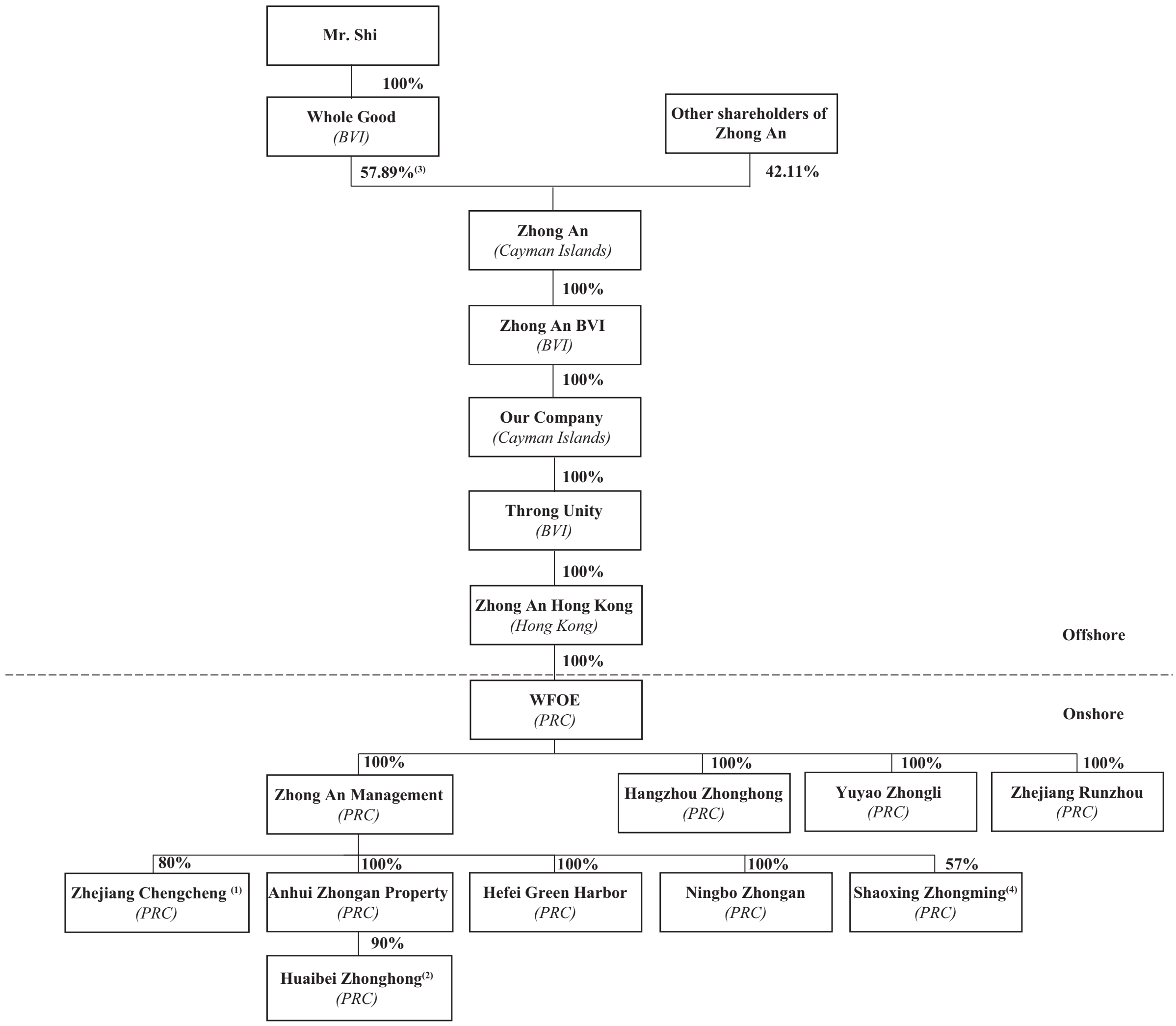
(c) WFOE acquired the entire equity interest in Hangzhou Zhonghong from Zhong An Shenglong at a consideration of approximately RMB57.13 million. The consideration was determined after arm's length negotiation having taken into account, amongst other things, (i) the valuation of Hangzhou Zhonghong of RMB81.42 million based on the price to earnings ratio of comparable transactions, less (ii) dividends declared on January 18, 2021 out of the distributable profits of Hangzhou Zhonghong in the amount of RMB24.29 million to Zhong An Shenglong.

The relevant resolutions in relation to the Amended Non-Compete Undertakings and the acquisition of the entire equity interests in Zhejiang Runzhou, Yuyao Zhongli and Hangzhou Zhonghong have been approved by the independent shareholders of China New City at the extraordinary general meeting of China New City which was held on March 24, 2021. Upon completion of all of the above equity transfers on April 13, 2021 and up to the Latest Practicable Date, Zhejiang Runzhou, Yuyao Zhongli and Hangzhou Zhonghong were wholly-owned by WFOE.

8. Acquisition of Zhong An Management by WFOE

Pursuant to the equity transfer agreement dated May 31, 2021, WFOE acquired the entire equity interest in Zhong An Management from Zhong An Service Holding at a consideration of RMB100 million. The consideration was determined after arm's length negotiation with reference to the paid-up registered capital of Zhong An Management. Upon completion of the above equity transfer on June 4, 2021 and up to the Latest Practicable Date, Zhong An Management was wholly-owned by WFOE.

The following diagram shows the shareholding structure of our Group immediately after the completion of the Reorganization but before completion of the **[REDACTED]** and the **[REDACTED]** (assuming the **[REDACTED]** is not exercised):



Notes:

1. The remaining 20% equity interest in Zhejiang Chengcheng is held by Ms. Bao who held such 20% equity interest on behalf of her husband, Mr. Xu, and both Ms. Bao and Mr. Xu are Independent Third Parties (other than being substantial shareholder of Zhejiang Chengcheng).

2. The remaining 10% equity interest in Huaibei Zhonghong is held by Huaibei Hongqiao Property Service Co., Ltd. (淮北宏橋物業服務有限公司), an Independent Third Party (other than being a substantial shareholder of Huaibei Zhonghong).
3. Pursuant to an exchangeable note ("**Exchangeable Note**") as secured by certain security documents, entered into between Whole Good, Mr. Shi, Haitong International Finance Company Limited and Fountain I Limited ("**Fountain I**"), an indirect non-wholly owned subsidiary of Haitong Securities Co., Ltd., Fountain I has granted a loan to Whole Good with an outstanding principal amount of HK$88,000,000 as at the Latest Practicable Date with a right to exchange for such 160,000,000 Zhong An Shares (representing approximately 2.84% of the entire issued share capital of Zhong An as at the Latest Practicable Date) at an initial exchange price of HK$0.55. As security for such loan, pursuant to the Exchangeable Note, Whole Good has charged 1,008,087,280 Zhong An Shares (representing approximately 17.89% of the entire issued share capital of Zhong An as at the Latest Practicable Date) in favour of Fountain I as onshore security agent. The Exchangeable Note shall expire on June 17, 2023.
4. Shaoxing Zhongming was established on July 20, 2022. The remaining 43% equity interest in Shaoxing Zhongming is held by Zhejiang Minglan Property Co., Ltd. (浙江明瀾物業有限公司). See " —Our Corporate Developments—Our Operating Subsidiaries in the PRC—10. Shaoxing Zhongming" in this section for details.

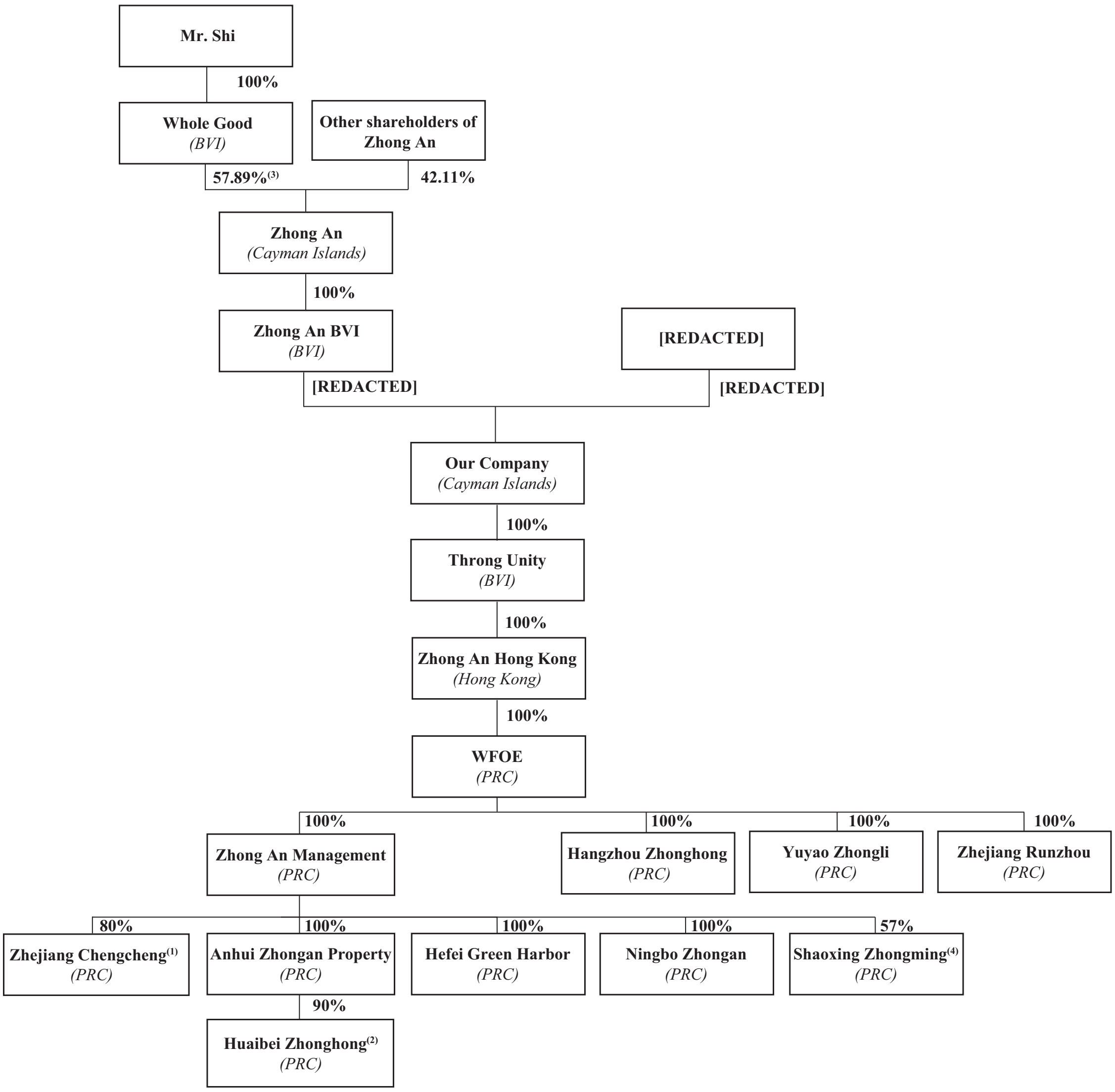
INCREASE OF AUTHORIZED SHARE CAPITAL

On April 19, 2022, our Company increased its authorized share capital to HK$10,000,000 through the creation of 962,000,000 additional Shares of nominal value of HK$0.01 each.

[REDACTED]

Pursuant to the written resolutions of our sole Shareholder passed on December 19, 2022, conditional on the share premium account of our Company being credited as a result of the **[REDACTED]**, our Directors are authorized to capitalize HK$**[REDACTED]** standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par **[REDACTED]** Shares for **[REDACTED]** and allotment to holders of Shares whose names appear on the register of members of our Company on the date of passing such resolution in proportion (as near as possible without involving fractions so that no fraction of a share shall be issued and allotted) to their then existing respective shareholdings in our Company. Our Shares to be issued and allotted pursuant to such resolution shall carry the same rights in all respects with the existing issued Shares.

The following diagram shows the shareholding structure of our Group immediately after the completion of the Reorganization, the **[REDACTED]** and the **[REDACTED]**:



Notes:

1. The remaining 20% equity interest in Zhejiang Chengcheng is held by Ms. Bao who held such 20% equity interest on behalf of her husband, Mr. Xu, and both Ms. Bao and Mr. Xu are Independent Third Parties (other than being substantial shareholder of Zhejiang Chengcheng).
2. The remaining 10% equity interest in Huaibei Zhonghong is held by Huaibei Hongqiao Property Service Co., Ltd. (淮北宏橋物業服務有限公司), an Independent Third Party (other than being a substantial shareholder of Huaibei Zhonghong).
3. Pursuant to an exchangeable note ("**Exchangeable Note**") as secured by certain security documents, entered into between Whole Good, Mr. Shi, Haitong International Finance Company Limited and Fountain I Limited ("**Fountain I**"), an indirect non-wholly owned subsidiary of Haitong Securities Co., Ltd., Fountain I has granted a loan to Whole Good with an outstanding principal amount of HK$88,000,000 as at the Latest Practicable Date with a right to exchange for such 160,000,000 Zhong An Shares (representing approximately 2.84% of the entire issued share capital of Zhong An as at the Latest Practicable Date) at an initial exchange price of HK$0.55. As security for such loan, pursuant to the Exchangeable Note, Whole Good has charged 1,008,087,280 Zhong An Shares (representing approximately 17.89% of the entire issued share capital of Zhong An as at the Latest Practicable Date) in favour of Fountain I as onshore security agent. The Exchangeable Note shall expire on June 17, 2023.
4. Shaoxing Zhongming was established on July 20, 2022. The remaining 43% equity interest in Shaoxing Zhongming is held by Zhejiang Minglan Property Co., Ltd. (浙江明瀾物業有限公司). See " —Our Corporate Developments—Our Operating Subsidiaries in the PRC—10. Shaoxing Zhongming" in this section for details.

PRC REGULATORY REQUIREMENTS

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

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

According to the "Provisions Regarding Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**") jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會), the SAT, the CSRC, the SAIC and the SAFE on August 8, 2006 and effective as of September 8, 2006 and amended in June 2009, where a domestic company, enterprise or natural person intends to acquire its or his/her affiliated domestic company in the name of an offshore company which it or he/she lawfully established or controls, the acquisition shall be subject to the examination and approval of the MOFCOM; and where a domestic company or natural person holds an equity interest in a domestic company through an offshore special purpose company by paying the acquisition price with equity interests of such special purpose company, the overseas listing of that special purpose company shall be subject to approval by the CSRC.

As advised by our PRC Legal Advisor, since Mr. Shi is a Hong Kong permanent resident but not a domestic natural person under the M&A Rules; neither the establishment of WFOE nor the acquisitions of Zhejiang Runzhou, Yuyao Zhongli, Hangzhou Zhonghong and Zhong An Management by WFOE constitutes a foreign merger or acquisition specified in the M&A Rules which shall be subject to examination and approval by the MOFCOM or CSRC. On the aforesaid basis, our PRC Legal Advisor advised that, unless new laws and regulations are enacted, or MOFCOM and CSRC or other competent authorities make new regulations or interpretations on the M&A Rules in the future, such acquisitions in this paragraph and the application by our Company for the issuance and **[REDACTED]** of its Shares on the Stock Exchange is not subject to the approval from the MOFCOM or the CSRC under the M&A Rules.

SAFE REGISTRATION IN THE PRC

Pursuant to the Circular of the SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the "**SAFE Circular No. 37**"), promulgated by SAFE and which became effective on July 4, 2014, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the "**Overseas SPV'**") that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of Overseas SPV's PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital, share transfer or swap of the PRC resident shareholder(s), and merger or division. Pursuant to SAFE Circular No. 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the Circular of the SAFE on Further Simplification and Improvement in Foreign Exchange Administration on Direct Investment（關於進一步簡化和改進直接投資外匯管理政策的通知）(the "**SAFE Circular No. 13**"), promulgated by SAFE and which became effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interest in the domestic entity was located.

Our PRC Legal Advisor has confirmed that since Mr. Shi is a Hong Kong permanent resident but not a PRC resident, he is not subject to the registration procedures of the foreign exchange for his overseas investment under SAFE Circular No. 37 and SAFE Circular No. 13.

REASONS FOR THE [REDACTED]

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

The board of directors of Zhong An considers that the **[REDACTED]** is commercially beneficial and in the interest of Zhong An and its shareholders as a whole as the **[REDACTED]** is expected to create greater value for them for the following reasons:

(a) the **[REDACTED]** will allow Zhong An an opportunity to realise the value of investment in our Group through **[REDACTED]** of a standalone platform for our business;

(b) the **[REDACTED]** will enable our Group to build its identity as a separately **[REDACTED]** group, and have a separate fund-raising platform and to broaden its investor base through the **[REDACTED]**. Our Group may acquire or invest in other property management services providers to further expand our business and brand awareness in the market. The **[REDACTED]** would allow our Group to gain direct access to the capital market for equity and/or debt financing to fund our existing operations and future expansion without reliance on Zhong An, thereby improving our operating and financial management efficiencies;

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

(d) the **[REDACTED]** will enable a more focused development, strategic planning and better allocation of resources for the Remaining Group and our Group with respect to their respective businesses. Both the Remaining Group and our Group will benefit from the efficient decision-making process under the separate management structure for seizing emerging business opportunities, especially with a dedicated management team for our Group to focus on our development;

(e) Zhong An will continue to be the beneficial owner of a majority of shares in our Group upon the **[REDACTED]** and to benefit from any enhanced value of our Group through the **[REDACTED]**; and

(f) the stock performance of our Group can serve as a separate benchmark for the evaluation of the performance of our Group which could in turn serve as an incentive for the management of our Group to seek improvement and raise management and operating efficiency of our Group on an ongoing basis.

The **[REDACTED]** by Zhong An complies with the requirements of Practice Note 15 of the Listing Rules.

You should read this document in its entirety before you decide to invest in the **[REDACTED]***, and not rely solely on key or summarized information. The financial information in this section has been extracted without material adjustment from "Appendix I—Accountants' Report" to this document. All market statistics quoted in this document, unless otherwise specified, are from an industry report issued by CIA. See "Industry Overview" in this document for the qualifications of CIA as well as details of the industry report.*

OVERVIEW

We are a reputable integrated property management service provider headquartered in Hangzhou with deep roots in Zhejiang province and the Yangtze River Delta Region. Prior to the Reorganization, the property management business of residential and non-residential properties (including public and other properties (such as office buildings of PRC governmental bodies, industrial parks, hospitals and schools but excluding pure commercial properties such as commercial and office buildings and serviced apartments)) of our Group was carried out by the Zhong An Group and property management business of pure commercial properties including serviced apartments was carried out by the CNC Group. The subsidiaries now comprising our Group have been providing property management services to the Remaining Group for over 24 years since 1998. In 2020, 2021 and 2022, the overall revenue in the sum of approximately RMB182.4 million, RMB229.7 million and RMB247.0 million was generated from properties developed by the Remaining Group and its joint ventures and associates, representing approximately 79.0%, 77.5% and 77.2% of our overall revenue during the respective years; and approximately RMB48.3 million, RMB66.0 million and RMB72.8 million was generated from properties developed by independent third-party property developers, representing approximately 21.0%, 22.5% and 22.8% of our overall revenue during the respective years. As of December 31, 2020, 2021 and 2022, the GFA under management for properties developed by the Remaining Group or its joint ventures and associates amounted to approximately 6.0 million sq.m., 6.6 million sq.m., and 6.9 million sq.m., representing approximately 55.3%, 55.7% and 54.0% of our total GFA under management as of the respective dates; and the GFA under management for properties developed by independent third-party property developers amounted to approximately 4.8 million sq.m., 5.2 million sq.m. and 5.9 million sq.m., representing approximately 44.7%, 44.3% and 46.0% of our total GFA under management as of the respective dates.

Through over 24 years of operations since our establishment in 1998, we have grown from a local property management service provider in Hangzhou to an integrated regional property management service provider with major presence in Zhejiang province. We have also built up reputable brand recognition in the Yangtze River Delta Region and have established strategic presence in cities outside of the Yangtze River Delta Region including Guangzhou, Nanchang, Qingdao, Wuhan and Kunming as of December 31, 2022. The Yangtze River Delta Region is one of the more economically developed regions in China with higher urbanization rate and per capita annual disposable income than the national averages of China, and has a national-leading level of urban digitalization infrastructure, therefore, the Yangtze River Delta Region has always been and will continue to be our focus of development.

During the Track Record Period, all of our GFA under management was located in Zhejiang province and Anhui province in the Yangtze River Delta Region and Shandong province. As of December 31, 2022, we had a total of 139 contracted projects with a total contracted GFA of approximately 19.4 million sq.m., covering 19 cities and seven provinces in China; and managed a total of 95 projects, with a total GFA under management of approximately 12.8 million sq.m., covering 11 cities and three provinces in China. As of the Latest Practicable Date, the geographical coverage of our three main business lines principally covers the Yangtze River Delta Region and a total of eight provinces in the PRC including Zhejiang province, Anhui province, Jiangxi province, Shandong province, Jiangsu province, Yunnan province, Hubei province and Guangdong province.

According to CIA, our Group's market share in the PRC in terms of our GFA under management as of December 31, 2022 was approximately 0.04%, we have been included in the list of the Top 100 Property Management Companies in China (中國物業服務百強企業) since 2016 and our ranking among the Top 100 Property Management Companies in China in terms of overall strength of property management* increased from 82nd in 2016 to 40th in 2023, reflecting our growing property management capabilities. In addition, we were ranked seventh, ninth and 25th, among the 2023 Top 100 Property Management Companies in China headquartered in Hangzhou, Zhejiang province and the Yangtze River Delta Region, respectively, in terms of the GFA under management as of December 31, 2022.

We offer a portfolio of services and aim to provide our customers with quality and efficient services through our three main business lines, namely, (i) property management services, (ii) value-added services mainly to property developers and (iii) community value-added services, which form an integrated service along the value chain of property management.

* 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.

- *Property management services.* We provide property developers, property owners, residents and tenants with a range of property management services, which primarily comprise (i) security services, (ii) cleaning services, (iii) gardening and landscaping services, (iv) repair and maintenance services and/or (v) car park management services. We also provide security and cleaning services as a subcontractor with respect to certain industrial parks managed by another property management company.

- *Value-added services mainly to property developers*. We provide a range of value-added services mainly to property developers, which primarily comprise (i) sales office management services, (ii) preliminary planning and design consultancy services and (iii) pre-delivery inspection services.

- *Community value-added services*. We provide community value-added services principally to property owners and residents of our managed properties, which primarily comprise (i) common area management services, (ii) renovation waste disposal services and (iii) car parking space sales agency services.

We recently complemented our traditional property management services with the application of intelligent technologies and facilities such as intelligent robots with artificial intelligent technologies and plan to launch a one-stop service mobile App by the end of the fourth quarter of 2023 to provide more convenient and efficient integrated services which we believe could satisfy the needs of our customers. We endeavored to understand the needs of our customers, refine our services and build an all-rounded service system under the "Zhong An" brand. In conducting our business and formulating our development plan, we have adhered to our service tenet of "Pursuing Excellent Quality, Creating Happy Life (追求卓越品質，創造幸福生活)" and committed to providing quality services with the direction of "Sincere Services, Standardized Management, Achievement of Excellence, and Be Proactive and Innovative (服務至誠, 管理規範, 精益求精, 進取創新)", as we believe that service quality is the key to enhance our customer satisfaction and strengthen a reputable brand recognition. In addition, during the Track Record Period, two projects and one project under our management were recognized as the China Five-star Property Management Services Projects (中國五星級物業服務項目) by CIA in 2019 and 2021, respectively*. Three of our projects under management were also recognized as the 2019 Xiaoshan District Five-star Property Services Projects (2019年度蕭山區五星級物業服務項目) by the Hangzhou Xiaoshan District Housing and Urban-Rural Development Bureau (杭州市蕭山區住房和城鄉建設局) in 2020. We were also ranked among the 2020-2021 China Property Management Enterprise Digital Power Top 30 (2020-2021中國物業企業數字力TOP 30), and were appointed as a member of the fifth

* According to CIA, the key factors it took into account in assessing "Five-star" property management services encompass the software and hardware evaluation standard systems. The software standard system consists of factors including basic requirements, housing management, public facilities management and maintenance, assistance in public security maintenance, cleaning services, greening management and other management; the hardware standard system consists of factors including basic requirements, integrated facilities, greening and landscaping, car park spaces, cultural and sports recreational facilities, shared facilities, security system, property management hardware and human resource allocation, property branding, etc..

session of the director unit of Hangzhou Property Management Institute (杭州市物業管理協會第五屆理事單位) in 2021. See "—Awards and Recognition" in this section for more information.

We experienced a continuous and steady growth during the Track Record Period. Our revenue increased at a CAGR of approximately 17.7% from RMB230.7 million in 2020 to RMB319.7 million in 2022. Our gross profit increased at a CAGR of approximately 15.8% from RMB86.8 million in 2020 to RMB116.3 million in 2022. Our net profit increased at a CAGR of approximately 4.0% from RMB47.0 million in 2020 to RMB50.9 million in 2022. The aggregate GFA of the properties under our management increased from approximately 10.8 million sq.m. as of December 31, 2020 to 11.8 million sq.m. as of December 31, 2021 and further to 12.8 million sq.m. as of December 31, 2022, representing a CAGR of approximately 8.9%.

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:

An Integrated Property Management Service Provider Deeply Rooted in Zhejiang province and the Yangtze River Delta Region, with Strategic Presence in Other Key Cities

We are one of the leading integrated property management service providers in Zhejiang province with a track record of steady and continuous growth. Among the 2022 Top 100 Property Management Companies in China headquartered in Hangzhou and Zhejiang province, according to CIA, we were ranked sixth and eighth in terms of net profit in 2022, respectively. Since our inception in Hangzhou in 1998, we adhered to our service tenet of "Pursuing Excellent Quality, Creating Happy Life (追求卓越品質，創造幸福生活)" and committed to providing quality services with the direction of "Sincere Services, Standardized Management, Achievement of Excellence, and Be Proactive and Innovative (服務至誠, 管理規範, 精益求精, 進取創新)." Rooted in Zhejiang province and the Yangtze River Delta Region and during our 24 years of development, we endeavored to diversify and optimize our business, improve our service quality and extend our geographical coverage, and have grown into a reputable property management company with continuous growth.

The Yangtze River Delta Region is one of the more economically developed regions in China with higher urbanization rate and per capita annual disposable income than the national averages of China, and has a national-leading level of urban digitalization infrastructure. We believe these in turn will create huge demand for basic property management services and provide a strong foundation for the development of value-added services. As of December 31, 2022, we established branch offices in ten cities in Zhejiang province and managed a total of 63 projects in Zhejiang province, with a total GFA under management of approximately 9.0 million sq.m., representing approximately 70.1% of our total GFA under management as of the same date. According to CIA, among the 2023 Top 100 Property Management Companies in China headquartered in Zhejiang province and the Yangtze River Delta Region, we were ranked ninth and 25th, respectively, in terms of the GFA under management as of December 31, 2022. With our experience and brand recognition, we expect to continue benefitting from the continuation of urban development in Zhejiang province and the increasing demand for quality property management services from customers.

Leveraging our quality management and business capabilities, we have grown out of the Yangtze River Delta Region and have established strategic presence in cities including Guangzhou, Nanchang, Qingdao, Wuhan and Kunming. As of December 31, 2022, we managed a total of 95 projects, covering three provinces and 11 cities in China. During the Track Record Period, we recorded a steady and continuous growth in our property management services business line. As of December 31, 2020, 2021 and 2022, we managed a total of 73, 74 and 95 projects, respectively, representing a CAGR of approximately 14.1%. As of December 31, 2022, we managed a total of 95 projects, and was contracted to manage 44 projects that had not been delivered for our management, all of which are expected to be delivered to us for management within the next one to three years. Our GFA under management increased from approximately 10.8 million sq.m. as of December 31, 2020 to approximately 12.8 million sq.m. as of December 31, 2022, representing a CAGR of approximately 8.6%. From 2020 to 2022, the CAGR of our total revenue is approximately 17.7% which, according to CIA, is higher than the CAGR of the average revenue of approximately 13.5% of the Top 100 Property Management Companies in China.

We believe that our quality services have served, and will continue to serve, as a strong basis for us to strengthen our existing market position, expand our portfolio of services, maintain high retention and renewal rates of our managed properties and generate new business opportunities going forward. Combining with our industry reputation, we believe that we would be able to further increase our market share in the property management market in Zhejiang province, as well as the Yangtze River Delta Region.

Diversified Service Offerings and Revenue Streams Balanced our Business Development and Significantly Improved our Profit Level

Over the course of our development, in addition to our efforts in managing residential property projects, we also focused on non-residential property projects comprising primarily commercial and office buildings, serviced apartments, public and other properties (such as office buildings of PRC governmental bodies, industrial parks, hospitals, schools and prison). As of December 31, 2022, we managed a total of 25 non-residential property projects, representing approximately 26.3% of the total number of projects under our management as of the same date; the total GFA under management of non-residential property projects we managed was approximately 1.5 million sq.m., representing approximately 12.1% of our total GFA under management as of the same date. In 2021, the revenue from property management services generated from non-residential property projects was approximately RMB50.6 million, representing approximately 24.7% of our total revenue from property management services for the same year. In 2022, the revenue from property management services generated from non-residential property projects was approximately RMB60.1 million, representing approximately 26.9% of our revenue from property management services for the same year. We believe that the development of our non-residential property projects portfolio would enable us to develop more personalized and professional service offerings and enhance our service standards, which would in turn allow us to provide our customers with better quality services and elevate our brand reputation and image.

To further diversify our sources of revenue and increase our profit level, we also provide a range of value-added services mainly to property developers and community value-added services in addition to our traditional property management services:

- *Value-added services mainly to property developers.* We began providing value-added services mainly to property developers in 2010. Our value-added services mainly to property developers include sales office management services, preliminary planning and design consultancy services and pre-delivery inspection services. During the Track Record Period, our sales office management services served as our main value-added services mainly to property developers and we managed a total of 33 sales offices as of December 31, 2022. Our sales office management services and preliminary planning and design consultancy services allow us to establish and cultivate relationships with property developers at the early stage of property development projects, which may increase our chance to secure property management service agreements for these projects in the future. Our value-added services mainly to property developers cover different stages of property development projects from their commencement to completion. At the early stage of a property development project, we provide planning and design consultancy services and conduct on-site inspection during its construction from time to time. At the stage of property sales, we provide sales office management services. At the delivery stage, we provide pre-delivery inspection services prior to the delivery of properties to the property owners. Our revenue from value-added services mainly to property developers was approximately RMB33.3 million, RMB59.2 million and

RMB60.7 million in 2020, 2021 and 2022, respectively, with a CAGR of approximately 35.1%, and represents approximately 14.4%, 20.0% and 19.0% of our total revenue for the respective years.

- *Community value-added services.* We provide a range of community value-added services principally to property owners and residents of the properties we manage, which include common area management services, renovation waste disposal services and car parking space sales agency services. We believe that our commitment to enhancing the experience of property owners and residents of the projects we manage via the provision of community value-added services will continuously contribute to our brand value, increase our interaction with them, and enhance their living experiences and loyalty, which eventually will be advantageous to the renewal negotiation of our existing property management service agreements. Further, the provision of community value-added services creates an additional revenue stream with relatively high profit margin for us. Our revenue from community value-added services was approximately RMB14.2 million, RMB31.3 million and RMB35.4 million in 2020, 2021 and 2022, respectively, with a CAGR of approximately 58.0%, and represents approximately 6.1%, 10.6% and 11.1% of our total revenue for the respective years.

The steady and continuous development of our value-added services helped boost our profitability. In 2020, 2021 and 2022, the gross profit margin of our value-added services mainly to property developers was approximately 42.7%, 43.0% and 41.7%, respectively, whilst the gross profit margin of our community value-added services was approximately 46.0%, 46.5% and 47.4%, respectively.

We also attach great importance to our intelligent technologies and facilities for property management. We have different types of intelligent facilities installed across the projects we manage such as intelligent surveillance cameras, facial recognition access control systems, intelligent car park management system, community facility equipment monitors and intelligent robots monitors, all the information and data collected by these facilities will be consolidated into our intelligent property management system for centralized information management, which allows us to supervise and monitor our operations more closely and provide feedback and resolve issues in a more efficient manner. For details, see "—Standardized Operation and Digitalization—Intelligent Management" in this section.

We believe that our diversified service offerings can create synergies between our business lines and our intelligent technologies and facilities can improve the living quality of our customers, together will allow us to generate diversified sources of revenue and capture more business opportunities across our different business lines.

Benefitting from the Long-term Support of the Remaining Group whilst Expanding Our Reach to Independent Third-Party Customers

Zhong An is one of the leading real estate developers in the Yangtze River Delta Region, whilst the CNC Group, a group controlled by Zhong An, is a major commercial property developer in the Yangtze River Delta Region and their development projects include residential properties, commercial complexes, hotels and other properties. According to CIA, in terms of overall strength, Zhong An ranked 64th among the 2023 Top 100 Real Estate Companies in China (2023中國房地產百強企業). As of December 31, 2022, to the best knowledge of our Directors after consulting the Remaining Group, it had about 52 property projects under development or held for development in the PRC, with a total GFA of approximately 8.6 million sq.m.. Among the projects mentioned above, we have obtained service agreements in respect of 35 property projects with a total GFA of approximately 5.6 million sq.m. as of December 31, 2022.

The expansion of the Remaining Group in recent years provided a solid foundation for our continued growth. As of December 31, 2022, we managed a total of 42 property projects developed by the Remaining Group or its joint ventures and associates with a total GFA under management of approximately 6.9 million sq.m., representing approximately 44.2% and 54.0% of our total number of projects and GFA under management as of the same date, respectively. As of December 31, 2022, our total GFA of contracted but undelivered projects developed by the Remaining Group or its joint ventures and associates was approximately 5.7 million sq.m., being the 35 property projects abovementioned, which are expected to be delivered to us for management in the next one to three years generally. In 2022, approximately 71.5% of our property management services revenue was generated from property projects developed by the Remaining Group or its joint ventures and associates. During the Track Record Period, our bidding success rate of the residential projects developed by the Remaining Group or its joint ventures or associates was 100%, 100% and 100% in 2020, 2021 and 2022, respectively; and our retention rate of all projects developed by the Remaining Group or its joint ventures and associates was 100%, 100% and 100% in 2020, 2021 and 2022.

In 2019, the People's Government of Zhejiang Province announced the "Future Community" development plan and the Zhejiang Provincial Development and Reform Commission (浙江省發展和改革委員會) identified the first 24 pilot future communities in Zhejiang province. Around two years after the announcement of the development plan, the "Future Community" development plan has officially commenced trial in certain areas of Zhejiang province. In December 2020, the Remaining Zhong An Group successfully obtained land use right in the Shabei Future Community Project in Gaoxin District, Taizhou city, Zhejiang province. We successfully secured the property management service agreement for this project with contracted GFA of approximately 331,000 sq.m. and became one of the first companies to participate in the first pilot future communities. According to CIA, it is anticipated that the number of future communities located in Zhejiang province will reach 467 projects in total taking into consideration the Zhejiang province future community development and construction lists previously issued, and the recent Notice on Announcement of the Fifth Batch of Zhejiang Province Future Community Development and Construction List (《關於公佈浙江省第五批未來社區創建名單的通知》) jointly issued by the Department of Housing and Urban-Rural Development of Zhejiang Province (浙江省住房和城鄉建設廳) and Special Office for Zhejiang Province Urban and Rural Landscape Improvement Work (浙江省城鄉風貌整治提升工作專班辦公室) in May 2022. We have gained a first-mover advantage in participating in a pilot future community and we believe that we will have advantage in obtaining further service agreements for properties to be developed under the "Future Community" development plan. For further details on "Future Community" development plan, see "—Business Strategies—Deepen our Strategic Layout of "Deeply Cultivated in Zhejiang Province, Expand across the Yangtze River Delta Region and Present in Key Cities in the PRC", further Expand our Property Management Business and Increase our Market Share—Our strategic layout" in this section.

In the course of providing property management services for the property projects developed by the Remaining Group, we have accumulated extensive management experience, established our brand recognition and strengthened our ability to acquire property management projects from independent third-party property developers as we understand the needs and requirements of sizeable property developers better. As of December 31, 2020, 2021 and 2022, we managed a total of 39, 36 and 53 property projects developed by independent third-party property developers, respectively, with a CAGR of approximately 58.0%. As of December 31, 2022, we managed a total of 53 property projects developed by independent third-party property developers, out of which 37 of them were residential property projects and the remaining 16 were non-residential property projects. As of December 31, 2020, 2021 and 2022, the GFA under management of the projects developed by independent third-party property developers accounted for approximately 44.7%, 44.3% and 46.0% of our total GFA under management as of the respective dates, which demonstrated an overall increasing trend throughout the Track Record Period notwithstanding a slight decrease for the year ended December 31, 2020 and 2021. In 2020, 2021 and 2022, our property management services revenue generated from projects developed by independent third-party property developers was approximately RMB43.7 million, RMB56.4 million and RMB63.7 million, respectively, accounting for approximately 23.9%, 27.5% and 28.5% of our property management services revenue of the respective years.

While we are able to enjoy the support from the Remaining Group, we are also capable of identifying and securing market opportunities independently. We believe that our long-term and stable relationship with the Remaining Group will continue going forward and allow us to continue to benefit from its diversified property portfolio and abundant land reserves, which will enable us to expand our property portfolio, business scale and geographical coverage.

Excellent Management and Services at the Core of our Competitive Strengths

We strive to deliver excellent services and build up the "Zhong An" brand throughout the course of our operation. The projects under our management received various honors and awards and we have gradually established brand recognition and reputation in the industry. For instance, two projects and one project under our management were recognized as China Five-star Property Management Services Projects (中國五星級物業服務項目) by CIA in 2019 and 2021, respectively, and two residential communities under our management were recognized as Xiaoshan District Attractive Demonstration Communities (蕭山區美麗示範小區) by the Xiaoshan District local authority in 2020. Three of the projects under our management were also recognized as 2019 Xiaoshan District Five-star Property Services Projects (2019年度蕭山區五星級物業服務項目) by the Hangzhou Xiaoshan District Housing and Urban-Rural Development Bureau (杭州市蕭山區住房和城鄉建設局) in 2020, based on a comprehensive assessment covering certain aspects including, among other things, property management and operation performance, service quality, community and environmental maintenance standards, and security management. We were also ranked among the 2020-2021 China Property Management Enterprise Digital Power Top 30 (2020-2021中國物業企業數字力TOP 30), and were appointed as a member of the fifth session of the director unit of Hangzhou Property Management Institute (杭州市物業管理協會第五屆理事單位) in 2021.

We place great emphasis on our standardization and institutionalized management. We obtained the ISO9001:2015 quality management certification, ISO14001:2015 environmental management certification and ISO45001:2018 occupational health and safety management certification, and have conducted our operations in accordance with the standards prescribed thereunder. We have also established quality control system and feedback and complaint handling procedures, which cover standardized internal policies and procedures to ensure the standard and quality of our services, as well as inspection and assessment guidelines for our employees to follow so as to ensure our capabilities are at the forefront of the industry.

We believe that our quality management and services will enable us to position ourselves as a professional property management company, pave the way for us to capture greater market shares in the Yangtze River Delta Region, and continue to expand our services into other areas outside of the Yangtze River Delta Region.

The Combination of Seasoned and Professional Management Team and Human Resources Policies Cultivated Outstanding Workforce

One of the principal reasons for our steady and continuous growth of our business is our educated and professional senior management team and an integrated management team with extensive practical experience. We believe a professional management team and effective human resources policies are key to the growth of our business and our future success. Our executive Directors on average have over 13 years of property management experience. See "Directors and Senior Management—Executive Directors" in this document for their biographies. We believe their expertise and knowledge in the property management industry, and abilities in execution and resource coordination had contributed to our steady and continuous growth during the Track Record Period.

We appreciate that talent is one of the core competencies for the sustainable development of an enterprise, thus we have established a human resources system with an aim to cultivate and promote talents. We have also established a performance-based incentive mechanism providing bonus rewards to employees for accomplishment of performance targets. For instance, we adopted an incentive scheme to motivate our employees to provide us with information on potential business expansion opportunities. For senior management personnel, we have a training plan covering on-the-job trainings organized by professional institutions to strengthen their management and leadership skills, and industry exchanges to cultivate their forward-looking insights of the industry landscape. For regular management personnel, we regularly provide interactive training activities such as training and exchange on corporate culture, team building, legal knowledge, financial knowledge and industry development trend so as to continuously strengthen and diversify the knowledge of our team. We also started to recruit young graduates through our newly implemented Smart Star Program (智慧之星計劃). At the same time, we may also organize external training programs for our staff to strengthen their teamwork and cohesion.

We believe our talent pool, performance-based incentive system and sound talent cultivation mechanism will continue to optimize our human resources, which would in turn drive our business development and help us maintain our competitiveness in the market.

BUSINESS STRATEGIES

We plan to strengthen our position in China's property management industry by implementing the following strategies:

Deepen our Strategic Layout of "Deeply Cultivated in Zhejiang Province, Expand across the Yangtze River Delta Region and Present in Key Cities in the PRC", further Expand our Property Management Business and Increase our Market Share

Our strategic layout

We plan to strengthen our leading position in Zhejiang province and expand into other key regions in the Yangtze River Delta Region and other key cities in the PRC with relatively better economic foundation and market-oriented operation such as Anhui province, Jiangsu province, Hunan province, Hubei province and Jiangxi province. The focus of our property management service expansion will be communities located in economically developed regions that match our property management service offerings. In other words, with economically developed regions as our core focus, we intend to obtain property management projects in higher quality communities, with an aim to grow out of the Yangtze River Delta Region and plan to expand into the Pearl River Delta region, and subsequently into the Central region. Meanwhile, we will continue to ensure our development quality and expand our business into regions which are in line with our property management operation model.

We also intend to participate in other projects to be implemented in other provinces which are similar to the "Future Community" development plan. Primarily driven by government policies, the "Future Community" development plan aims at improving living environment and experience through constructing future communities and revitalizing dilapidated urban areas. In this regard, we are contracted to provide property management services for one project among the first 24 pilot future communities in Zhejiang province. We believe that the "Future Community" development plan is the future trend for community development. Our Directors consider that the scope of services to be provided by us for projects under the "Future Community" development plan will be relatively wider than the scope of our existing property management services and community value-added services. For instance, we may provide various types of community value-added services such as housekeeping services, health care consultancy services, community education services, real estate agency services and turnkey move-in services, which we believe will further improve the living experience of community residents. Together with our Group's strategy to bolster the development of communities across the projects we manage, our Directors believe that the participation in the "Future Community" development plan will transform our Group from a traditional property management service provider to a community operation service provider, and enhance our brand value and customers' satisfaction rates through the provision of a full span of community value-added services. We also believe that our participation in the "Future Community" development plan can increase and diversify our revenue base, enhance our brand value and expand our GFA under management. During the Track Record Period, the Remaining Group and its joint ventures and associates had obtained land use rights in another two "Future Community" projects in Wenzhou and Shaoxing, both in Zhejiang province, respectively, and we had been engaged to provide property management services to the aforesaid projects. Leveraging our first-mover advantage as one of the first property management companies to participate in a pilot future community, we could gather information on the needs and preferences of customers in such community, which we believe will assist us in securing the property management engagement for the remaining "Future Community" project abovementioned, as well as additional property management service agreements in other similar projects.

Expansion following the growth of the Remaining Group

Our long-term and stable cooperation with the Remaining Group allowed us to understand and meet the business needs and expectations of the Remaining Group. As of December 31, 2022, to the best knowledge of our Directors after consulting the Remaining Group, the total GFA of the land reserves of the Remaining Group was approximately 10.1 million sq.m., whilst the GFA of properties sold and delivered in 2022 was approximately 0.4 million sq.m.. In 2022, the Remaining Group acquired a total of seven land parcels with a total GFA of approximately 0.5 million sq.m., all of which is located in the Yangtze River Delta Region. Leveraging on our long-term and stable cooperation with the Remaining Group, we believe we will continue to obtain property management service engagements for projects developed by the Remaining Group and benefit from its growth and abundant land reserves, which will continue to drive our stable and continuous growth.

Diversify the types of properties under management

During the Track Record Period, the types of properties we managed mainly cover residential properties and non-residential properties such as commercial and office buildings, serviced apartments, and public and other properties such as office buildings of PRC governmental bodies, industrial parks, hospitals, schools and prison. We intend to diversify the types of properties we manage by covering additional types of non-residential properties so as to diversify our income stream and revenue structure.

Expand External Projects Portfolio through Strategic Acquisitions and Investments, as well as Tender and Bidding

Strategic acquisitions and investments

We plan to continue consolidating our market position through strategic acquisitions of and investments in majority interest of small- and medium-sized property management companies that focus on residential or non-residential properties, such as public facilities, education institutions or hospitals, with business operation in the Yangtze River Delta Region (particularly Zhejiang province) or other key cities across the PRC with high growth potential such as Fuzhou, Xiamen, Quanzhou and Nanchang in Eastern China region, Wuhan and Changsha in Central China region, and Chengdu in South Western China region. We plan to focus on suitable targets which: (i) have business operations that are compliant with all relevant PRC laws and regulations; (ii) have a total GFA under management of not less than 1.0 million sq.m.; (iii) have a total annual net profit of not less than RMB1.0 million for the most recent financial year; and (iv) have reputable brand and good corporate image without major negative news or reports on unsatisfactory property management services, negative credit records, debt disputes, administrative penalties or pending legal proceedings and disputes. With the aforesaid expansion plan in mind, we endeavor to promote our brand and continuously expand our market share in the Yangtze River Delta Region.

Post-acquisition integration strategies

To facilitate the integration between the newly acquired target property management companies and our Group after the acquisitions, we plan to enhance our level of vertical management of the newly acquired companies and focus on the integration of human resources, organizational structures and corporate cultures. We believe our post-acquisition integration strategies will improve the overall management efficiency and performance standard of the newly acquired companies, safeguard our brand reputation and service quality and give full play to the synergy effect of the acquisitions.

We plan to use approximately **[REDACTED]**% of the **[REDACTED]** from the **[REDACTED]** in strategic acquisitions of and investments in property management companies. We believe the acquisition of and investment in property management companies will contribute to the growth of our business and our number of quality projects, enhance our overall profitability resulting from economies of scale, diversify our property portfolio and service offerings, expand our geographical presence and potential customer base for value-added services, and reduce our reliance on the Remaining Group. See "Future Plans and **[REDACTED]**— **[REDACTED]**" in this document for details.

Tendering and bidding

Going forward, we intend to continue to actively participate in tender and bidding process for the selection of property management company in relation to properties developed by independent third-party property developers, so as to expand our property portfolio and reduce our reliance on the Remaining Group. We believe our competitive advantages are our quality property management services based on our experience and understanding of the business needs of our customers, and our deep understanding on the nature of properties we manage, which allow us to provide services that can meet the market expectation. We believe that our competitive advantages will help us to win new property management projects through tendering and bidding process.

Increase our Investment in Intelligent Technologies and Facilities to Bolster the Development of Communities across the Projects we Manage and Optimize our Business Model

We are committed to providing our customers with more convenient and reliable services by gradually standardizing and digitalizing our operation and building up communities across our managed properties. During the Track Record Period, we deployed intelligent robots with artificial intelligent technologies at a residential project, we managed to perform certain property management functions such as greeting, cleaning, patrolling and grass-cutting so as to increase the frequency and improve the quality of our services, which would in turn better meet the needs of property owners and residents and increase customer stickiness. It will also reduce the number of our on-site personnel to a certain extent, which will in turn reduce our labor costs, standardize our operation and increase efficiency. We intend to gradually develop communities across the projects we manage by investing in the upgrade or development of our intelligent technologies and facilities for property management such as intelligent patrol system, intelligent public facilities management system, power consumption system, facial recognition cameras and monitoring sensors. We expect these technologies and facilities can further standardize the quality of our property management services, shorten our service response time, improve our cost effectiveness, and most importantly, bring convenience and better living experience to property owners and residents of the communities we manage.

With a view to provide more convenient and efficient integrated services to our customers, we also plan to launch a mobile App by the end of the fourth quarter of 2023 which will serve as a one-stop service platform for the property owners, residents and tenants of certain projects we manage. The primary functions of our mobile App will include repair and maintenance reporting, feedback and complaints collection, property management fees payment and property management fee statements tracking. The information we receive from the intelligent facilities we installed across our managed properties will be consolidated into our intelligent property management system for centralized information management and exported to the mobile App for the usage by our property owners, residents and tenants, which we expect will provide our customers with more convenient and efficient integrated services. Internally, the App will allow us to standardize our operations and supervise and monitor different aspects of our operations such as issues handling, environment quality monitoring, safety management, patrol management and quality inspection, thus will in turn allow us to provide feedback and resolve issues in a more efficient manner.

We also plan to focus on the investment in the development and upgrade of our internal intelligent property management system, which will complement the intelligent technologies and facilities to be installed in the communities we manage. By implementing an information-driven management platform, we aim to strategically improve our management quality, operational efficiency and profitability. In addition, we plan to further invest in the cloud-based technologies to support the application of internet of things going forward, which will allow real-time monitoring of various aspects in our operations.

We plan to invest approximately **[REDACTED]**% of the **[REDACTED]** from the **[REDACTED]** in investment and upgrade in hardware and software for the development of communities across the projects we manage. We believe that, through the application of the aforementioned intelligent technologies and facilities, we will achieve a transformation from a labor-intensive property management service provider to a technology-incentivized enterprise. See "Future Plans and **[REDACTED]**—**[REDACTED]**" in this document for details.

Continue to Improve our Service Quality, Expand and Diversify our Community Value-added Services to Cater for the Needs of our Customers and to Increase our Revenue Streams

We believe that property management services extend beyond traditional scope of services and the ability to offer a variety of value-added services will become a vital criteria for customers to choose a property management company. In this regard, we seek to leverage our solid property management experience and the breadth of our value-added services mainly to property developers and community value-added services, so as to address the evolving needs of our customers. Building on our existing service offerings, we intend to expand and introduce new community value-added services to our managed communities in order to improve our property owners' and residents' living experience and satisfaction, and thereby diversifying our income streams through innovative service and value creation.

We plan to expand the existing scope of our community value-added services to include certain lifestyle services such as housekeeping services, maintenance services, real estate agency services, turnkey move-in services, community elderly and child care services, as well as community catering services. We also intend to bring our community value-added services online by developing a WeChat mini program which will serve as an online platform for our customers. We expect our customers will be able to enjoy more efficient and convenient community value-added services once the WeChat mini program has been launched.

We plan to invest approximately **[REDACTED]**% of the **[REDACTED]** from the **[REDACTED]** in enriching the service offerings, scale and efficiency of our community value-added services. We believe that by diversifying and deepening the breadth of our community value-added services, we can create additional service value for our customers while broadening our revenue streams in the long run. See "Future Plans and **[REDACTED]**—**[REDACTED]**" in this document for details.

Continue to Attract, Recruit, Cultivate and Retain Talents to Support our Business Growth

We consider our success depends, to a large extent, on our ability to attract, recruit, cultivate and retain quality employees. We will continue to review our internal training and recruitment mechanism regularly, cultivate and promote outstanding talents through our performance-based incentive system and talent cultivation mechanism.

In terms of talent recruitment, we will continue to explore and diversify our talent recruitment channels such as attracting experienced personnel from other established property management companies. In terms of talent cultivation, we will also continue to recruit young graduates through our newly implemented Smart Star Program (智慧之星計劃) and offer them adequate trainings to facilitate their career progression within our Group. We also intend to strengthen our selection and promotion mechanism to cultivate and select management talents from our employee pool, thereby incentivizing and enhancing the work enthusiasm of our employees and promote sufficient managerial personnel to support our business growth in the long run.

We believe that having a sufficient pool of talented managerial staff and employees is crucial to support our planned business growth and maintain our service quality.

OUR BUSINESS MODEL

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

Property Management Services	We provide property developers, property owners, residents and tenants with a range of property management services, which primarily comprise (i) security services, (ii) cleaning services, (iii) gardening and landscaping services, (iv) repair and maintenance services and/or (v) car park management services. Our portfolio of managed properties mainly comprises (i) residential properties and (ii) non-residential properties including commercial and office buildings, serviced apartments, public and other properties (such as office buildings of PRC governmental bodies, industrial parks, hospitals, schools and prison). We also provide security and cleaning services as a subcontractor with respect to certain industrial parks managed by another property management company.
Value-added Services Mainly to Property Developers	We provide a range of value-added services mainly to property developers covering different stages of property development projects, which primarily comprise (i) sales office management services mainly including provision of management services at property sales venues and display units of property developers, (ii) preliminary planning and design consultancy services to property developers and (iii) pre-delivery inspection services.
Community Value-added Services	We provide community value-added services principally to property owners and residents of our managed properties, which primarily comprise (i) common area management services where we assist property owners to lease out common areas for advertisement placements and operation or promotion of businesses which help facilitate the living convenience of the community, (ii) renovation waste disposal services where we assist the property owners to dispose of the waste generated as a result of the renovation work carried out in their units and (iii) car parking space sales agency services where we assist the Remaining Group to sell and purchasers to purchase car parking spaces in certain property projects we managed or under our management.

Prior to the Reorganization, the property management business of residential and non-residential properties (including public and other properties (such as office buildings of PRC governmental bodies, industrial parks, hospitals and schools but excluding pure commercial properties such as commercial and office buildings and serviced apartments)) of our Group was carried out by the Zhong An Group and property management business of pure commercial properties including serviced apartments was carried out by the CNC Group. The property management businesses of the Zhong An Group and the CNC Group were established in 1998 and 2005, respectively. Upon completion of the acquisitions of the commercial properties property management business from the CNC Group by the Zhong An Group in April 2021, the property management business of both residential and non-residential properties has since then been operated by the Zhong An Group and the CNC Group has ceased to operate any property management business except for the hotel and cinema operation and management. See "History, Reorganization and Corporate Structure—Reorganization—7. Amendments to the Existing Non-Compete Undertakings and Acquisition of Zhejiang Runzhou, Yuyao Zhongli and Hangzhou Zhonghong by WFOE" in this document for details of the abovementioned acquisitions.

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

	For the year ended December 31,					
	2020		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Property management services	**183,231**	**79.5**	**205,190**	**69.4**	**223,593**	**69.9**
– Remaining Group	37,758	16.3	33,996	11.5	32,867	10.2
– Joint ventures and associates of the Remaining Group	–	–	–	–	–	–
– Independent third–party customers	145,473	63.2	171,194	57.9	190,726	59.7
Value-added services mainly to property developers	**33,286**	**14.4**	**59,193**	**20.0**	**60,729**	**19.0**
– Remaining Group	27,840	12.1	43,455	14.7	47,862	14.9
– Joint ventures and associates of the Remaining Group	4,190	1.8	9,241	3.1	5,957	1.9
– Independent third–party customers	1,256	0.5	6,497	2.2	6,910	2.2
By service type						
(i) Sales office management services	**25,334**	**10.9**	**54,369**	**18.4**	**55,046**	**17.2**
– Remaining Group	20,090	8.7	38,888	13.2	43,010	13.4
– Joint ventures and associates of the Remaining Group	3,988	1.7	8,984	3.0	5,126	1.6
– Independent third–party customers	1,256	0.5	6,497	2.2	6,910	2.2

	For the year ended December 31,					
	2020		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
(ii) Preliminary planning and design consultancy services	**6,162**	**2.7**	**3,536**	**1.2**	**4,546**	**1.4**
– Remaining Group	5,960	2.6	3,279	1.1	3,970	1.2
– Joint ventures and associates of the Remaining Group	202	0.1	257	0.1	576	0.2
– Independent third–party customers	–	–	–	–	–	–
(iii) Pre–delivery inspection services	**1,790**	**0.8**	**1,288**	**0.4**	**1,137**	**0.4**
– Remaining Group	1,790	0.8	1,288	0.4	882	0.3
– Joint ventures and associates of the Remaining Group	–	–	–	–	255	0.1
– Independent third–party customers	–	–	–	–	–	–
Community value–added services	**14,178**	**6.1**	**31,311**	**10.6**	**35,413**	**11.1**
– Remaining Group	3,208	1.4	17,212	5.8	23,132	7.2
– Joint ventures and associates of the Remaining Group	–	–	–	–	–	–
– Independent third–party customers	10,970	4.7	14,099	4.8	12,281	3.9
By service type						
(i) Common area management services	**9,489**	**4.1**	**10,632**	**3.6**	**11,095**	**3.5**
– Remaining Group	–	–	–	–	–	–
– Joint ventures and associates of the Remaining Group	–	–	–	–	–	–
– Independent third–party customers	9,489	4.1	10,632	3.6	11,095	3.5
(ii) Renovation waste disposal services	**1,481**	**0.6**	**3,467**	**1.2**	**1,186**	**0.4**
– Remaining Group	–	–	–	–	–	–
– Joint ventures and associates of the Remaining Group	–	–	–	–	–	–
– Independent third–party customers	1,481	0.6	3,467	1.2	1,186	0.4
(iii) Car parking space sales agency services	**3,208**	**1.4**	**17,212**	**5.8**	**23,132**	**7.2**
– Remaining Group	3,208	1.4	17,212	5.8	23,132	7.2
– Joint ventures and associates of the Remaining Group	–	–	–	–	–	–
– Independent third–party customers	–	–	–	–	–	–
Total	**230,695**	**100.0**	**295,694**	**100.0**	**319,735**	**100.0**

During the Track Record Period, we generated a significant portion of our revenue from our property management services, representing approximately 79.5%, 69.4% and 69.9% of our total revenue in 2020, 2021 and 2022, respectively. Our value-added services mainly to property developers recorded a significant growth since 2020, the proportion of revenue contributed from which increased from approximately 14.4% in 2020 to approximately 20.0% in 2021, and slightly decreased to 19.0% in 2022, as a result of our continuous effort to promote our value-added services mainly to property developers, particularly our sales office management services. We believe that provision of value-added services mainly to property developers, which are mainly property developers, will allow our Group to develop and maintain our relationships with property developers, which in turn would increase our bidding success rate and our chance to secure opportunities for property management service engagements at an early stage. We also believe that provision of community value-added services to the property owners and residents of the properties we managed will facilitate the marketing of our brand and services and further enhance our brand recognition and reputation. We plan to devote more resources to grow our value-added services mainly to property developers and community value-added services as we believe that such services will drive our future growth as a whole, allow us to secure more engagements for property management services and help us to become one of the leading integrated property management service providers in the Yangtze River Delta Region. Furthermore, we intend to invest more in our intelligent property management system and intelligent technologies and facilities such that we can improve our service quality and operational efficiency and effectiveness. See "—Business Strategies—Increase our Investment in Intelligent Technologies and Facilities to Bolster the Development of Communities across the Projects we Manage and Optimize our Business Model" in this section for further information.

The following table sets forth a breakdown of our revenue by business line and by type of property developer for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Property management services	**183,231**	**79.5**	**205,190**	**69.4**	**223,593**	**69.9**
– Remaining Group[(1)]	139,529	60.5	148,775	50.3	159,917	50.0
– Joint ventures and associates of the Remaining Group[(2)]	–	–	–	–	–	–
– Independent third-party property developers[(3)]	43,702	19.0	56,415	19.1	63,676	19.9
Value-added services mainly to property developers	**33,286**	**14.4**	**59,193**	**20.0**	**60,729**	**19.0**
– Remaining Group[(1)]	28,811	12.5	44,811	15.1	48,996	15.3
– Joint ventures and associates of the Remaining Group[(2)]	4,190	1.8	9,241	3.1	4,823	1.5
– Independent third-party property developers[(3)]	285	0.1	5,141	1.8	6,910	2.2

	For the year ended December 31,					
	2020		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
By service type						
(i) Sales office management services	**25,334**	**10.9**	**54,369**	**18.4**	**55,046**	**17.2**
– Remaining Group[(1)]	21,061	9.1	40,244	13.6	44,144	13.8
– Joint ventures and associates of the Remaining Group[(2)]	3,988	1.7	8,984	3.0	3,992	1.2
– Independent third-party property developers[(3)]	285	0.1	5,141	1.8	6,910	2.2
(ii) Preliminary planning and design consultancy services	**6,162**	**2.7**	**3,536**	**1.2**	**4,546**	**1.4**
– Remaining Group[(1)]	5,960	2.6	3,279	1.1	3,970	1.2
– Joint ventures and associates of the Remaining Group[(2)]	202	0.1	257	0.1	576	0.2
– Independent third-party property developers[(3)]	–	–	–	–	–	–
(iii) Pre-delivery inspection services	**1,790**	**0.8**	**1,288**	**0.4**	**1,137**	**0.4**
– Remaining Group[(1)]	1,790	0.8	1,288	0.4	882	0.3
– Joint ventures and associates of the Remaining Group[(2)]	–	–	–	–	255	0.1
– Independent third-party property developers[(3)]	–	–	–	–	–	–
Community value-added services	**14,178**	**6.1**	**31,311**	**10.6**	**35,413**	**11.1**
– Remaining Group[(1)]	9,856	4.2	26,824	9.0	33,055	10.3
– Joint ventures and associates of the Remaining Group[(2)]	–	–	–	–	147	0.1
– Independent third-party property developers[(3)]	4,322	1.9	4,487	1.6	2,211	0.7
By service type						
(i) Common area management services	**9,489**	**4.1**	**10,632**	**3.6**	**11,095**	**3.5**
– Remaining Group[(1)]	5,634	2.4	7,182	2.4	9,315	2.9
– Joint ventures and associates of the Remaining Group[(2)]	–	–	–	–	147	0.1
– Independent third-party property developers[(3)]	3,855	1.7	3,450	1.2	1,633	0.5
(ii) Renovation waste disposal services	**1,481**	**0.6**	**3,467**	**1.2**	**1,186**	**0.4**
– Remaining Group[(1)]	1,014	0.4	2,430	0.8	608	0.2
– Joint ventures and associates of the Remaining Group[(2)]	–	–	–	–	–	–
– Independent third-party property developers[(3)]	467	0.2	1,037	0.4	578	0.2

	For the year ended December 31,					
	2020		2021		2022	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
(iii) Car parking space sales agency services	**3,208**	**1.4**	**17,212**	**5.8**	**23,132**	**7.2**
– Remaining Group(1)	3,208	1.4	17,212	5.8	23,132	7.2
– Joint ventures and associates of the Remaining Group(2)	–	–	–	–	–	–
– Independent third-party property developers(3)	–	–	–	–	–	–
Total	**230,695**	**100.0**	**295,694**	**100.0**	**319,735**	**100.0**

Notes:

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

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

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

PROPERTY MANAGEMENT SERVICES

Overview

We commenced our business since our establishment in 1998 by providing property management services to a residential property developed by the Remaining Zhong An Group in Hangzhou, Zhejiang province. We started to manage properties developed by independent third-party property developers in 2015. As of December 31, 2020, 2021 and 2022, our total GFA under management was approximately 10.8 million sq.m., 11.8 million sq.m., and 12.8 million sq.m., respectively. In 2020, 2021 and 2022, our revenue from property management services amounted to approximately RMB183.2 million, RMB205.2 million and RMB223.6 million, respectively, accounting for approximately 79.5%, 69.4% and 69.9% of our total revenue for the respective years.

Scope of Services

We provide the following major categories of general property management services:

- *Security services.* We seek to ensure that the properties we manage are safe and in good order. The security services we provide include, among others, traffic management, patrolling, video surveillance, car park security, emergency assistance, entry control, visitor management and fire safety. During the Track Record Period, we deployed our own staff to provide security services. We seek to enhance the quality of our security services through the implementation and upgrades of our intelligent facilities.

- *Cleaning services.* We provide cleaning and hygiene maintenance services such as general cleaning and garbage disposal to common areas of our managed properties. The common areas mainly include lobbies, hallways, stairways, elevators and lifts, and gardens. During the Track Record Period, we used a combination of our own staff and external subcontractors to provide cleaning services.

- *Gardening and landscaping services.* We seek to maintain the growth and beauty of greenery in our managed properties. Our gardening and landscaping services include pruning, plant watering, fertilization and pest control for the common area of our managed properties. During the Track Record Period, we used a combination of our own staff and external subcontractors to provide gardening and landscaping services.

- *Repair and maintenance services.* We are generally responsible for ensuring that elevator systems, intelligent property management facilities, power supply and distribution systems, water supply and drainage systems, fire extinguishing systems and other property facilities and equipment located in common areas are in good working order. During the Track Record Period, we used a combination of our own staff and external subcontractors to provide repair and maintenance services.

- *Car park management services.* Depending on the scope and terms of the relevant property management service agreements, we also provide car park management services to certain properties we manage. During the Track Record Period, we deployed our own staff to provide car park management services.

We strive to achieve high-quality and efficient customer-focused service standard in our managed properties in order to provide integrated and customized on-site services, dedicated and comprehensive care to property developers, property owners, residents and tenants. It is our standard practice to keep and update records of the property owners of the properties we managed and to respond to and record complaints and feedback on our services. See "—Quality Control—Feedback and Complaint Management" in this section for more information about our management relating to feedbacks and complaints received.

As of December 31, 2022, we employed 2,270 on-site personnel to provide the property management services abovementioned at the projects we manage. We from time to time subcontract certain services apart from the key management responsibilities such as cleaning services, gardening services, repair and maintenance services and garbage disposal services to third-party subcontractors. See "—Employees" and "—Subcontracting" in this section for further details.

Since December 2019, we started to provide security and cleaning services as a subcontractor to another property management company (the "**Relevant Property Management Company**" or "**Customer E**") for certain industrial parks it managed (the "**Relevant Industrial Parks**") (the "**Subcontracting Arrangements**"). The Relevant Industrial Parks are located in Huzhou and Ningbo, Zhejiang province, and Hefei, Anhui province, with a total contracted GFA of approximately 0.4 million sq.m.. As of December 31, 2020 and 2021, among our total number of projects under management, we provided services as a subcontractor for three and one project(s), respectively. Our revenue from such services was approximately RMB1.2 million and RMB1.2 million in 2020 and 2021, respectively, accounting for approximately 0.5% and 0.4% of our total revenue during the respective years(1). Such revenue formed part of our revenue from property management services from independent third-party customers during the Track Record Period. As of the Latest Practicable Date, we had ceased to manage all the Relevant Industrial Parks upon the expiry of their respective property management service agreements, and we decided not to renew such agreements as our Directors consider this would be an opportunity for our Group to strategize our expansion plan through negotiating a full property management service agreement with the property developer of the Relevant Industrial Parks.

As confirmed by our Directors, our Group became acquainted with the Relevant Property Management Company through participating in public tenders in respect of the first Subcontracting Arrangement. To the best knowledge of our Directors, our Group was engaged by the Relevant Property Management Company with respect to the Subcontracting Arrangements as part of the Relevant Property Management Company's commercial decision to leverage on our property management experience at a competitive price. In addition, to the best knowledge of our Directors, we were not aware of any circumstance which may prohibit the Relevant Property Management Company from carrying out the Subcontracting Arrangements, and lower cost was the main reason as to why the Relevant Property Management Company engaged us for the Subcontracting Arrangements. Save for the Subcontracting Arrangements, to the best knowledge of our Directors, there had not been any other past or present relationships (including family, employment, business, financing or otherwise) between the Relevant Property Management Company and our Company or any of our subsidiaries, Shareholders, Directors, senior management, or any of their respective associates.

Note:

(1) For the year 2022, we did not provide any services as a subcontractor.

We believe that the Relevant Property Management Company engaged us to provide security and cleaning services primarily due to our established reputation in service quality and efficiency in providing such services, as well as potential cost savings they could achieve by outsourcing these services to us. We believe that our role as a subcontractor helps us develop potential business opportunities to provide full property management services and value-added services to the Relevant Industrial Parks. In particular, the Subcontracting Arrangements have expanded our Group's property management portfolio to include industrial parks. Leveraging our experience in managing such type of property, we believe we could familiarize ourselves with the preferences and service requirements of industrial parks, which in turn may assist us in securing full scope property management engagements for other industrial parks in the future. We generally price our subcontracting services at a fixed amount on a per project basis based on the scope of services required and estimated costs to be incurred in providing such services without reference to any GFA, we would suffer loss if the actual costs incurred is higher than the estimated costs. See "—Property Management Services—Property Management Service Agreements—Key Terms of Dealing with Property Management Companies as Subcontractor" in this section for further details.

GFA under Management

During the Track Record Period, a vast majority of the properties under our management were developed by the Remaining Group. The following table sets forth a breakdown of our total GFA under management and the number of projects that were in operation as of the dates indicated and revenue from property management services for the years indicated by type of property developer:

	As of or for the year ended December 31,														
	2020					2021					2022				
	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)*	*(%)*	
Remaining Group[(1)]	**5,987**	**55.3**	**139,529**	**76.1**	**34**	**6,579**	**55.7**	**148,775**	**72.5**	**38**	**6,835**	**53.3**	**159,917**	**71.5**	**41**
Residential properties	5,279	48.8	91,911	50.1	27	5,851	49.5	103,877	50.6	29	6,107	47.6	110,849	49.6	32
Non-residential properties	708	6.5	47,618	26.0	7	728	6.2	44,898	21.9	9	728	5.7	49,068	21.9	9
Joint ventures and associates of the Remaining Group[(2)]	–	–	–	–	–	–	–	–	–	–	**90**	**0.7**	**–[(2)]**	**–[(2)]**	**1**
Residential properties	–	–	–	–	–	–	–	–	–	–	90	0.7	–[(2)]	–[(2)]	1
Independent third-party property developers[(3)]	**4,830**	**44.7**	**43,702**	**23.9**	**39**	**5,239**	**44.3**	**56,415**	**27.5**	**36**	**5,907**	**46.0**	**63,676**	**28.5**	**53**
Residential properties	4,299	39.7	37,355	20.4	28	4,864	41.1	50,697	24.7	31	5,086	39.6	52,619	23.6	37
Non-residential properties	531	5.0	6,347	3.5	11	375	3.2	5,718	2.8	5	821	6.4	11,057	4.9	16
Total	**10,817**	**100.0**	**183,231**	**100.0**	**73**	**11,818**	**100.0**	**205,190**	**100.0**	**74**	**12,832**	**100.0**	**223,593**	**100.0**	**95**

Notes:

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

(2) Refer to properties jointly developed by the Remaining Group and independent third-party property developers where the Remaining Group did not hold a controlling interest in such properties. In late December 2022, we commenced to provide property management services to one property developed by joint ventures or associates of the Remaining Group, given we have only generated property management income since January 2023 according to the relevant property management agreement, no revenue was record for the year ended December 31, 2022.

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

We managed to grow the percentage of our total GFA under management for properties developed by independent third-party property developers from approximately 44.7% as of December 31, 2020 to approximately 44.3% as of December 31, 2021, and further increased to approximately 46.0% as of December 31, 2022. The revenue generated from managing properties developed by independent third-party property developers increased from approximately RMB43.7 million in 2020 to RMB63.7 million in 2022, representing a CAGR of approximately 20.7%. The growth in revenue was primarily attributable to our continuous efforts to expand our property management services to cover more properties developed by independent third-party property developers. The projects developed by independent third-party property developers were primarily secured by our Group through submission of tender bids to the independent property developers or property owners' associations, direct engagement after negotiations and acquisition of a property management company, namely Zhejiang Chengcheng, in 2018. We have established an investment development center at our headquarters which is primarily responsible for the management and supervision of our business expansion including acquisitions of or investments in other companies or projects, collection of information relating to potential business opportunities, and supervision of the business development activities of our subsidiaries and branch offices. For further details on our investment development center, see "—Sales and Marketing" in this section.

As of December 31, 2020, 2021 and 2022, our GFA under management (i) from properties developed by the Remaining Group and its associates and joint ventures amounted to approximately 55.3%, 55.7% and 54.0%, respectively, of our total GFA under management as of the same dates, and (ii) from properties developed by independent third-party property developers amounted to approximately 44.7%, 44.3% and 46.0%, respectively, of our total GFA under management as of the same dates. For the year ended December 31, 2020, 2021 and 2022, our overall revenue generated (i) from properties developed by the Remaining Group and its joint ventures and associates amounted to approximately 79.0%, 77.5% and 77.2% of our total revenue, respectively and (ii) from properties developed by independent third-party property developers amounted to approximately 21.0%, 22.5% and 22.8% of our total revenue, respectively.

With the best estimate and belief of our Directors and based on the latest information available to our Directors as of the Latest Practicable Date, taking into account all the measures to be implemented by our Group to reduce our reliance on the Remaining Group upon **[REDACTED]**, including the diversification measures to be taken by our Group as disclosed in "Relationship with Controlling Shareholders—Independence from our Controlling Shareholders and their close associates" in this document, and based on (i) the expected GFA of the property projects to be developed and delivered by the Remaining Group and its joint ventures and associates in the year ending December 31, 2023 after taking into account the land bank and future property development plan of the Remaining Group and its joint ventures and associates, the historical growth trend as well as the existing property management service agreements our Group entered into with the Remaining Group and its joint ventures and associates; (ii) the expected increase in demand for property management services from independent third-party customers, after taking into account (a) our efforts and plan to expand our portfolio of projects developed by independent third-party property developers through the procurement of new property management projects developed by them, and (b) the contracted but undelivered projects developed by the Remaining Group or its joint ventures and associates as of December 31, 2022 have been delivered to independent third-party property purchasers, it is estimated that by December 31, 2023, our overall revenue to be generated from properties developed by (i) the Remaining Group and its joint ventures and associates and (ii) independent third-party property developers will be approximately 70.0% and 30.0% respectively, while our GFA under management attributable to properties developed by (i) the Remaining Group and joint ventures and associates and (ii) independent third-party property developers for our property management service segment will be approximately 56.2% and 43.8%, respectively. Accordingly, our Directors expect that the proportion of our overall revenue from all our three business segments to be generated from properties developed by independent third-party property developers and the GFA under management for our property management services attributable to properties developed by independent third-party property developers will slightly increase for the year ending December 31, 2023 as compared with the year ended December 31, 2022.

Our strategic acquisitions or investment in other property management companies with our **[REDACTED]** from the **[REDACTED]** has been taken into account as a diversification measure in arriving at the estimation above. See "Future Plans and **[REDACTED]**—**[REDACTED]**" in this document for details.

Our Geographic Presence

Since our inception in Zhejiang province, we have expanded our geographic presence to provinces outside of the Yangtze River Delta Region and were contracted to manage projects across 19 cities in seven provinces in China as of December 31, 2022. Through our acquisition of Zhejiang Chengcheng in January 2018, we obtained an additional of 11 projects with a total GFA under management of approximately 1.2 million sq.m. as of December 31, 2018. As of December 31, 2022, we managed a total of 95 projects and were contracted to manage 44 projects that had not been delivered for our management. As of the Latest Practicable Date, out of these 44 contracted projects, it is expected that all of which (comprising 39 residential property projects and five non-residential property projects) will be delivered to us for management within the next one to three years based on the relevant agreements.

The following table sets forth number of projects that we were contracted to manage and the corresponding GFA as of December 31, 2022 by geographic location:

	Projects under management		Contracted but undelivered projects[(1)]		Contracted projects	
Regions and provinces	**GFA**	**Number of projects**	**GFA**	**Number of projects**	**Total GFA**	**Total number of projects**
	(sq.m '000)		*(sq.m '000)*		*(sq.m '000)*	
Yangtze River Delta Region						
– Zhejiang province	8,997	63	4,813	32	13,810	95
– Anhui province	3,782	31	763	6	4,545	37
– Jiangsu province	–	–	278	2	278	2
Western region						
– Yunnan province	–	–	283	1	283	1
Northern region						
– Shandong province	53	1	216	1	269	2
Central region						
– Jiangxi province	–	–	137	1	137	1
Pearl River Delta region						
– Guangdong province.	–	–	125	1	125	1
Total	**12,832**	**95**	**6,615**	**44**	**19,447**	**139**

Note:

(1) Refers to contracted projects that have not been delivered to us for management under our preliminary property management service agreements or property management service agreements, for which we had not started to collect property management fees.

The following map sets forth the number of properties that are under our management as of December 31, 2022 by cities located in the Yangtze River Delta Region:

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

	As of or for the year ended December 31,											
	2020				2021				2022			
	GFA under management		Revenue		GFA under management		Revenue		GFA under management		Revenue	
	(sq.m.'000)	*(%)*	*(RMB'000)*	*(%)*	*(sq.m.'000)*	*(%)*	*(RMB'000)*	*(%)*	*(sq.m.'000)*	*(%)*	*(RMB'000)*	*(%)*
Hangzhou	5,925	54.8	109,678	59.9	6,112	51.7	117,577	57.3	6,240	48.6	126,870	56.7
Ningbo	1,782	16.5	40,334	22.0	1,696	14.4	37,263	18.2	1,696	13.2	39,209	17.5
Huaibei	2,592	24.0	25,624	14.0	3,067	26.0	34,105	16.6	3,273	25.5	33,044	14.8
Hefei	340	3.1	7,215	3.9	370	3.1	7,275	3.5	374	2.9	7,373	3.3
Lishui	–	–	–	–	287	2.4	4,961	2.4	377	2.9	4,808	2.2
Jinhua	–	–	–	–	286	2.4	3,805	1.9	286	2.2	6,205	2.8
Chuzhou	–	–	–	–	–	–	–	–	135	1.1	2,959	1.3
Qingdao	–	–	–	–	–	–	–	–	53	0.4	1,190	0.5
Wenzhou	–	–	–	–	–	–	–	–	299	2.3	1,737	0.8
Taizhou	–	–	–	–	–	–	–	–	37	0.3	198	0.1
Zhoushan[(1)]	–	–	–	–	–	–	–	–	62	0.5	–[(1)]	–[(1)]
Huzhou[(2)]	178	1.6	380	0.2	–	–	204	0.1	–	–	–	–
Total	**10,817**	**100.0**	**183,231**	**100.0**	**11,818**	**100.0**	**205,190**	**100.0**	**12,832**	**100.0**	**223,593**	**100.0**

Notes:

(1) In late December 2022, we commenced to manage one project located in Zhoushan, given we have only generated property management income since January 2023 according to the relevant property management agreement, no revenue was record for the year ended December 31, 2022.

(2) We managed one project in Huzhou during the Track Record Period and we ceased to manage such project upon the expiry of the relevant property management service agreement in March 2021.

Our Property Management Service Agreements Expiration Schedule

As of December 31, 2022, our contracted but undelivered GFA was approximately 6.6 million sq.m.. The following table sets forth the expiration schedule of our property management service agreements for our contracted projects as of December 31, 2022:

	Projects under management		Contracted but undelivered projects	
	GFA	**Number of agreements**	**GFA**	**Number of agreements**
	(sq.m.'000)		*(sq.m.'000)*	
Property management service agreements without fixed terms[(1)]	5,922	34	4,618	28
Property management service agreements with fixed terms expiring in	6,910	61	1,998	16
Year ending December 31, 2023[(2)]	2,219	29	386	3
Year ending December 31, 2024	2,540	13	216	3
Year ending December 31, 2025 and beyond	2,151	19	1,396	10
Total	**12,832**	**95**	**6,616**	**44**

Notes:

(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 owners' associations or property developers 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 becomes effective. We face certain risks if such property management service 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 on favorable terms, or at all" in this document for further discussion.

(2) As of the Latest Practicable Date, 26 of these agreements were still effective, and the remaining agreements were in the renewal process.

In 2020, 2021 and 2022, our overall retention rates were approximately 98.6%, 90.2% and 92.2%, respectively. With respect to properties developed by the Remaining Group, our retention rates for property management service agreements, including (i) preliminary property management service agreements we entered into with property developers; and (ii) property management service agreements we entered into with property owners' associations or property owners in 2020, 2021 and 2022 were approximately 100%, 100% and 100%, respectively. While the relevant retention rates with respect to properties developed by independent third-party property developers in 2020, 2021 and 2022 were approximately 97.5%, 81.8% and 86.9%, respectively, primarily because we decided not to renew one non-residential project upon the expiry of the respective property management service agreements in 2020. In 2021, the property management service agreements for one residential project and seven non-residential projects had either expired and we chose not to renew or had been terminated as we took into consideration, among other things, the profitability and/or scope of services of these projects, and considered there were better business opportunities to reallocate our resources. Further, in 2022, the property management service agreements for four residential projects and four non-residential projects had either expired and we chose not to renew or had been terminated due to various commercial reasons, such as the low profitability of certain projects.

To the best knowledge of our Directors after consulting the Remaining Group, as of December 31, 2022, the Remaining Group had about 52 property projects under development or held for development in the PRC, with a total GFA of approximately 8.6 million sq.m.. Among the projects mentioned above, we have obtained service agreements in respect of 35 property projects with a total GFA of approximately 5.6 million sq.m. as of December 31, 2022. It is expected that the earliest tender and bidding process of the remaining 17 projects will commence in 2023. We expect to obtain a majority of the property management service agreements from the Remaining Group with respect to their respective property projects under development or held for development as of December 31, 2022, subject to the results of tender and bidding processes and the following assumptions, including, among other things, (i) the delivery schedule of the properties developed by the Remaining Group will have no material change; (ii) there will be no material adverse change to the historical time gap between entering into the property management service agreements and the delivery of properties developed by the Remaining Group during the Track Record Period; and (iii) we can maintain the historical bidding success rate for such properties, which is subject to uncertainties and changes. See "—Property Management Services—Tender Process" in this section for more information on our tender process and bidding success rate.

Portfolio of Properties under Management

We manage both residential and non-residential properties. While residential properties have generated, and is expected to continue to generate, a substantial portion of our revenue, we have also been diversifying our services to other types of non-residential properties such as commercial and office buildings, serviced apartments, public and other properties such as office buildings of PRC governmental bodies, industrial parks, hospitals, schools and prison. With regard to non-residential properties (such as hospitals and schools), the property management services we offer are generally in line with the scope of services provided to residential properties, including security services, cleaning services, gardening and landscaping services, repair and maintenance services, and car park management services.

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

	As of or for the year ended December 31,								
	2020			2021			2022		
	GFA under management	Revenue		GFA under management	Revenue		GFA under management	Revenue	
	(sq.m.'000)	*(RMB'000)*	*(%)*	*(sq.m.'000)*	*(RMB'000)*	*(%)*	*(sq.m.'000)*	*(RMB'000)*	*(%)*
Residential properties	9,578	129,266	70.5	10,715	154.574	75.3	11,283	163,468	73.1
Non-residential properties	1,239	53,965	29.5	1,103	50,616	24.7	1,549	60,125	26.9
Total	**10,817**	**183,231**	**100.0**	**11,818**	**205,190**	**100.0**	**12,832**	**223,593**	**100.0**

Our GFA under management increased from approximately 10.8 million sq.m. as of December 31, 2020 to 11.8 million sq.m. as of December 31, 2021, and further increased to 12.8 million sq.m. as of December 31, 2022.

During the Track Record Period, a substantial portion of our revenue was generated from the management of residential properties, while our revenue generated from managing non-residential properties increased from approximately RMB54.0 million in 2020, and decreased to approximately RMB50.6 million in 2021, and increased to RMB60.1 million in 2022, respectively. With our business strategy to diversify our portfolio of properties, we have been contracted to manage different types of non-residential properties such as commercial and office buildings, serviced apartments, office buildings of PRC governmental bodies, industrial parks, hospitals, schools and prison. In order to meet the various needs of our customers, we also provide property owners a range of value-added services in addition to our traditional property management services. Leveraging our quality services and diverse service offering, we successfully acquired and continued to maintain business from property owners of non-residential properties. We typically explore potential business opportunities for non-residential properties via channels such as obtaining tendering and bidding information through public sources and referrals from the CNC Group, but we generally obtain non-residential projects through commercial negotiation because tender process to select a property management company is not required for purely non-residential property under the relevant PRC laws and regulations. A property management service agreement setting out all the key terms of the agreement will be signed between us and the property owner after we understand the type and nature of the properties and the estimated costs. We believe that we will be able to expand our portfolio of properties under management and further diversify our customer base with our continuous growing brand recognition and service quality.

Growth of Our Project Portfolio

As of December 31, 2020, 2021 and 2022, we were contracted to manage 89, 108 and 139 projects, respectively, out of which 73, 74 and 95 projects were under management as of the same dates, respectively, contributing an increase in our GFA under management from approximately 10.8 million sq.m. as of December 31, 2020, to 11.8 million sq.m. as of December 31, 2021, and further increased to 12.8 million sq.m. as of December 31, 2022. As of December 31, 2020, 2021 and 2022, we were contracted to manage 41, 42 and 62 projects developed by independent third-party property developers, respectively. As of December 31, 2022, we were contracted to manage a total of 77 projects developed by the Remaining Group or its joint ventures and associates with a total contracted GFA of approximately 12.6 million sq.m., out of which 42 projects were under our management with a total GFA under our management of approximately 6.9 million sq.m.. In the future, we intend to increase our business scale and market share by pursuing strategic acquisition and investment opportunities. See "—Business Strategies—Expand External Projects Portfolio through Strategic Acquisitions and Investments, as well as Tender and Bidding" in this section for details.

The following table sets forth the movement of our contracted GFA, GFA under management and number of projects under management as of the dates or for the years indicated:

	As of or for the year ended December 31,								
	2020			2021			2022		
	Contracted GFA	GFA under management	Number of projects under management	Contracted GFA	GFA under management	Number of projects under management	Contracted GFA	GFA under management	Number of projects under management
	(sq.m.'000)	*(sq.m.'000)*		*(sq.m.'000)*	*(sq.m.'000)*		*(sq.m.'000)*	*(sq.m.'000)*	
As of the beginning of the year	10,543	9,468	59	13,824	10,817	73	17,139	11,818	74
New engagements(1)	3,302	1,370	15	3,659	1,345	9	2,983	1,689	29
(i) Remaining Group	1,637	115	1	1,842	592	4	835	256	3
(ii) Joint ventures and associates of the Remaining Group	514	–	–	665	–	–	522	90	1
(iii) Independent third-party property developers	1,151	1,255	14	1,152	753	5	1,626	1,343	25
Terminations(2)	21	21	1	344	344	8	675	675	8
As of the end of the year	**13,824**	**10,817**	**73**	**17,139**	**11,818**	**74**	**19,447**	**12,832**	**95**

Notes:

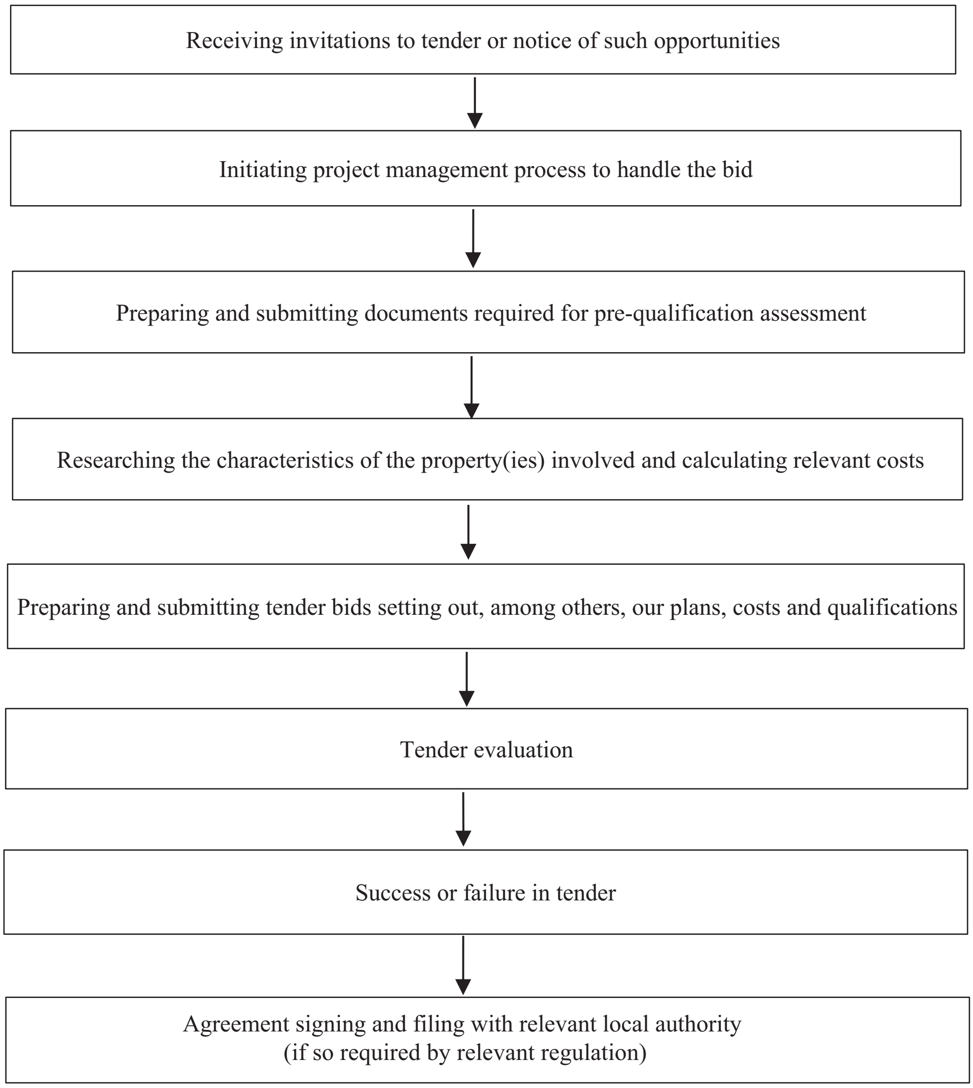
(1) Primarily include (i) preliminary property management service agreements for new projects developed by property developers; and (ii) property management service agreements for residential or non-residential projects to replace their previous property management service providers. The renewed agreements 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 years.

(2) Primarily include non-renewal of certain property management service agreements as we considered that there were better business opportunities to reallocate our resources to. For details of the projects terminated during the Track Record Period, see "—Property Management Services—Our Property Management Service Agreements Expiration Schedule" in this section.

Tender Process

Property management service agreements are generally obtained by us through business negotiation or participation in tender, a process whereby property developers or property owners' associations evaluate and select from multiple property management service companies. Invitations to tender are usually issued by property developers for properties under development, or from property owners' associations for residential communities who wish to replace their existing property management service company. Under the applicable 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 or the scale of the property is relatively small, the property developer can select and engage a property management company without going through the tender process by directly entering into an agreement with the prior approval of the real estate administrative department of the relevant district or county government where the property is located. See "Regulatory Overview—Laws and Regulations Relating to Property Management Services and Other Related Services—Appointment of Property Management Enterprises" in this document for more information on tender process.

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



During the Track Record Period, we generally participated in the tender process before being awarded preliminary property management service agreements for residential properties developed by the Remaining Zhong An Group or its joint ventures and associates, which is a standard tender process required by applicable PRC laws and regulations. We also generally undergo the same process with respect to properties developed by independent third-party property developers. We take into account a number of factors before we submit tender bids for property management services projects for properties developed by the Remaining Group, joint ventures and associates of the Remaining Group and independent third-party property developers, the factors we generally take into account include (i) the GFA of the relevant property; (ii) profitability of such engagement; (iii) the scope of services required; and (iv) our business relationship with the property developer. The factors we consider are generally the same for properties developed by the Remaining Group, joint ventures and associates of the Remaining Group and independent third-party property developers. We do not enjoy any preferential treatments nor are we given extra weight in the selection process for properties developed by the Remaining Group or its joint ventures and associates by reason of the relationship between us. To the best of our Directors' knowledge, the Remaining Group's or its joint ventures' and associates' tendering criteria in relation to choosing property management service providers for its properties generally include, among others, (i) strong presence and reputation in the regions in which the relevant properties are located; (ii) an established track record of cooperation; and (iii) understanding of their business strategies and needs and the characteristics and features of the properties they developed.

In 2020, 2021 and 2022, we submitted nine, 12 and ten tenders for projects developed by the Remaining Zhong An Group or its joint ventures and associates, respectively, and our relevant bidding success rate for the same years was 100%, 100% and 100%, respectively. The high bidding success rates with respect to projects developed by the Remaining Zhong An Group or its joint ventures and associates during the Track Record Period was mainly due to, among others, (i) our abilities to meet the needs and expectation of the Remaining Zhong An Group as a result of our long-standing relationship and established track record of provision of property management services to the Remaining Zhong An Group; and (ii) the fact that we share similar service philosophies and principles. These together allow us to provide services which we believe can satisfy the service standard required by the Remaining Zhong An Group.

In 2020, 2021 and 2022, we submitted a total of 20, 18 and 25 tender bids for projects developed by independent third-party property developers, respectively, and our relevant bidding success rate for the same years was approximately 55.0%, 44.4% and 40.0%, respectively. Our Directors believe that the decrease in the bidding success rate for projects developed by independent third-party property developers in 2021 was primarily due to our refined tender strategy to tender for higher quality communities, and that all these tenderees were new customers whom we only have brief understanding of their preferences and needs. The slight decrease in the bidding success rate in 2022 was mainly because we submitted more tender bids for public property projects which had more stringent requirements on the experience of managing public property projects. We will continue to submit tenders for projects developed by independent third-party property developers so as to diversify our revenue source and reduce our reliance on the Remaining Group.

According to the Regulation on Property Management (2018 revision) (《物業管理條例》) (2018年修訂), (i) a property developer of any residential properties shall select a property management company through participation in the tender process; where there are fewer than three bidders or the scale of residential property is relatively small, the property developer may select a property management company by directly entering into an agreement with the prior approval of the real estate administrative department of the district or county government where the property is located; and (ii) a property management company is not required to be selected through the tender process to enter into the property management service agreement with the residential property owners' association. In addition, pursuant to the Regulation on Property Management (2018 revision) (《物業管理條例》) (2018年修訂), purely non-residential property is not required to select a property management company through tender process. For PRC Government, public institutions and bodies with public fiscal funds to engage property management service providers for management of properties such as government buildings and public service facilities, a public tender process may also be required under the PRC laws and regulations.

For non-residential properties, we generally enter into property management service agreements with the property developers, property owners or tenants directly.

For residential properties, during the Track Record Period, we generally obtained (i) the preliminary property management service agreements from property developers through tender and bidding process, as and when required by the requirements under the relevant PRC laws or the relevant local authorities; and (ii) the property management service agreements from property owners' associations through tender and bidding process. For property management services of purely non-residential properties, we generally obtained those property management service agreements through commercial negotiation.

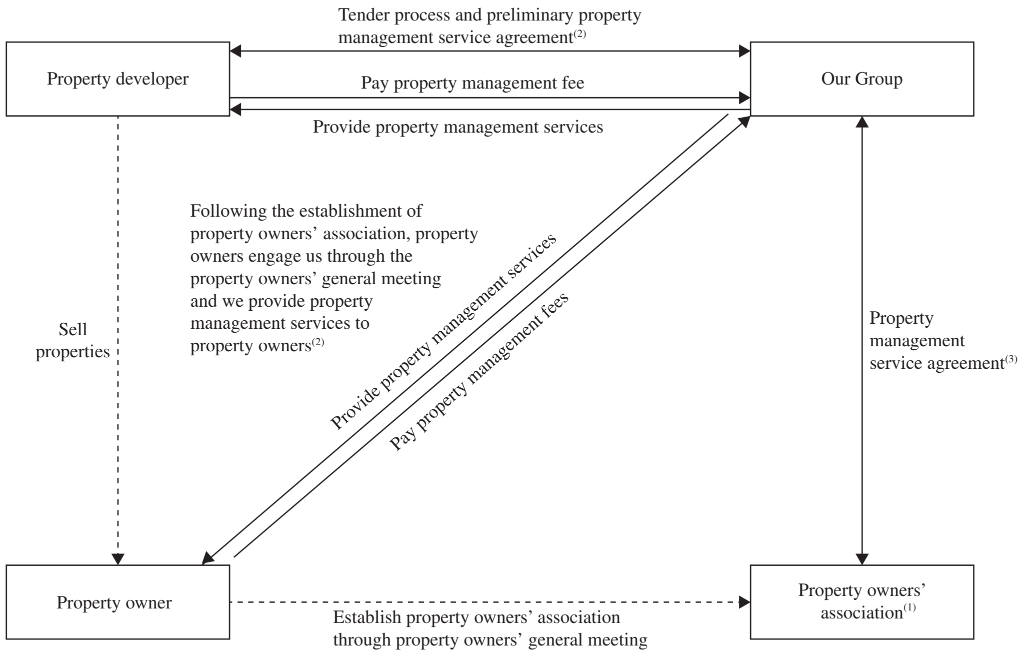
During the Track Record Period, eight of our preliminary property management service agreements entered into with property developers with a total contracted GFA of approximately 1.0 million sq.m., were obtained without conducting the required tender and bidding processes under the PRC laws and regulations or the requirements of relevant local authorities (the "**Relevant Property Management Projects**"). Revenue generated from our management of the Relevant Property Management Projects was approximately RMB18.1 million, RMB17.1 million and RMB16.4 million for 2020, 2021 and 2022, respectively, accounted for approximately 7.9%, 5.8% and 7.3% of our overall revenue for the respective years. Among these eight Relevant Property Management Projects, three of which with a total contracted GFA of approximately 0.3 million sq.m. were obtained by Zhejiang Chengcheng prior to our acquisition of its 80% equity interest in January 2018. As confirmed by our Directors, the lack of a tender and bidding processes for the selection of property management service providers for the Relevant Property Management Projects was caused by the relevant property developers but not us. As advised by our PRC Legal Advisor, there are no specific laws or regulations in the PRC which set forth administrative penalties upon property management companies for failing to undergo the tender and bidding process prior to the entering into of the preliminary property management service agreements. According to the Regulation on Property Management (《物業管理條例》), any preliminary property management service agreements obtained without going through the required tender and bidding process may be determined to be invalid by the relevant local judicial authority subject to the circumstances of the case. As further advised by the PRC Legal Advisor, the lack of tender and bidding processes for the eight agreements of the Relevant Property Management Projects shall not affect the validity of such agreements and in the event that any such agreement is determined to be invalid, we shall be entitled to retain or charge a reasonable fee which is in compliance with the guidance fee as stipulated under the relevant pricing control issued by the relevant local government based on the services we have provided under the relevant agreement. Our Directors confirm that, based on the opinions given by our PRC Legal Advisor and the limited contracted GFA contribution of the projects under the Relevant Property Management Projects, the fact that these projects did not go through the required tender process will not have any material adverse impact on our business, financial position or results of operations. 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 for further discussion of the related risk. As of the Latest Practicable Date, we were not aware of any administrative penalties or any notice of potential administrative penalties from the relevant competent authorities on the relevant property developers in relation to any required tender and bidding processes for the preliminary property management service agreements.

When we directly negotiate the renewal of our existing agreements with customers, we will procure engagements through the tender and bidding processes as and when required by the relevant PRC laws or local authorities, if any.

Property Management Service Agreements

Prior to the delivery of the properties, we generally enter into preliminary property management service agreements with property developers which will generally take effect until a new property management service agreement is signed between a property management company and the property owners' association and/or property owners and takes effect. A preliminary property management service agreement is a type of property management service agreement that we typically enter into before sales of the properties. In relation to residential properties that have already been delivered to property owners, we typically enter into property management service agreements with property owners' associations on behalf of property owners if such property owners' associations have already been properly established. If the property owners' associations have not been established, we generally provide property management services to property owners and residents pursuant to the preliminary property management service agreements that we entered into with the property developers. During the Track Record Period, a large portion of our revenue from property management services was generated from preliminary property management service agreements entered into with property developers.

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



Notes:

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

(2) A preliminary property management service agreement is a type of property management service agreement that we typically enter into with a property developer before the property is sold to property owner, and is legally binding on all future property owners in accordance with the relevant PRC laws and regulations. In the event that no property owners' association is established, we may terminate the preliminary property management service agreement with property developer if the property developer materially breaches the agreement according to the relevant preliminary property management service agreement or PRC laws and regulations, or vice versa. If this happens, the property developer generally has to select a new property management company by a tender and bidding process.

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

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

	As of or for the year ended December 31,																	
	2020						2021						2022					
	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)*	*(%)*
Residential properties																		
– Preliminary stage[1]	7,829	56.7	5,481	50.6	73,530	40.1	10,597	61.8	6,195	52.4	90,774	44.2	11,454	58.9	6,039	47.1	88,415	39.5
– Property owners' association stage[2]	4,097	29.6	4,097	37.9	55,736	30.4	4,520	26.4	4,520	38.2	63,800	31.1	5,495	28.3	5,245	40.9	77,322	34.6
Non-residential properties	1,898	13.7	1,239	11.5	53,965	29.5	2,022	11.8	1,103	9.4	50,616	24.7	2,498	12.8	1,548	12.0	57,856	25.9
Total	**13,824**	**100.0**	**10,817**	**100.0**	**183,231**	**100.0**	**17,139**	**100.0**	**11,818**	**100.0**	**205,190**	**100.0**	**19,447**	**100.0**	**12,832**	**100.0**	**223,593**	**100.0**

Notes:

(1) Include stages at which a project has been delivered, but the property owners' association has not been established.

(2) Include property management projects where we rendered services after property owners' associations have been established. As of December 31, 2020, 2021, and 2022, 25, 28 and 37 of the property management service agreements for the residential property projects under our management were entered into with property owners' associations, respectively.

Key Terms of Dealing with Property Developers or Property Owners' Associations of Residential Properties

For residential properties, most of our customers enter into standardized property management service agreements provided by us, while the exact terms of each property management service agreement may vary subject to parties' negotiation.

The key terms of our preliminary property management service agreements with property developers and property management service agreements with property owners' associations are substantially similar and typically include the following terms:

- *Scope of services.* Typically, we agree to provide property management services to common areas and facilities, including cleaning, security, gardening and landscaping, and repair and maintenance. We may also agree to provide services in relation to the management of car parks. We may outsource certain services to qualified subcontractors.

- *Performance scope and standards.* The agreement sets 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 common areas and inspecting facilities such as fire extinguishing systems, waste water drainage systems, lighting systems, lifts and elevators and other electromechanical systems and security.

- *Property management fees.* The agreement sets forth the amount of property management fees payable, on a lump-sum or commission basis. For agreement with property developer, property developer is responsible for paying the property management fees for units that are remain unsold or sold but undelivered to property owners and property owners are responsible for paying the property management fee for units that are sold and delivered to them. For agreement with property owners' association, property owners are responsible for paying the property management fees for units that are sold and delivered to them and the property developer is responsible for paying the property management fees for units that are remain unsold or sold but undelivered to property owners. For overdue property management fees, property developers or property owners may be required to pay a penalty equal to a daily-accumulating surcharge at a certain percentage of the overdue amount or as specified in the agreement, we have right to initiate legal proceedings against the property developers or property owners to collect the fees. If we have agreed to manage the car parks, the agreement will also specify the fees payable for such services.

- *Obligations of property developer or property owners' association.* The property developer is primarily responsible for, among others, ensuring that its buyers 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, including providing us with blueprints and other construction design documents and completion inspection documents. The property owners' association is primarily responsible for, among others, ensuring that property owners and residents understand and commit to their obligations in relation to the payment of property management fees, providing us with 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.

- *Term of service.* Our preliminary property management service agreement generally specifies that it automatically terminates when a property owners' association is established and a new property management service agreement is entered into with the property owners' association. Such preliminary property management service agreement will also specify that if it expires and in the event that no new property management company is appointed to render property management services and we are not notified as to whether we shall or shall not continue to manage, then such agreement will be automatically renewed. Generally, preliminary property management service agreement with fixed term of one to three years and will expire prior to the end of the term once a property owners' association is established and a new property management service agreement is entered into. Preliminary property management service agreement without fixed term will generally expire once a property owners' association is established and a new property management service agreement is entered into. For agreements with property owners' associations, such agreements typically have a term of one to three years. During the Track Record Period and up to the Latest Practicable Date, neither we nor any property owners' association have unilaterally terminated any property management service agreement before the end of their terms.

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

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. The Civil Code of the PRC (《中華人民共和國民法典》) stipulates that property owners' associations may be established at property owners' general meeting by voting with a quorum consisting of property owners whose exclusive areas account for more than two-thirds of the total GFA and the number of which accounts for more than two-thirds of the total number of property owners, and by affirmative votes of owners who own more than half of the total GFA of the community and account for more than half of the total number of the property owners. A preliminary property management service agreement entered into between a property developer and a property management service company in accordance with the PRC laws and regulations is legally binding on the relevant property owners. According to the Regulation on Property Management (2018 revision) (《物業管理條例》)(2018年修訂), a property sale and purchase agreement concluded by a property developer and a property buyer shall include the contents stipulated in the relevant preliminary property management service agreement. Therefore, as advised by our PRC Legal Advisor, the preliminary property management service agreements entered into with property developers in compliance with the aforementioned regulations are legally binding on the relevant future property owners as the property sale and purchase agreements that property owners enter into with property developers shall include the content of the preliminary property management service agreements.

Renewal of Property Management Service Agreements

Upon the expiration of our preliminary property management service agreements, we may negotiate with the property owners' associations for the terms of renewal of our property management service agreements if the property owners' associations have been established. During the negotiation period, property owners were legally obligated to pay us property management fees, since we continued to render services to those property management projects. If, upon the expiration of the initial term of the preliminary property management service agreements, the property owners' association has not been formed or a new property management service agreement has not been entered into between the property owners' association and us, the preliminary property management service agreements typically will be renewed, (i) if a property owners' association has been formed, automatically until a new property management service agreement is entered into with such property owners' association or, (ii) if a property owners' association has not been formed, by entering into new management agreements with the property developers and/or property owners. 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, or after the expiration of the preliminary property management service agreements with fixed terms, where property owners did not hire new service provider and we continued to provide property management services, property owners are also legally obligated to pay property management fees directly to us for the services we continue to render.

For the agreements entered into with property owners' associations during the Track Record Period, the level of fees charged and scope of services provided did not materially differ from those of the preliminary property management service agreements. The property owners' associations are independent from us. In order to secure and continue to secure property management service agreements, we must consistently provide quality services at competitive prices. According to the Civil Code of the PRC (《中華人民共和國民法典》), property owners may hire or dismiss property management service providers at property owners' general meeting with a quorum consisting of property owners whose exclusive areas account for more than two-thirds of the total GFA and the number of which accounts for more than two-thirds of the total number of property owners, and by affirmative votes of owners who own more than half of the total GFA of the community and who account for more than half of the total number of the property owners, provided that such decision do not constitute a violation of applicable law or a breach of the respective contract. Property owners may either hire a new property management service provider through the tender process or select through commercial negotiation having considered the specific standards on the terms and conditions of service, service quality, service price and credentials which are typically their major parameters for selecting a property management service provider when evaluating tenders or bids. Some of them would also conduct on-site inspection to comprehensively evaluate property management service providers. See "Regulatory Overview—Laws and Regulations Relating to Property Management Services and Other Related Services—Appointment of Property Management Enterprises" in this document for details on the relevant PRC regulations.

According to the Regulation on Property Management (2018 revision) (《物業管理條例》) (2018年修訂), property owners' general meetings represent the interests of property owners in matters concerning property management. The property owners' general meetings or the property owners' association's decisions are binding on all property owners. Agreements signed between property owners' associations and property management service providers with the approval of the property owners' general meeting 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 are required under PRC law to settle all outstanding property management fees to us before selling their properties. Property owners are liable for the payment of property management fees even if it is agreed that the property management fees shall be paid by the residents. In addition, according to the Regulation on Property Management (2018 revision) (《物業管理條例》) (2018年修訂), where there is only one owner, or the number of property owners is relatively small and they unanimously agree not to form the property owners' general meeting, the owner(s) shall (jointly) perform the duties of the property owners' general meeting and the property owners' association.

PRC law requires that each residential community shall establish a public fund to pay the renewal, repair and maintenance costs of common areas and facilities, property owners' associations or property owners 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.

Renewal Rate

In 2020, 2021 and 2022, our overall renewal rates were approximately 100%, 100% and 100%, respectively. During the Track Record Period, we had five property management service agreements with the Remaining Group expired because of the formation of property owners' associations during the relevant years, respectively, among these, we renewed five property management service agreements by entering into property management service agreements with the respective property owners' associations. Therefore, in 2020, 2021 and 2022, the renewal rate with respect to the property management service agreements with property owners' associations upon expiration of the preliminary property management service agreements with the Remaining Group was 100%, 100% and 100%, respectively. The renewal rate was calculated by dividing the number of property management service agreements we entered into with the respective property owners' associations upon expiration of the preliminary property management service agreements with the Remaining Group or independent third-party property developers by the total number of expired preliminary property management service agreements with the Remaining Group or independent third-party property developers, respectively, during the period. We believe that we will be able to renew our existing preliminary property management service agreements with newly formed property owners' associations going forward based on our historical record and quality services.

Key Terms of Dealing with Property Developers, Property Owners or Tenants of Non-Residential Properties

The property management service agreements we enter into with customers such as property developers, property owners or tenants for the management of non-residential properties typically include key terms such as scope of services, performance scope and standards, property management fees, rights and obligations of the parties, terms of service and dispute resolutions.

Under the Civil Code of the PRC (《中華人民共和國民法典》) and relevant PRC laws and regulations, as advised by our PRC Legal Advisor, non-residential property owners are allowed to establish property owners' associations although it is not a mandatory requirement to set up a property owners' association for non-residential properties. As for non-residential properties which have no property owners' associations, we directly negotiate and enter into contract with, and perform our property management services to, customers such as property developers, property owners or tenants.

In terms of payment terms, as of December 31, 2022, the numbers of non-residential projects under our management where payments shall be payable on a monthly, quarterly, semi-annual and annual basis were 5, 7, nil and 4, respectively.

Key Terms of Dealing with Property Management Companies as Subcontractor

Since December 2019, we started to provide security and cleaning services as a subcontractor to the Relevant Property Management Company. See "—Property Management Services—Scope of Services" in this section for details.

A typical subcontracting agreement entered into between a property management company and us as a subcontractor generally includes the following key terms:

- *Term.* A subcontracting agreement typically has a term of approximately one year and is generally not automatically renewable. The agreement typically has a probation period of three months and the agreement will terminate immediately if our performance does not meet the agreed standards during such period.

- *Responsibilities of the property management company.* The property management company is typically responsible for providing the on-site personnel despatched by us with necessary working and storage space.

- *Our obligations as subcontractor.* We are typically responsible for providing services in accordance with the scope, frequency and standards prescribed in the relevant subcontracting agreement and in compliance with all applicable laws and regulations with our own tools, equipment and materials. In the event where we fail to perform our obligations under the relevant agreement, we may be required to take necessary rectification measures within the period required by the property management company, failing which the property management company has the right to claim damages, impose penalties or terminate the contract. We are required to manage our personnel providing the contracted services and there is no employment relationship between the property management company and our personnel.

- *Risk allocation.* We are responsible for any damages to property or personal injuries caused by our fault in the course of providing the contracted services. The property management company typically requires us to indemnify it for any damage cause to its reputation or properties. We are also required to pay all social insurance and housing provident funds contributions for our personnel in accordance with PRC laws and regulations and bear the liabilities and responsibilities in the event of any non-compliance.

- *Procurement of raw materials.* Raw materials shall be procured by us. The procurement costs are usually included in the subcontracting fee.

- *Subcontracting fee.* Subcontracting fee is typically payable monthly, including costs incurred in connection with labor costs, equipment maintenance costs, insurance for employees, tax expenses and other miscellaneous costs incurred by us. We generally price our subcontracting services at a fixed amount on a per project basis based on the scope of services required and estimated costs to be incurred in providing such services without reference to any GFA.

- *Termination.* A subcontracting agreement can be typically terminated in certain events in accordance with its terms such as repeated sub-standard performance or serious breach of such agreement.

Property Management Fees

In the PRC, property management companies typically charge fees on a lump-sum basis or commission basis. During the Track Record Period, we derived all of our revenue from property management service agreements on a lump-sum basis. See "Risk Factors—Risks Relating to our Business and Industry—We generated all revenue from property management services on a lump-sum basis. We may be subject to losses if we fail to control our costs in rendering our property management services" in this document for discussion of the related risks.

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

Property Management Fees Charged on a Lump-sum Basis

During the Track Record Period, we derived all 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 are generally billed on semi-annual or annual 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 tenants as revenue and bear the costs incurred in providing our property management services. We believe 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—The PRC Property Management Industry—Overview" in this document for further discussion. We expect property management fees charged on a lump-sum basis will continue to account for a substantial portion of our revenue from property management services in the foreseeable future.

On a lump-sum basis, we bear the costs of managing properties, and recognise such costs as our cost of sales. 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 sales. Our cost of sales primarily include expenses associated with, among others, labor and subcontracting costs, purchasing supplies and equipment, repair and maintenance of common 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 manage our cost of sales. In the event that our cost of sales is higher than anticipated, we would not be able to collect additional amounts from our customers to sustain our profit margins.

We have implemented various technological initiatives, internal control policies and standardized procedures with the aim to reduce costs and prevent or reduce such shortfall. As of December 31, 2020, we had seven property management projects managed on a lump-sum basis, respectively, which had incurred losses in respect of our property management services, and such projects had an aggregate contracted GFA of approximately 1.1 million sq.m. based on the respective property management service agreements. Based on our unaudited management accounts, the loss-making projects had incurred losses amounting to approximately RMB0.4 million for 2020, and property management services revenue from such projects accounted for approximately 2.3% of our total revenue for the respective year.[(1)]

Such losses were incurred primarily because the relevant projects required us to incur additional expenses, including expenses for repair and maintenance works and facilities upgrades to ensure service quality. As of the Latest Practicable Date, two of such loss-making projects as of December 31, 2020 were still under our management, and based on our unaudited management accounts, these projects had been profitable during the six months ended December 31, 2022. We expect that these projects will continue to be profitable in the future through improving operating efficiency and reducing operating costs. See "Risk Factors—Risks Relating to our Business and Industry—We generated all revenue from property management services on a lump-sum basis. We may be subject to losses if we fail to control our costs in rendering our property management services" in this document for further discussion of the related risk. To improve and maintain the profitability of our managed properties, we have taken certain cost-saving measures during the Track Record Period including the application of intelligent technologies and facilities and standardization of operations to facilitate a better management of our operations and reduce labor cost. See "—Standardized Operation and Digitalization" in this section for details. In the event that we experience unexpected increases in our cost of sales, we may propose raising our property management fees with property owners' associations during the process of renewal negotiation of our property management service agreements. Going forward, we plan to continue to maintain and improve our service quality and enhance communications with property owners in order to increase the likelihood of our chance to increase the property management fee. We will closely monitor the profitability of our projects and will not renew the property

Note:

(1) For 2021 and 2022, we did not have loss-making property management projects.

management service agreement of any loss-making project upon its expiration if we expect that such project will remain loss-making in the foreseeable future. In addition, in the event that we expect a project will suffer loss, we may consider to apply to the property owners or, if the property owners' association has been incorporated, the property owners' association for approval to reallocate the money from the public fund for repair and maintenance costs of common areas to cover our management costs. We believe such arrangement is common in the PRC property management market.

We have established various enhanced internal control measures to avoid long-term loss-making projects in the future, such as we will (i) analyze the risks and costs of the potential project and the property management fee before we enter into a property management service agreement; (ii) not enter into a property management service agreement if our relevant personnel anticipate that the projected net profit margin of such project will not meet our minimum requirement of 3.0% of the total revenue of such project; (iii) review the revenue and costs of each project regularly; (iv) review the preferences and needs of our customers regularly in order to optimize our internal resources; and (v) continue to implement cost saving measures such as application of intelligent technologies and facilities which can help reduce labor costs. For more details of our cost-control measures, see "Financial Information—Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income Items—Gross Profit and Gross Profit Margin" in this document.

Our Directors consider that the above internal control measures to avoid long-term loss-making projects are adequate and effective. Taking into account (i) our Directors' view above; (ii) the discussions with our Company's relevant personnel in relation to our Group's relevant measures; and (iii) the loss-making projects remained under our management as of December 31, 2022 had been profitable in 2022, the Joint Sponsors concur with our Directors' view that these measures are generally adequate and effective.

Our Pricing Policy

We generally price our property management services with reference to their GFA under management by taking into account factors such as (i) the size and location of the properties; (ii) budgeted operational expenses including labor and administrative expenses; (iii) scope of the services proposed; (iv) targeted profit margins; (v) local government's pricing guidance/regulations on property management fees (if applicable); and (vi) prevailing market price for similar services in the market. In determining our service price, we uniformly apply the above factors for the evaluation of services to projects developed by the Remaining Group, its joint ventures and associates and independent third-party property developers. 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. For certain of the non-residential properties we managed such as industrial parks, hospitals, schools, office buildings of PRC governmental bodies and prison, we charge a package price of property management fees on a per project basis without reference to any GFA. Such package price is determined with reference to factors such as the nature and scope of services to be provided by us, the expected costs to be incurred and prevailing market price for similar services in the market. The property management fees charged under such agreements did not directly correspond to the actual GFA under our management. In 2020, 2021 and 2022, approximately RMB5.2 million, RMB6.5 million and RMB11.7 million, representing approximately 2.8%, 3.1% and 5.2% of our revenue from property management services, respectively, were generated from package price projects; while approximately RMB178.0 million, RMB198.7 million and RMB211.9 million, representing approximately 97.2%, 96.9% and 94.8% of our revenue from property management services, respectively, were generated from our property management projects other than package price projects.

When the properties have reached the delivery stage, we receive property management fees from property owners which are generally calculated based on the size of the unit and the nature of the area of communities, such as residential areas, retail areas and car parks. For properties that have been delivered to the first group of property owners in such properties, property developers are obliged to pay property management fees for unsold units until such units are sold. Once the property units are sold and delivered to the property owners, the property owners are obliged to pay property management fees regardless of whether the property units are being occupied.

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 for Decontrolling the Prices of Some Services (國家發展和改革委員會關於放開部分服務價格意見的通知) (the "**Circular**"), which required provincial-level price administration authorities to liberalize certain price control or guidance policies on certain types of properties that can meet the specified conditions. According to PRC laws and regulations, property management fees charged shall be determined with references to the government guidance price or the market price, which is based on the nature and features of the relevant properties to which the property management services are provided. The specific pricing principles and implementation rules shall be determined by the competent price administration departments and property administration departments of the local governments of each province, autonomous region and municipality. See "Regulatory Overview—Laws and Regulations Relating to Property Management Services and Other Related Services—Fees Charged by Property Management Enterprises" in this document for more information on the relevant PRC regulations. As of December 31, 2020, 2021 and 2022, the number of projects that were subject to government guidance price was 17, 19 and 20, respectively, with an aggregate GFA under management of approximately 3.5 million sq.m., 4.3 million sq.m. and 4.4 million sq.m., respectively, contributing to an aggregate property management services revenue of approximately RMB39.3 million, RMB53.3 million and RMB52.2 million in 2020, 2021 and 2022, respectively, which accounted for approximately 21.5%, 26.0% and 23.3% of our total revenue from property management services during the same years, respectively. All of these projects are residential properties located in second-tier cities including Hangzhou and Qingdao, and other cities including Huaibei and Lishui. During the Track Record Period, the property management fees charged by us complied with the relevant PRC laws and regulations in relation to such pricing control. 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" in this document for further discussion on the related risk.

The following table sets forth a comparison of the gross profit margin of our residential property management service projects that are subject to government guidance price and not subject to government guidance price for the years indicated:

	For the year ended December 31,		
	2020	2021	2022
Overall	**35.2%**	**33.6%**	**36.4%**
Projects that are subject to government guidance price	38.8%	34.9%	32.4%
Projects that are not subject to government guidance price	33.7%	33.0%	33.4%

The following table sets forth a breakdown of our overall monthly average property management fee per sq.m. of properties under our management (excluding package price projects) by type of property developer for the years indicated:

	For the year ended December 31,		
	2020	2021	2022
	(RMB per sq.m. per month)		
Overall	**1.43**	**1.44**	**1.44**
– Remaining Group(1)	1.92	1.85	1.90
– Independent third-party property developers(2)	0.76	0.90	0.87

Notes:

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

(2) Refer to properties solely developed by independent third-party property developers.

In 2020, 2021 and 2022, the overall monthly average property management fee charged on properties developed by the Remaining Group which were under our management was approximately RMB1.92 per sq.m., RMB1.85 per sq.m., and RMB1.90 per sq.m., respectively, and the overall monthly average property management fee charged on properties developed by independent third-party property developers which were under our management was approximately RMB0.76 per sq.m., RMB0.90 per sq.m. and RMB0.87 per sq.m., respectively.

During the Track Record Period, our monthly average property management fees per sq.m. for property management services provided to properties developed by the Remaining Group were generally higher than those developed by independent third-party property developers, primarily because of the following reasons:

(i) a larger portion of properties developed by the Remaining Group of the total GFA under management were primarily located in more economically developed areas in the Yangtze River Delta Region, including second-tier cities such as Hangzhou and Hefei, as compared to those developed by independent third-party property developers, which covered less economically developed area such as a county-level city in Hangzhou. In particular, as of December 31, 2020, 2021 and 2022, approximately 22.8%, 21.9% and 17.4%, respectively, of the GFA under management of properties developed by independent third-party property developers were located in the aforementioned county-level city in Hangzhou. The average property management fee for property management services provided to properties located in Hangzhou is generally higher than those located in its county-level regions given the differences in their economic foundation and level of development;

(ii) the properties developed by the Remaining Group covered (a) commercial properties located in Hangzhou, which we charged a relatively higher property management fee compared to residential properties; (b) as well as higher class residential properties including villas, which we usually charge a higher property management fee given the higher service standards and requirements required from the customers. In addition, we also managed certain government-supported houses, public rental and low-rent properties, which generally had less demanding service standards and requirements, and were all developed by independent third-party property developers and primarily located in cities below second-tier cities. Generally, property management companies shall be able to charge a higher property management fee depending on the quality of service to be provided; and

(iii) a larger portion of residential properties developed by independent third-party property developers were generally older properties, and we normally charge a lower property management fee for such properties. Generally, property management fees charged for newly developed residential properties are generally higher than those older residential properties.

Based on the above, we charged a comparatively lower monthly average property management fee for properties developed by independent third-party property developers due to the location, type and characteristics of the relevant properties. In terms of the gross profit margin for our property management services (for properties developed by the Remaining Group or independent third-party property developers) during the Track Record Period, as advised by CIA, our gross profit margin is similar to other comparable property management companies, which are similar to the Company in terms of business scale, quality and provide services to properties of similar characteristics and in the same regions. For further discussion of the gross profit margins of properties developed by the Remaining Group and independent third-party property developers during the Track Record Period, see "Financial Information—Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income Items—Gross Profit and Gross Profit Margin" in this document.

The following table sets forth a breakdown of our monthly average property management fee per sq.m. of properties under our management (excluding package price projects) by type of property and by type of property developer for the years indicated:

	For the year ended December 31,		
	2020	2021	2022
	(RMB per sq.m. per month)		
Residential properties			
– Remaining Group[(1)]	1.45	1.48	1.51
– Joint ventures and associates of the Remaining Group[(4)]	–	–	–
– Independent third-party property developers[(2)]	0.72	0.87	0.86
Overall average property management fee for residential properties	**1.12**	**1.20**	**1.21**
Non-residential properties[(3)]			
– Remaining Group[(1)]	5.45	4.90	5.27
– Independent third-party property developers[(2)]	3.01	3.33	1.04
Overall average property management fee for non-residential properties	**5.22**	**4.76**	**4.00**
Overall average property management fee	**1.43**	**1.44**	**1.44**

Notes:

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

(2) Refer to properties solely developed by independent third-party property developers.

(3) Excluding non-residential property projects charged on a package price of property management fees on a per project basis without reference to any GFA. The major type of non-residential property we managed during the Track Record Period was integrated commercial complexes. In 2020, 2021 and 2022, our monthly average property management fee for integrated commercial complexes was approximately RMB6.92 per sq.m., RMB5.78 per sq.m. and RMB4.31 per sq.m., respectively. Most of the integrated commercial complexes under our management were developed by the Remaining Group. Apart from integrated commercial complexes, we also managed one commercial property which mainly comprises serviced apartments developed by the Remaining Group, and one office building and one industrial park developed by independent third-party property developers during the Track Record Period, which we charged our property management services with reference to GFA.

(4) In late December 2022, we commenced to provide property management services to one residential property developed by joint ventures or associates of the Remaining Group, given we have only generated property management income since January 2023 according to the relevant property management agreement, no revenue was record for the year ended December 31, 2022.

(5) The decrease in the overall monthly average property management fee per sq.m. for the non-residential properties developed by independent third-party property developers for 2022 as compared to 2021 was mainly because (i) in 2021, we only managed one non-residential property developed by independent third-party property developers and we charged a relatively higher monthly average property management fee per sq.m. than other existing non-residential properties developed by independent third-party developers; and (ii) we commenced to manage a commercial property developed by an independent third-party property developer at the end of December 2022, and a commercial property developed by an independent third party property developer was delivered to us in 2022 and we charge a relatively lower monthly average property management fee on this property than other existing properties developed by independent third-party property developers.

The following table sets forth a breakdown of our monthly average property management fee per sq.m. of our properties under our management (excluding package price projects) by city tier, by type of property and by type of property developer for the years indicated:

	For the year ended December 31,		
	2020	2021	2022
	(RMB per sq.m. per month)		
Second-tier cities[1]	**1.64**	**1.66**	**1.69**
Residential properties	**1.24**	**1.32**	**1.34**
– Remaining Group[2]	1.59	1.63	1.66
– Independent third-party property developers[3]	0.82	0.95	0.98
Non-residential properties[4]	**5.22**	**4.76**	**5.37[5]**
– Remaining Group[2]	5.45	4.90	5.27
– Independent third-party property developers[3]	3.01	3.33	–[6]
Third-tier cities[1]	**–**	**1.11**	**1.81**
Residential properties	**–**	**1.11**	**1.81**
– Remaining Group[2]	–	1.11	1.81
– Independent third-party property developers[3]	–	–	–
Non-residential properties[4]	**–**	**–**	**–**
Other cities[1]	**0.80**	**0.96**	**0.87**
Residential properties	**0.80**	**0.96**	**0.87**
– Remaining Group[2]	1.08	1.20	1.14
– Independent third-party property developers[3]	0.44	0.69	0.62
Non-residential properties[4]	**–**	**–**	**0.81**
– Remaining Group[2]	–	–	–
– Independent third-party property developers[3]	–	–	0.81
Overall	**1.43**	**1.44**	**1.44**

Notes:

(1) For the purpose of this table, "second-tier cities" include Hangzhou, Ningbo, Hefei and Qingdao; "third-tier cities" include Jinhua; and "other cities" include Chuzhou, Lishui, Huaibei, Taizhou and Zhoushan.

(2) Refer to properties solely developed by the Remaining Group or jointly developed by the Remaining Group and independent third-party property developers where the Remaining Group held a controlling interest in such properties.

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

(4) Excluding non-residential property projects charged on a package price of property management fees on a per project basis without reference to any GFA. The major type of non-residential property we managed during the Track Record Period was integrated commercial complexes. In 2020, 2021 and 2022, our monthly average property management fee for integrated commercial complexes was approximately RMB6.92 per sq.m., RMB5.78 per sq.m., and RMB4.31 per sq.m., respectively. Most of the integrated commercial complexes under our management were developed by the Remaining Group. Apart from integrated commercial complexes, we also managed one commercial property which mainly comprises serviced apartments developed by the Remaining Group, and one office building and one industrial park developed by independent third-party property developers during the Track Record Period, which we charged our property management services with reference to GFA.

(5) In mid-2022, we ceased to provide property management services for a non-residential property developed by independent third-party developers located in Hangzhou. This decision was made upon the expiry of the relevant property management agreement, which had generated approximately RMB0.8 million in property management fees during 2022. As we ceased to provide services before December 31, 2022, we did not record any GFA under management for this project as of December 31, 2022.

(6) In mid-2022, we ceased to provide property management services for a non-residential property developed by independent third-party developers located in Hangzhou. This decision was made upon the expiry of the relevant property management agreement, which had generated approximately RMB0.8 million in property management fees during 2022. As we ceased to provide services before December 31, 2022, we did not record any GFA under management for this project as of December 31, 2022. Therefore, the monthly average property management fee for non-residential properties in second-tier cities developed by independent third-party property developers is not applicable.

The following table sets forth a breakdown of our monthly average property management fee per sq.m. of our properties under our management (excluding package price projects) by geographic location and by type of property developer for the years indicated:

	For the year ended December 31,		
	2020	2021	2022
	(RMB per sq.m. per month)		
Hangzhou	**1.51**	**1.59**	**1.62**
Residential properties	1.12	1.27	1.28
– Remaining Group(1)	1.59	1.78	1.72
– Independent third-party property developers(2)	0.81	0.94	0.98
Non-residential properties(3)	4.61	4.13	4.79
– Remaining Group(1)	4.81	4.22	4.67
– Independent third-party property developers(2)	3.01	3.33	–(5)
Huaibei	**0.80**	**0.92**	**0.83**
Residential properties	0.80	0.92	0.87
– Remaining Group(1)	1.08	1.16	1.14
– Independent third-party property developers(2)	0.44	0.69	0.63
Ningbo	**1.97**	**1.81**	**1.93**
Residential properties	1.49	1.34	1.46
– Remaining Group(1)	1.49	1.34	1.46
– Independent third-party property developers(2)	–	–	–
Non-residential properties(3)	8.86	8.48	8.47
– Remaining Group(1)	8.86	8.48	8.47
– Independent third-party property developers(2)	–	–	–
Hefei	**2.51**	**2.27**	**1.64**
Residential properties	2.51	2.27	1.64

	For the year ended December 31,		
	2020	2021	2022
	(RMB per sq.m. per month)		
– Remaining Group(1)	2.57	2.57	2.57
– Independent third-party property developers(2)	2.27	1.59	0.90
Lishui	**–**	**1.44**	**1.06**
Residential properties	–	1.44	1.06
– Remaining Group(1)	–	1.44	1.40
– Joint Ventures and associates of the Remaining Group(6)	–	–	–
– Independent third-party property developers(2)	–	–	–
Jinhua	**–**	**1.11**	**1.81**
Residential properties	–	1.11	1.81
– Remaining Group(1)	–	1.11	1.81
– Independent third-party property developers(2)	–	–	–
Qingdao	**–**	**–**	**1.86**
Residential properties	–	–	1.86
– Remaining Group(1)	–	–	1.86
– Independent third-party property developers(2)	–	–	–
Chuzhou	**–**	**–**	**1.83**
Non-residential	–	–	1.83
– Remaining Group(1)	–	–	–
– Independent third-party property developers(2)	–	–	1.83
Taizhou	**–**	**–**	**0.45**
Residential properties	–	–	0.45
– Remaining Group(1)	–	–	–
– Independent third-party property developers(2)	–	–	0.45
Overall(4)	**1.43**	**1.44**	**1.44**

Notes:

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

(2) Refer to properties solely developed by independent third-party property developers.

(3) Excluding non-residential property projects charged on a package price of property management fees on a per project basis without reference to any GFA. The major type of non-residential property we managed during the Track Record Period was integrated commercial complexes. In 2020, 2021 and 2022, our monthly average property management fee for integrated commercial complexes was approximately RMB6.92 per sq.m., RMB5.78 per sq.m., and RMB4.31 per sq.m., respectively. Most of the integrated commercial complexes under our management were developed by the Remaining Group. Apart from integrated commercial complexes, we also managed one commercial property which mainly comprises serviced apartments developed by the Remaining Group, and one office building and one industrial park developed by independent third-party property developers during the Track Record Period, which we charged our property management services with reference to GFA.

(4) For the purpose of this table, Huzhou is not included as the only project we managed in this city during the Track Record Period was a package price project.

(5) We ceased to provide property management services to one non-residential property developed by independent third-party property developers in 2022 upon expiry of the relevant property management agreement, while we generated property management fees in 2022 without any GFA under management as of December 31, 2022. Therefore, the monthly average property management fee for non-residential properties in second-tier cities developed by independent third-party property developers is not applicable.

(6) Refer to properties jointly developed by the Remaining Group and independent third-party property developers where the Remaining Group did not hold a controlling interest in such properties. In late December 2022, we commenced to provide property management services to one property located in Lishui developed by joint ventures and associates of the Remaining Group, given we have only generated propertymanagement income since January 2023 according to the relevant property management agreement, no revenue was record for the year ended December 31, 2022.

For further discussion of our monthly average property management fee during the Track Record Period, see "Financial Information—Description of Certain Consolidated Statementsof Profit or Loss and Other Comprehensive Income Items—Revenue—Revenue from Property Management Services" in this document.

According to CIA, based on the latest available information as of the Latest Practicable Date, in 2020 and 2021, in terms of residential properties, (i) the monthly average property management fee in Hangzhou charged by the Top 100 Property Management Companies was approximately RMB2.68 per sq.m. and RMB2.78 per sq.m., respectively; (ii) based on the market research conducted by CIA, the range of monthly property management fee in Huaibei was approximately RMB0.45 per sq.m. to RMB3.00 per sq.m.; (iii) the monthly average property management fee in Ningbo charged by the Top 100 Property Management Companies was approximately RMB2.52 per sq.m. and RMB2.47 per sq.m., respectively; (iv) the monthly average property management fee in Hefei charged by the Top 100 Property Management Companies was approximately RMB1.60 per sq.m. and RMB1.67 per sq.m., respectively; (v) the monthly average property management fee in Lishui charged by the Top 100 Property Management Companies was approximately RMB1.58 per sq.m. and RMB1.58 per sq.m., respectively; and (vi) the monthly average property management fee in Jinhua charged by the Top 100 Property Management Companies was approximately RMB2.35 per sq.m. and RMB2.32 per sq.m., respectively. According to CIA, in 2020 and 2021, in terms of non-residential properties, (i) the monthly average property management fee in Hangzhou charged by the Top 100 Property Management Companies was approximately RMB7.03 per sq.m. and RMB7.14 per sq.m., respectively; and (ii) based on the market research conducted by CIA, the range of monthly property management fee in Ningbo was approximately RMB1.50 per sq.m. to RMB19.0 per sq.m..

In terms of residential properties, as advised by CIA, our monthly average property management fee in Hangzhou in 2020 and 2021 was generally lower than the market average, primarily due to (i) the age of the residential properties we managed in this city, among which, approximately 76.6% of such properties were aged over five years, and approximately 57.5% of such properties were aged over 10 years; and (ii) the location of certain residential properties we managed are located in a county-level city in Hangzhou, where the average property management fee in this area is generally lower than the averages of city area in Hangzhou. As advised by CIA, in terms of residential properties, the average property management fee in Hangzhou charged by the Top 100 Property Management Companies does not cover the aforesaid county-level city. For residential properties located in Huaibei, our monthly average property management fee in 2020 and 2021 was within the market range. For residential properties located in Ningbo, our monthly average property management fee in 2020 and 2021 was generally lower than the market average, primarily due to the location of the residential properties we managed are located in county-level cities in Ningbo, where the average property management fee in these areas are generally lower than the averages of city area in Ningbo. As advised by CIA, in terms of residential properties, the average property management fee in Ningbo charged by the Top 100 Property Management Companies does not cover the aforesaid county-level cities. For residential properties located in Hefei, our monthly average property management fee in 2020 and 2021 was generally higher than the market average, primarily due to the residential properties we managed in this city covered higher class property types such as villas, which require higher standard of services. Generally, property management companies shall be able to charge a higher property management fee depending on the quality of service provided. For residential properties located in Lishui, our monthly average property management fee in 2021 was slightly lower than the market average in 2021. For residential properties located in Jinhua, our monthly average property management fee in 2021 was lower than the market average in 2021, primarily due to the location of the residential properties we managed are located in a county-level city in Jinhua, where the average property management fee in this area is generally lower than the averages of city areas in Jinhua.

In terms of non-residential properties, our monthly average property management fee charged for such type of properties in Hangzhou in 2020 and 2021 was generally lower than the market average, primarily due to the reason that we managed a commercial property which mainly comprises serviced apartments and contributed a larger proportion of our GFA under management of the non-residential properties we managed in Hangzhou, and the property management fee of serviced apartments we could charge was lower than integrated commercial complexes. For non-residential properties located in Ningbo, our monthly average property management fee in 2020 and 2021 was within the market range.

Accordingly, CIA is of the view that despite our average property management fees in 2020 and 2021 were lower than the market average, they are generally within the market range of the same area with reference to the location, age and quality of the properties.

Payment and Credit Terms

We generally bill property management fees on a semi-annual or annual basis, depending on the terms of our property management service agreements. The fees for property management services are typically due for payment by property owners upon our issuance of demand notes. We typically demand payment for our property management services after issuance of demand notes to property owners which, and it is consistent with the property management industry norm in the PRC. To the extent permitted under the applicable PRC law, we collect utility fees on behalf of property owners and residents in relation to electricity and water free of charge.

We primarily accept payments for property management fees through cash payment, bank transfer, credit cards or third-party platforms such as WeChat Pay and Alipay. To facilitate the timely collection of property management fees and other payments, we may send reminders and notifications through various channels such as via phone calls, text messages and WeChat one-to-one communications, by sending payment demand notices or posting such notices outside the relevant property units to remind property owners or tenants of their outstanding property management fees. For customers whose property management fees are outstanding for over six months to one year from their original due date, we may increase the frequency of our reminders and issue demand letters to property owners, residents or tenants whose property management fees are overdue. If such outstanding payment has not been settled after several rounds of communications, we may issue a demand letter through attorneys, and may file lawsuit to claim the outstanding amounts. We will issue demand letter to ensure that we fulfill requirements under PRC statutes of limitations, which, according to the Civil Code of the PRC (《中華人民共和國民法典》), 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” and “Risk Factors—Risks Relating to Our Business and Industry—We may not be able to collect property management fees from property owners, tenants or property developers and as a result, may incur impairment losses on receivables” in this document for more information on our trade receivables and related risks thereof.

VALUE-ADDED SERVICES MAINLY TO PROPERTY DEVELOPERS

We offer value-added services mainly to property developers to address their various needs arising from different stages of property development projects. Some of our value-added services mainly to property developers are provided to construction companies.

We commenced to provide value-added services mainly to property developers in 2010. In 2020, 2021 and 2022, our revenue from value-added services mainly to property developers amounted to approximately RMB33.3 million, RMB59.2 million and RMB60.7 million, respectively, accounting for approximately 14.4%, 20.0% and 19.0% of our total revenue for the respective years. During the Track Record Period, we recorded a significant increase in the revenue generated from value-added services mainly to property developers and a majority of the revenue from value-added services mainly to property developers was from sales office management services. We have also provided other value-added services mainly to property developers including preliminary planning and design consultancy services and pre-delivery inspection services.

The following table sets forth a breakdown of our revenue from value-added services mainly to property developers by service type for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Sales office management services	25,334	76.1	54,369	91.9	55,046	90.6
Preliminary planning and design consultancy services	6,162	18.5	3,536	5.9	4,546	7.5
Pre-delivery inspection services	1,790	5.4	1,288	2.2	1,137	1.9
Total	**33,286**	**100.0**	**59,193**	**100.0**	**60,729**	**100.0**

During the Track Record Period, we generated the majority of our revenue of value-added services mainly to property developers from the Remaining Group, demonstrating the synergy between our business and the property development business of the Remaining Group. In 2020, 2021 and 2022, our revenue from the Remaining Group and its joint ventures and associates for value-added services mainly to property developers amounted to approximately RMB32.0 million, RMB52.7 million and RMB54.1 million, respectively, accounting for approximately 96.1%, 89.0% and 91.3% of our revenue from value-added services mainly to property developers for the respective years. The increase in our revenue from sales office management services during the Track Record Period was primarily attributable to the increase in the number of sales office management engagements we obtained from the Remaining Group and its joint ventures and associates for their property development projects during the relevant years. We believe the provision of such services to other property developers would cultivate our relationships with these customers at an early stage of property development, which may increase our chance to obtain subsequent property management engagements from them.

We typically explore potential business opportunities for value-added services mainly to property developers through referrals from the Remaining Group or other independent third-party property developers which have established business relationship with us. All of our contracts for value-added services mainly to property developers were obtained through commercial negotiation, which is permitted by PRC laws and regulations as advised by our PRC Legal Advisor. Our Directors believe that our contracts with respect to value-added services mainly to property developers during the Track Record Period were comparable to other third-party property management companies which also provided similar services to the Remaining Group and its joint ventures and associates. As advised by CIA, our fee charged for value-added services mainly to property developers during the Track Record Period were in line with the industry range. In view of the above, our Directors consider that our service fees charged for value-added services mainly to property developers during the Track Record Period were reasonable and in line with the prevailing market rates for similar services at the material times.

Sales Office Management Services

We primarily provide management services to property sales venue and display units of property developers, such as security services, cleaning and visitor reception and management. We do not participate in the sales transactions of our customers. We typically charge property developers a fixed service fee representing a mark-up on top of our estimated costs. The mark-up rate (tax inclusive) during the Track Record Period generally ranged from 14.6% to 21.7%. The average monthly service fee charged was approximately RMB106,000, RMB151,000 and RMB149,000 in 2020, 2021 and 2022, respectively. The increase in our average monthly service fee from the year ended December 31, 2020 to the year ended December 31, 2021 is primarily due to the reason that the costs of certain new sales office management projects we managed in 2021 were generally higher than our other previous projects as the properties involved include relatively higher-end properties with intelligent facilities expected to be installed, the property sales venue and display units are more sizeable and we had to deployed more employees, and the increase in labor costs in the PRC property management industry. Under our sales management service agreements, we are obligated to follow the service standards as agreed between us and our customers, while our customers are obligated to provide us with the facilities and equipment necessary to provide our services. We generally provide our sales management services through our employees. As of December 31, 2020, 2021 and 2022, we managed a total of 20, 30 and 33 sales office management projects, respectively, among which, 19, 26 and 29 sales office management projects were obtained from the Remaining Group or its joint ventures and associates for their property development projects, respectively, and one, four and four sales office management projects were obtained from independent third-party property developers, respectively.

In 2020, 2021 and 2022, our revenue from sales office management services represented approximately 76.1%, 91.9% and 90.6% of our revenue from value-added services mainly to property developers, respectively.

Preliminary Planning and Design Consultancy Services

We started to provide preliminary planning and design consultancy services to property developers in 2020, who leverage our experience and expertise in property management services to provide assessment and suggestions during the planning, design and construction phases of their property development projects with an aim to facilitate the property management of such property. We will participate in the review of blueprints and other construction planning documents and conduct on-site inspection during the construction phase from time to time. The scope of our assessment and suggestions covers various aspects such as traffic planning, engineering systems such as water supply and drainage systems, electricity and lighting systems, overall positioning and tier of the property, public facilities, gardening and landscape. We may also provide property management trainings to the employees of the property developer and attend the marketing events of such project so as to assist with the sale as per the request of the property developer. We primarily charge a fixed fee of RMB4.0 per sq.m. for our preliminary planning and design consultancy services project. The average service fee per project we received was approximately RMB0.5 million, RMB0.3 million and RMB0.2 million in 2020, 2021 and 2022, respectively. We generally provide our preliminary planning and design consultancy services through our employees. As of December 31, 2020, 2021 and 2022, we provided such services to 12, 14 and 22 projects, respectively.

We expanded into preliminary planning and design consultancy services in 2020 primarily because we began to expand our value-added services mainly to property developers as a strategy to grow our overall business scale. We believe that through offering preliminary planning and design consultancy services, we will be able to establish and cultivate relationships with property developers at the early stage of property development projects, which may increase our chance to obtain subsequent property management engagements from them. Prior to 2020, neither the Remaining Group nor our Group provided the preliminary planning and design consultancy services, however the Remaining Group had been strategizing its expansion plan to include preliminary planning and design consultancy services for its property development projects so as to improve the overall quality of its property projects, as such, the Remaining Group started to engage our Group to provide such services to certain properties it developed in 2020. To the best of our Directors' knowledge after consulting the Remaining Group, the Remaining Group decided to engage us for the provision of preliminary planning and design consultancy services to the properties it developed instead of providing such services itself primarily because (i) the Remaining Group wanted to focus on and maintain its resources to its property development business and sale of properties prior to completion and did not want to allocate extra resources on the preliminary planning and design consultancy services; (ii) we, as a property management services provider, can provide planning and design advice from the property users' perspective which can better meet the needs of the property users and facilitate the property management of such properties upon completion; and (iii) the GFA completed and delivered by the Remaining Group to property purchasers in 2020 was higher than 2019 and the Remaining Group expected that the GFA to be completed and delivered to property purchasers will continue to increase in the near future. Accordingly, our Group was officially engaged by the Remaining Group in 2020 to provide such services and the Remaining Group does not provide such services. After the Track Record Period, our Group has been negotiating for new preliminary planning and design consultancy service engagements with other independent third-party property developers to further diversify our project sources for this service line.

In 2020, 2021 and 2022, our revenue from preliminary planning and design consultancy services represented approximately 5.9%, 7.1% and 7.5% of our revenue from value-added services mainly to property developers, respectively. All our revenue from preliminary planning and design consultancy services was generated from the Remaining Group and its joint ventures and associates during the Track Record Period.

Pre-delivery Inspection Services

We started to provide pre-delivery inspection services to property developers in 2020 to ensure their completed properties are suitable for delivery to the property purchasers so as to improve their customers' satisfaction rate. Our inspection focuses on areas including functionality and quality. We typically conduct two to three rounds of on-site examination to detect potential defects, provide feedback to property developers in relation to units that require rectifications and assist with such rectifications until the units can meet our delivery standards. We are responsible for the procurement of the materials we need to carry out the pre-delivery inspection services. We typically charge a fee on per sq.m. basis, ranging from approximately RMB3.0 per sq.m. to RMB5.0 per sq.m. of the projects to be delivered for our pre-delivery inspection services. The average service fee per project we received was approximately RMB0.6 million, RMB0.3 million and RMB0.4 million in 2020, 2021 and 2022, respectively. We generally provide pre-delivery inspection services through our own employees. As of December 31, 2020, 2021 and 2022, we provided such services to three, four and three projects, respectively.

Prior to 2020, the Remaining Group provided the pre-delivery inspection services itself through its internal construction department. To the best of our Directors' knowledge after consulting the Remaining Group, the Remaining Group started to engage us for the provision of pre-delivery inspection services to the properties it developed primarily because (i) the Remaining Group could reallocate resources of its construction department to focus on its property development business and sale of properties prior to completion; (ii) we can provide inspection services from the property users' perspective which can better meet the needs of the property users and ensure the properties are ready to be delivered according to our own set of delivery standards; and (iii) the GFA completed and delivered by the Remaining Group to property purchasers in 2020 was higher than 2019 and the Remaining Group expected that the GFA to be completed and delivered to property purchasers will continue to increase in the near future. Accordingly, our Group was officially engaged by the Remaining Group in 2020 to provide such services and the Remaining Group does not provide such services thereafter.

In 2020, 2021 and 2022, our revenue from pre-delivery inspection services represented approximately 2.2%, 3.2% and 1.9% of our revenue from value-added services mainly to property developers, respectively. All our revenue from pre-delivery inspection services was generated from the Remaining Group and its joint ventures and associates during the Track Record Period.

COMMUNITY VALUE-ADDED SERVICES

We offer certain community value-added services principally to property owners and residents of the projects we manage with an aim to foster a sense of community and belonging. We commenced to provide community value-added services in 2010. In 2020, 2021 and 2022, revenue generated from our community value-added services amounted to approximately RMB14.2 million, RMB31.3 million and RMB35.4 million, respectively, accounting for approximately 6.1%, 10.6% and 11.1% of our total revenue for the respective years. During the Track Record Period, the community value-added services we primarily provided to property owners and residents of our managed properties include (i) common area management services where we assist property owners to lease out common areas for advertisement placements and operation or promotion of their businesses which help facilitate the living convenience of the community, (ii) renovation waste disposal services where we assist the property owners to dispose of the waste generated as a result of the renovation work carried out in their units and (iii) car parking space sales agency services.

The following table sets forth a breakdown of our revenue from community value-added services by service type for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Common area management services	9,489	66.9	10,632	33.9	11,095	31.3
Renovation waste disposal services	1,481	10.5	3,467	11.1	1,186	3.3
Car parking space sales agency services	3,208	22.6	17,212	55.0	23,132	65.4
Total	**14,178**	**100.0**	**31,311**	**100.0**	**35,413**	**100.0**

We typically obtain contracts for community value-added services through commercial negotiation or service requests from property owners or residents of our managed properties from time to time.

Common Area Management Services

We assist property owners in leasing out common areas of projects we manage such as lifts, fences and entrance and exit gates to advertising companies seeking places for advertisement placements. We also assist property owners in leasing out empty spaces of common areas to third-party vendors for operation or promotion of their businesses such as automatic vending machines, intelligent self pick-up stations and pop-up stores which help facilitate the living convenience of the community. Income from leasing out the common areas will be shared between the property owners' association or property owners and us pursuant to the terms of the property management service agreement and applicable laws and regulations in the PRC. We profit from our common area management services by collecting a portion of the rental fees of the common area as our services fee which is payable by the advertising companies or third-party vendors. We generally charge a pre-negotiated fixed percentage of the rental fee on a per-transaction basis and such percentage is determined by taking into account factors such as the location and the duration of the services. We generally provide our common area management services through our employees.

In 2020, 2021 and 2022, our revenue from common area management services represented approximately 66.9%, 33.9% and 31.3% of our revenue from community value-added services, respectively.

Renovation Waste Disposal Services

Depending on the property owners' specific requirements or the terms of the service agreements, we provide disposal services to property owners of the properties we manage to dispose of the waste generated as a result of the renovation work carried out in their units. We typically charge for our renovation waste disposal services on per sq.m. basis of the unit involved and determine fees with reference to the prevailing market price. We generally provide our renovation waste disposal services through our employees and subcontractors.

In 2020, 2021 and 2022, our revenue from renovation waste disposal services represented approximately 10.5%, 11.1% and 3.3% of our revenue from community value-added services, respectively.

Car Parking Space Sales Agency Services

We started to provide sales assistance services to the Remaining Zhong An Group in May 2020 to sell and purchasers to purchase car parking spaces in a residential property project we manage. During the Track Record Period, we typically entered into car parking space sales cooperation agreements with the Remaining Group, pursuant to which we were authorized to assist with and facilitate the sales of car parking spaces of property projects to purchasers. The Remaining Group bears the cost of maintaining the parking spaces. We also provide marketing and advertising services to assist sales of car parking spaces. Going forward, we plan to assist owners of car parking spaces located in the projects we manage to sell their car parking spaces in the secondary market. For our car parking space sales agency services, we typically charge a pre-negotiated fixed service fee for each transaction. The amount of such service fee is specified in the service agreement and shall be payable by the Remaining Group. We generally provide our car parking space sales agency services through our employees.

Prior to May 2020, the Remaining Group operated the car parking space sales by its own car park sales team. To the best of our Directors' knowledge after consulting the Remaining Group, the Remaining Group started to authorize us to provide car parking space sales agency services in May 2020 primarily because (i) we have on-site employees at the relevant properties to conduct marketing and sales of the car parking space through our business network and the Remaining Group could reallocate resources of its marketing teams to focus on its property development business and sale of properties prior to completion; (ii) the unsold car parking spaces were situated in the properties managed by us and the purchasers were accustomed to approaching us for purchase of car parking spaces; and (iii) the relevant properties were managed by us and thus we have better and thorough understanding of the conditions of the relevant properties and requirements of the services needed. We consider it is common for a PRC property developer to authorize its property management subsidiaries to act as agents to assist with and facilitate the sales of car parking spaces of the property projects the PRC property developer developed.

In 2020, 2021 and 2022, our revenue from car parking space sales agency services amounted to approximately RMB3.2 million, RMB17.2 million and RMB23.1 million, represented approximately 22.6%, 55.0% and 65.4% of our revenue from community value-added services, respectively. All our revenue from car parking space sales agency services was generated from the Remaining Group during the Track Record Period.

SALES AND MARKETING

Our investment development center at the headquarters is primarily responsible for developing our overall marketing and business expansion strategies, formulating marketing and expansion management policies which include the selection criteria of potential property management projects or companies for business expansion purposes, managing our efforts in relation to tender bids and negotiating property management service agreements as a group, managing and maintaining client relationships and conducting business development. It will review and approve or reject new property management service agreements and budget proposals submitted by our subsidiaries and branch offices. The investment development center also has a supervisory and supporting role over our subsidiaries and branch offices in relation to business development.

We have devised a marketing and expansion management policy to be followed by our investment development center, our subsidiaries and branch offices. Our investment development center typically explores new business expansion opportunities principally through frequent communications with property owners' associations, property owners, relevant governmental departments and property developers.

As of December 31, 2022, we had a team of six personnel in our investment development center. Our subsidiaries and branch offices are also responsible for implementing the marketing and expansion management policy in their respective regions. They are also expected to explore and establish information channels within their respective regions for business development and market research purposes. Such information channels may include, among other things, platforms on which property developers or property owners' associations announce tender and bidding opportunities. They may also identify business opportunities by way of recommendation or frequent communication with customers, governmental departments and other industry players.

In addition to maintaining long-term and stable cooperation with the Remaining Group, we also endeavor to expand our cooperation with independent third-party property developers through regular communication and provision of professional and quality services. Therefore, we have implemented an incentive scheme to motivate our employees to provide information on business development opportunities and reward will be awarded to the employee who successfully refers business opportunities to us, the amount of the reward varies depending on the potential value of the business opportunities.

We also routinely organize community activities at properties we manage in order to create a greater sense of belonging and community, collect property owner feedback on our services, and improve their satisfactions with our services. We believe that these efforts will help improve customer loyalty and increase the retention rate of property management service agreements in relation to the properties we manage.

STANDARDIZED OPERATION AND DIGITALIZATION

To reduce our labor cost and reliance on labor and to strengthen our competitiveness, we have been focusing on implementing standardization and digitalization of our services so as to ensure consistent and high-quality services, maximize operation efficiency and alleviate the pressure of increasing labor costs.

Standardized Operation

We have standardized and optimized our service standards and procedures by setting out detailed guidance on key standards and procedures for property management and related services so as to ensure consistent and quality services covering different property types and customers. We have prepared operating manuals to facilitate the implementation of these service standards. Certain commercial or technical documents have also been standardized by our headquarters so as to facilitate our operation. We have also established related policies for the evaluation of the properties we manage with the aim to identify problems and improve service quality. Furthermore, we provide periodic trainings to our employees to ensure that they understand and follow our services standards and procedures. See "—Employees" in this section for further details.

Centralized management at our headquarters can be achieved by our standardized standards and procedures. We believe that standardization allows us to strengthen our service quality, reputation and management efficiency by ensuring the consistency of our service standards and quality.

Digitalization

We plan to increase our investment in intelligent technologies, and gradually transform from a labor-intensive property management service provider to a technology-incentivized enterprise better equipped with digitalized operational systems so as to offer more efficient, effective and higher quality property management services. In order to realize an efficient and transparent transmission of information of the projects under our management, we adopted an intelligent property management system during the Track Record Period. Our intelligent property management system helps digitalize the management and monitoring of our services, including the collection of management fees and feedback from our customers, which gives us timely access to centralized and unified status data of the projects under our management, which will in turn assist us in understanding the environment or situation of the projects under our management and making management decisions accordingly. In addition, our intelligent property management system records requests for repair and maintenance services required in common area of our managed properties, which allow us to arrange for follow-up actions promptly.

We also relied on integrated cloud computing and storage system to support the operation of our intelligent property management system. It collects and stores information from our different business ends, consolidates such information into the integrated database, which in turn provides data reference for our internal use and analysis efficiently.

Our intelligent property management system and integrated cloud computing and storage system were generally applied in our daily operations and management, assisting us to effectively communicate internally and externally such as with property owners and residents, optimizing our document filing and retrieval process, and allowing our employees to utilize information technologies with ease and in an organized and efficient manner.

Intelligent Management

We strive to create a better and safer community for property owners and residents in projects under our management through the application of intelligent technologies and facilities. Such intelligent management allows us to achieve centralized management, optimize operation efficiency, reduce reliance on manual labor and lower operating costs. The intelligent technologies and facilities we applied or installed at properties under our management during the Track Record Period mainly include the following modules:

- *Intelligent entrance management*. Our intelligent entrance management provides a convenient security check experience for property owners and residents by offering contact-free entrance access through our facial recognition access control system.

- *Intelligent surveillance system.* We have various intelligent surveillance cameras installed at some of the communities under our management such as closed-circuit television cameras, intelligent surveillance cameras with motion recognition function recording any potential high-rise littering, and intelligent anti-theft system along the boundary of our communities with automatic alarm function.

- *Intelligent car park management system.* Our intelligent car park management system stores car park visitors' information and controls visitor management through car plate recognition. It also expedites our collection of car park management fees through restricting access of car park users who have overdue car park management fees on our records.

- *Community facility equipment monitors.* Our community facility equipment monitors provide real-time monitoring of water pumps and electric power facilities through various monitor sensors installed at some of the properties under our management. Such monitors enable us to remotely monitor usage of water and electricity and save unnecessary costs by timely identifying abnormal usage in our business operations. We analyze and process data collected through our community facility equipment monitors, thereby improving our service quality and management efficiency.

In addition to the above, we also engaged regional fire control surveillance system maintained by external service providers for several projects we manage, which provides centralized surveillance services and intelligent fire control services and notifies us of abnormalities identified in time, to which we can promptly respond. All information collected through our intelligent technologies and facilities will be consolidated into our intelligent property management system for centralized information management. As of the Latest Practicable Date, 31 of our property projects, accounting for approximately 32.0% of our total property projects under management as of the same date, were equipped with at least one of the above intelligent technologies and facilities.

Online Platform Services

In addition, with a view to provide more convenient and efficient integrated services to our customers, we also plan to launch a mobile App by the end of the fourth quarter of 2023 which will serve as a one-stop service platform for the property owners, residents and tenants of certain projects we manage. The primary functions of our mobile App will include repair and maintenance reporting, feedback and complaints collection, property management fees payment and property management fee statements tracking. For further information on the function of the mobile App, see "—Business Strategies—Increase our Investment in Intelligent Technologies and Facilities to Bolster the Development of Communities across the Projects we Manage and Optimize our Business Model" in this section.

According to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》), which was issued by the State Council with effect from September 25, 2000 and revised on January 8, 2011, internet information services refer to the provision of information to web users through the internet, which can be divided into commercial internet information services and non-commercial internet services. Commercial internet information services refer to paid services of providing information to or creating web pages for web users through the internet. Non-commercial internet services refer to free services of providing public, commonly shared information to web users through the internet. Entities engaging in providing commercial internet information services shall apply for a license for value-added telecommunication services of internet information services. As for the operations of non-commercial internet information services, only filings with the relevant authority of the PRC Government are required.

The business we plan to conduct via the mobile App does not constitute the value-added telecommunication services as defined in the relevant PRC laws and regulations because we expect to use our mobile App as a tool to facilitate the provision of our offline or physical services, and we have no plans to sell products or services of third-party suppliers or generate any revenue directly from the mobile App in the form of paid internet information services. Based on the foregoing, our PRC Legal Advisor is of the view that (i) the business we plan to conduct is regarded as "non-commercial internet information services"; (ii) the non-commercial internet information services we plan to provide do not require the license for value-added telecommunication services; and (iii) the filings of non-commercial internet information services are not subject to foreign investment restrictions. Our Directors expect that the filings of non-commercial internet information services for the mobile App will be completed prior to its launching.

Data Management

To the extent necessary and so as to provide our services, we collect customer data such as customers' name, home address and contact information when we are engaged for provision of our services. For example, we collect customer data from property owners upon delivery of property units and consolidate them into our intelligent property management system for centralized information management. We collect customer data from our daily operation with relevant consents from our customers. Our customers are also required to enter into agreements which permit us to collect and use their personal information in accordance with our privacy policy and the relevant PRC laws and regulations.

We strictly control the access to, and usage of, those data by any third party without prior consent of the customer. We have a centralized system to manage our operation systems. Account identifications and passwords are required for our employees to sign into the data system and such account identifications and passwords are required to be updated periodically. We have internal policies and guidance on the information technology and cyber security management which, among other things, aim to enhance the safety of our confidential customer and business data and to ensure cyber security of our systems, so as to prevent information leakage and to comply with the relevant PRC laws and regulations, such as the Cyber Security Law, Data Security Law of the PRC and the Personal Information Protection Law of the PRC. These key internal policies and guidance include, but are not limited to, (i) all employees who can have access to any personal information through our systems or networks are required to observe and follow our policies and guidelines in handling such personal information, including non-disclosure of the information to any other person other than for necessary work purposes and through proper and designated work communication channels; (ii) any personal information collected by us is organized and stored in accordance with our policies and guidelines that prevent unintended leakage, damage or theft; and (iii) we have designated personnel to handle any data-related concern or complaints and monitor and address data security protection issues internally to ensure that we comply with the relevant PRC laws and regulations relating to data privacy. Such internal policies and guidance protect the safety of, among other things, data stored in our computers, shared folders, software and network systems.

Based on the above, our PRC Legal Advisor is of the view that we are compliant with the applicable data privacy and cyber security laws and regulations, including those governing the collection and use of personal information, in all material aspects in the PRC during the Track Record Period and up to the Latest Practicable Date. For further details regarding the relevant laws and regulations in relation to cyber security and data protection, 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" and "Regulatory Overview—Laws and Regulations on Data Security and Privacy" in this document. During the Track Record Period and up to the Latest Practicable Date, so far as our Directors are aware of, we had not been involved in any material litigation, arbitration or administrative proceedings in relation to the infringement of personal information protection which could materially and adversely affect our business operations and financial condition, and no material litigation, arbitration or claim relating to personal information protection is pending or threatened against us which is expected to materially and adversely affect our business operations and financial condition.

CUSTOMERS

Overview

Our customer base primarily consists of property developers, property owners, residents and tenants, property owners' associations, advertising companies and third-party vendors. The following table sets forth the main types of our major customers for each of our three business lines:

Business Line	Major Customers
Property management services	Property developers, property owners, tenants, property owners' associations and other property management companies

Business Line	Major Customers
Value-added services mainly to property developers	Property developers and construction companies
Community value-added services	Advertising companies, third-party vendors, property owners and residents, and property developers

In 2020, 2021 and 2022, revenue generated from sales to our five largest customers amounted to approximately RMB80.4 million, RMB114.3 million and RMB120.5 million, respectively, accounting for approximately 34.8%, 38.7% and 37.6%, respectively, of our total revenue. During the same period, revenue derived from sales to our single largest customer, the Remaining Group and its joint ventures and associates amounted to approximately RMB73.0 million, RMB103.9 million and RMB109.8 million, respectively, accounting for approximately 31.6%, 35.1% and 34.3% of our total revenue, respectively. During the Track Record Period, the Remaining Group and its joint venture and associates engaged us primarily for our property management services, value-added services mainly to property developers and community value-added services.

The Remaining Group operates a property development and property investment business in the PRC. The Remaining Group has achieved geographical coverage and a strong presence in the Yangtze River Delta Region. As of December 31, 2020, 2021 and 2022, we managed 34, 38 and 42 projects developed by the Remaining Group or its joint ventures and associates, respectively. We have established an ongoing business relationship with our largest customer during the Track Record Period for more than 20 years. The credit terms granted to our five largest customers in 2020, 2021 and 2022 range from seven to 90 days generally.

The Remaining Group and its associates are connected persons of the Group. Except for the Remaining Group and its associates, all of our five largest customers for the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, save as disclosed above, none of our Directors, their respective close associate or any Shareholders, to the best of our Directors' knowledge, owned more than 5% of our issued share capital held any interest in any of our five largest customers.

See "Connected Transactions" and "Risk Factors—Risks Relating to our Business and Industry—Our reliance on the Remaining Group and our future growth may be affected by the prospect of the Remaining Group" in this document for further details.

Notwithstanding the contribution by the Remaining Group and its joint ventures and associates to our revenue during the Track Record Period, taking into consideration (i) a significant portion of our Group's revenue was generated from services provided to independent third-party customers, which accounted for at least 64.8% throughout the Track Record Period, and such proportion is expected to increase once the contracted but undelivered projects developed by the Remaining Group or its joint ventures and associates as of December 31, 2022 have been delivered to independent third-party property purchasers; (ii) the proportion of our GFA under management for properties developed by independent third-party property developers during the Track Record Period maintained relatively stable from approximately 44.7% as of December 31, 2020 to approximately 44.3% as of December 31, 2021 and increased to 46.0% as of December 31, 2022; (iii) our ability to retain our existing independent third-party customers, for example, we successfully renewed two property management service agreements with the relevant property owners' association subsequent to the Track Record Period and as of the Latest Practicable Date; and (iv) our continuous effort in diversifying our project sources through exploring potential acquisitions or investment opportunities for third-party property management companies or property management projects developed by independent third-party property developers, our Directors believe that, going forward, we will be able to reduce reliance on the Remaining Group and its joint ventures and associates. See "Relationship with Controlling Shareholders—Our Business Relationship with the Remaining Group" and "Future Plans and **[REDACTED]**—**[REDACTED]**" in this document for details.

Relationship with the Remaining Group

Our Group maintains a well-established and ongoing business relationship with the Remaining Group and expects the management of properties developed by it will continue to be our stable source of revenue in the foreseeable future.

Property management services are important to the daily operations of the Remaining Group as a property developer in the PRC. We have been providing various services to the Remaining Group including residential and non-residential property management services since 1998 and 2005, respectively. We also provided value-added services mainly to property developers including sales office management services, preliminary planning and design consultancy services and pre-delivery inspection services, and community value-added services including car parking space sales agency services to the Remaining Group and its joint ventures and associates during the Track Record Period. As confirmed by CIA, the business relationship between the Remaining Group and us is common among PRC property management companies and their parent group companies and has been mutually beneficial and complementary. Benefiting from such a long-standing relationship, we consider that we are familiar with the strategies, standards and requirements of the Remaining Group and are therefore able to provide tailored services to them in order to meet their specific needs.

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

	For the year ended December 31,					
	2020		2021		2022	
	RMB('000)	*(%)*	*RMB('000)*	*(%)*	*RMB('000)*	*(%)*
Property management services	**183,231**	**79.5**	**205,190**	**69.4**	**223,593**	**69.9**
– Remaining Group	37,758	16.3	33,996	11.5	32,867	10.2
– Joint ventures and associates of the Remaining Group	–	–	–	–	–	–
– Independent third-party customers	145,473	63.2	171,194	57.9	190,726	59.7
Value-added services mainly to property developers	**33,286**	**14.4**	**59,193**	**20.0**	**60,729**	**19.0**
– Remaining Group	27,840	12.1	43,455	14.7	47,862	14.9
– Joint ventures and associates of the Remaining Group	4,190	1.8	9,241	3.1	5,957	1.9
– Independent third-party customers	1,256	0.5	6,497	2.2	6,910	2.2
Community value-added services	**14,178**	**6.1**	**31,311**	**10.6**	**35,413**	**11.1**
– Remaining Group	3,208	1.4	17,212	5.8	23,132	7.2
– Joint ventures and associates of the Remaining Group	–	–	–	–	–	–
– Independent third-party customers	10,970	4.7	14,099	4.8	12,281	3.9
Total	**230,695**	**100.0**	**295,694**	**100.0**	**319,735**	**100.0**

The general increase in revenue from the Remaining Group and its joint ventures and associates, in terms of paying customer, as a percentage of our total revenue increased from approximately 31.6% in 2020 to 34.2% in 2022 was primarily due to (i) the increase in revenue derived from value-added services mainly to property developers provided to the Remaining Group and its joint ventures and associates, mainly due to the increase in revenue from sales office management services as a result of the increase in the number of sales office management projects that we obtained from them; and (ii) the increase in revenue from community value-added services provided to the Remaining Group as we started to provide car parking space sales agency services to the Remaining Group in 2020.

During the Track Record Period, our value-added services mainly to property developers were primarily provided to the Remaining Group and its joint ventures and associates. Such services provided to the Remaining Group and its joint ventures and associates contributed to approximately 13.9%, 17.8%, and 16.8% of the total revenue of our Group in 2020, 2021 and 2022, respectively. We consider it is common for a property management company to provide such services primarily to its related property developer within the same group, and it is also common for a property developer to primarily engage its own subsidiaries to provide such services.

The following table sets forth a breakdown of our revenue by business line and by type of property developer for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Property management services	**183,231**	**79.5**	**205,190**	**69.4**	**223,593**	**69.9**
– Remaining Group[(1)]	139,529	60.5	148,775	50.3	159,917	50.0
– Joint ventures and associates of the Remaining Group[(2)]	–	–	–	–	–	–
– Independent third-party property developers[(3)]	43,702	19.0	56,415	19.1	63,676	19.9
Value-added services mainly to property developers	**33,286**	**14.4**	**59,193**	**20.0**	**60,729**	**19.0**
– Remaining Group[(1)]	28,811	12.5	44,811	15.1	48,996	15.3
– Joint ventures and associates of the Remaining Group[(2)]	4,190	1.8	9,241	3.1	4,823	1.5
– Independent third-party property developers[(3)]	285	0.1	5,141	1.8	6,910	2.2
Community value-added services	**14,178**	**6.1**	**31,311**	**10.6**	**35,413**	**11.1**
– Remaining Group[(1)]	9,856	4.2	26,824	9.0	33,055	10.3
– Joint ventures and associates of the Remaining Group[(2)]	–	–	–	–	147	0.1
– Independent third-party property developers[(3)]	4,322	1.9	4,487	1.6	2,211	0.7
Total	**230,695**	**100.0**	**295,694**	**100.0**	**319,735**	**100.0**

Notes:

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

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

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

During the Track Record Period, a vast majority of the properties under our management were developed by the Remaining Group. As of December 31, 2020, 2021 and and 2022, our GFA under management from properties developed by the Remaining Group and its joint ventures or associate constituted approximately 55.3%, 55.7% and 54.0%, respectively, of our total GFA under management as of the same dates. For the year ended December 31, 2020, 2021 and 2022, our overall revenue generated from properties developed by the Remaining Group and its joint ventures or associates amounted to approximately 79.0%, 77.5% and 77.2% of our total revenue, respectively. The general decreasing trend in our percentage of overall revenue from properties developed by the Remaining Group and its joint ventures or associates from 2020 to 2022 reflected our continuous efforts to expand our customer base and to manage more projects developed by independent third-party property developers.

Notwithstanding the vast choices of service providers that provide similar services in the market, we believe that it would not be in the best interest of the Remaining Group to select and engage other service providers, considering the amount of time and relevant experience required for such other service providers to provide equally satisfying services that are comparable to that of our Group. Meanwhile, during the Track Record Period, our ability to maintain a success rate of 100% of the tender bids submitted by our Group for the residential properties developed by the Remaining Group or its joint ventures or associates, and a retention rate of 100% with respect to properties developed by the Remaining Group also demonstrated the level of client satisfaction for our quality services, which indicates the Remaining Group's preference on our support to promote their brand image by continuously delivering quality property management services to property owners and residents of its developed properties. Among the five, two and five projects developed and completed by the Remaining Group and its joint ventures and associates for the years ended December 31, 2020, 2021 and 2022, respectively, we managed three, one and three of such projects as of December 31, 2022, representing 60%, 50% and 60% of the projects developed and completed by the Remaining Group and its joint ventures and associates. As of December 31, 2022, we did not obtain two property management service agreements for the above projects developed and completed by the Remaining Group or its joint venture and associates during the Track Record Period because such projects were jointly developed by the Remaining Group and its joint venture partners, the Remaining Group and such joint venture partners agreed not to invite our Group to participate in the tender procedure for property management service agreement or engage us for property management of the relevant projects because the joint venture partners prefer to engage property management companies which have a more reputable brand name or charge a lower property management fee, while we had secured the property management service agreements for the remaining two projects as of the Latest Practicable Date. Over years of cooperation, our Group on one hand, and the Remaining Group on the other hand, have gained thorough understanding of the business operations of each other and hence our Directors are of the view that our relationships have become mutually beneficial and complementary and is unlikely to change materially and adversely or be terminated. We believe our close and long-term cooperative relationship with the Remaining Group is instrumental to their respective success in establishing a well-recognized brand image, while enabling us to reinforce our existing market position and enhance our competitiveness in the PRC property management industry. It is therefore commercially beneficial for the Remaining Group and our Group to maintain a stable business relationship.

In order to further develop our property management portfolio and to further reduce our reliance on the Remaining Group, we established an investment development center to explore and identify new business expansion opportunities with independent third-party property developers and customers. For further details of our measures implemented and to be implemented by our Group to reduce our reliance on the Remaining Group in the future, see "—Property Management Services—GFA under Management" in this section and "Relationship with Controlling Shareholder—Independence from our Controlling Shareholders and their close associates" in this document.

Recent Regulatory Development

The Regulatory Notice and Administration Notice

In order to promote a steady and healthy development of the real estate market and improve the service standards of the property management industry, the PRC Government has issued several new regulations on property management services recently such as 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 Management (《關於加強和改進住宅物業管理工作的通知》) (the "**Administration Notice**"), which was proposed to strengthen the administration of residential property management. For details of the Regulatory Notice and the Administration Notice, see "Regulatory Overview—Laws and Regulations on Data Security and Privacy" in this document.

With respect to the Regulatory Notice, our PRC Legal Advisor advised that it primarily refines or reiterates certain general requirements, but does not impose new compliance requirements on the property management service industries. Our Directors confirm that (i) we have been in compliance with the requirements of the Regulatory Notice in relation to property management services in all material respects since its implementation; and (ii) as of the Latest Practicable Date, we had not been subject to any material legal proceedings or arbitrations against us in relation to the services that we provide in our ordinary course of business. Based on the foregoing, our PRC Legal Advisor is of the view that we have been in compliance with the relevant requirements of the Regulatory Notice in relation to property management services in all material respects since its implementation. We have also enhanced our internal control measures to ensure our ongoing compliance with the Regulatory Notice, which primarily include (i) providing on-the-job trainings and lectures to our employees regarding the requirements of the Regulatory Notice to ensure compliance of our daily operation; and (ii) designating legal staff to formulate internal guidelines and documentation. In addition, our Directors are of the view that the Regulatory Notice will unlikely result in any material adverse effect on either the Remaining Group or us, on the basis that (i) to the best of our Director's knowledge after consultation with the Remaining Group, since the promulgation of these policies and regulations and up to the Latest Practicable Date, (a) the Remaining Group had not experienced any delay in property development; and (b) no project developed by the Remaining Group experienced delays in completion and delivery during the period between January 1, 2021 and the Latest Practicable Date; (ii) to the best of our Director's knowledge after consultation with the Remaining Group, the Remaining Group had not experienced any material financial difficulties and does not expect a material delay of its property development plans in 2021 and 2022; (iii) even if there were a material delay in the delivery of properties from the Remaining 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; and (iv) we have been seeking to expand our cooperation with independent third-party property developers to reduce reliance on the Remaining Group, thereby reducing risks from the potential delay in delivery of properties from the Remaining Group to us.

The Regulatory Notice represents the PRC Government's continuous effort to regulate the PRC property management industry. CIA is of the view that (i) the regulations stipulated in the Regulatory Notice are not new to the property management service providers but rather a reiteration of the existing laws and regulations, and (ii) the Regulatory Notice benefits property management service providers such as our Group, which provides high-quality services with standardized operations in compliance with the relevant laws and regulations, and formulates standardized internal control policies to ensure ongoing compliance. Accordingly, CIA is of the view that the Regulatory Notice will not have a material adverse impact on our business and financial performance. For further details, see "Industry Overview—Market Drivers—Favorable Government Policies" in this document.

With respect to the Administration Notice, taking into account that (i) among the cities where our projects are located, the property management committee system introduced under the Administration Notice has officially been promulgated in certain cities only; and (ii) the property management committee would merely fulfill a property owners' association's and/or a general meeting of property owners' responsibilities primarily by overseeing the quality of property management service provision, renewing property management service agreements with existing service providers or selecting new ones according to the decisions of the property owners, 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 property management committee system requirement. Therefore, we expect that the Administration Notice will not have a material adverse effect on us.

The Administration Notice accelerates the development of the property management industry and promotes high-quality property management services. It emphasizes on enhancing different aspects of property management in the PRC which include, among other things, marketization of property management fees, promotion of the integration of online and offline services, and encouragement of property management service providers to adopt a business model that combines property services and community living services. Accordingly, CIA is of the view that the implementation of the Administrative Notice will be beneficial to the PRC property management industry as a whole by standardizing its development objectives covering property management scale and operations, service quality, development of intelligent property management and community value-added services, marketization of property management fees, and improvement in professional personnel management.

Based on the above and having made due and reasonable inquiries with the PRC Legal Advisor, our Directors are of the view, and the Joint Sponsors concur, that our property management service agreements, business operation, financial performance and prospects will not be materially and adversely affected by the Regulatory Notice or the Administration Notice. Nevertheless, we will remain susceptible to regulatory changes relating to the property development and property management industries in the PRC going forward. For more information, 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 "Risk Factors—Risks Relating to Our Business and Industry—We are affected by the PRC Government regulations on the PRC real estate industry" in this document.

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 of Banking Financial Institutions (《中國人民銀行、中國銀行保險監督管理委員會關於建立銀行業金融機構房地產貸款集中度管理制度的通知》) (the "**Individual Housing Loan Notice**") to strengthen financial institutions' stability against fluctuations in the real estate market and promote the healthy and steady development of the real estate market. 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 (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 amount.

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 a smooth implementation of relevant policies and promote a steady and sound development of the real estate and financial markets. Banking institutions which exceed the caps specified under the Concentration Requirements should develop a scheme for business adjustments according to their actual conditions during the transition period. Banking institutions which satisfy the Concentration Requirements should carry out individual housing loan-related businesses in a prudent manner.

The Individual Housing Loan Notice primarily affects the PRC real estate industry, which the sale of properties by property developers may be adversely affected. As such, the Individual Housing Loan Notice is most likely to affect the transaction volume of the real estate industry 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. Accordingly, CIA is of the view that the Individual Housing Loan Notice will not affect the development plans of PRC property developers in the long term.

CIA is of the view that, the Individual Housing Loan Notice will not have a material adverse impact on the PRC property management industry as property management service providers typically (i) derive a considerable portion of revenue from their existing property projects under management, and (ii) procure new 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.

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, according to our PRC Legal Advisor, a control measure adopted by the PRC Government to strengthen financial institutions' stability against fluctuations in the real estate market and promote the healthy and steady development of the real estate market. The Individual Housing Loan Notice is enacted and implemented nationwide, therefore it is expected to have a nationwide effect across the PRC. Based on (i) the Directors' past observations of individual housing loan policy's impact on the operation of the Remaining Group and its joint venture and associates; and (ii) the consideration that even if delivery of contracted but undelivered projects 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, as confirmed by our Directors, and the Joint Sponsors and the PRC Legal Advisor concur that, it is likely that the Individual Housing Loan Notice would affect the transaction volume of residential properties developed by the Remaining Group or its joint venture and associates only in the short term, and would not have material adverse effect on the development plans or construction activities of the Remaining Group and its joint venture and associates in the long term, and in turn, the property management projects from the Remaining Group and its joint venture and associates. In addition to residential properties on which the Individual Housing Loan Notice mainly impact, our property management portfolio include non-residential properties such as commercial and office buildings, industrial parks, hospitals, schools and prison. We also offer a wide scope of value-added services mainly to property developers and property owners. As such, our Directors are of the view, and the Joint Sponsors and the PRC Legal Advisor concur, that the Individual Housing Loan Notice has no direct or indirect material adverse effect on the Remaining Group, its joint venture and associates or us. In any event, we will actively maintain sustainable growth through the expansion of existing property projects to mitigate the negative consequence, if any, caused by the Individual Housing Loan Notice.

The "Three Red-Line" Standards

In August 2020, according to certain news articles, the PBOC and the MOHURD plan to control the financing activities of property developers and the scale of interest-bearing debts of property developers in China by applying a newly proposed standard in the assessment of the debt burden of property developers, namely, the "Three Red-Line" standards. Pursuant to the "Three Red-Line" standards, (i) for property developers which comply with all the three limits, their size of interest-bearing liabilities shall increase by no more than 15% annually; (ii) for property developers which only comply with two of the three limits, their size of interest bearing liabilities shall increase by no more than 10% annually; (iii) for property developers which only comply with one of the three limits, their size of interest-bearing liabilities shall increase by no more than 5% annually; and (iv) for property developers which fail to comply with any of the three limits, their size of interest-bearing liabilities shall not increase at all. As of the Latest Practicable Date, apart from the policy relaxation proposed in early 2022 and policy adjustment published in November 2022[(1)], no such new regulations had been officially proposed. See "Industry Overview—Market Drivers—The "Three Red-Line" Standards" in this document for details. These rules may slow down the growth of the whole real estate sector in the PRC, affecting the expansion of property developers such as the Remaining Group and in turn imposing adverse effect on our growth.

The "Three Red-Line" standards primarily affects the PRC real estate industry, in particular for the property developers which have a relatively higher level of debts. The implementation of "Three Red-Line" standards makes it difficult for some property developers to achieve a quick and massive expansion through financial leverage, which in turn poses challenges to property management service providers which rely on the said property developers for source of projects.

In early 2022, financial institutions in the PRC informed certain large-scale property developers that the "Three Red-Line" standards have been relaxed by excluding short-term loans obtained by property developers for the purpose of merger and acquisitions from the calculation of pro forma ratios. CIA is of the view that, if such policy relaxation becomes official, it would be beneficial to the upstream companies within the real estate industry in the short term and long term, including property developers and property construction companies in the PRC as a whole, in particular property developers which have good financial performance. In the short term, these property developers would be able to expand their business by acquiring projects from property developers that have financial difficulties. In the long term, as these property developers have healthy financial performance, they would be able to comply with the requirements under such policy relaxation while sustaining their market share or expanding by merger and acquisition. On the other hand, as property management service providers typically (i) derive a considerable portion of revenue from their existing property projects under management, and (ii) procure new 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, CIA is of the view that the "Three Red-Line" standards and the possible relaxation on such policy are not expected to create a significantly adverse impact on property management service providers in general.

Note:

(1) On November 11, 2022, the People's Bank of China and the China Banking and Insurance Regulatory Commission jointly issued the Notice on Improving the Steady and Healthy Development of the Real Estate Market Supported by Finance(《關於做好當前金融支持房地產市場平穩健康發展工作的通知》). A total of 16 specific measures were published to maintain reasonable and appropriate real estate financing, safeguard the legitimate rights and interests of consumers, and promote the steady and healthy development of the real estate market.

Given that (i) most of the Remaining Group's (including both the Remaining Zhong An Group and the CNC Group)[1] relevant financial ratios as of December 31, 2022 did not exceed any of the aforementioned "Three Red-Line" standards based on the annual report of the Remaining Group for the year ended December 31, 2022; (ii) the Group has generally been expanding its portfolio of property management services projects developed by independent third-party property developers during the Track Record Period, the GFA under management of which accounted for approximately 44.7%, 44.3% and 46.0% of our total GFA under management as of December 31, 2020, 2021 and 2022, respectively; (iii) a significant portion of our Group's revenue was generated from services provided to independent third-party customers, which accounted for at least 64.8% throughout the Track Record Period, and such proportion is expected to increase once the contracted but undelivered projects developed by the Remaining Group or its joint ventures and associates as of December 31, 2022 have been delivered to independent third-party property purchasers; and (iv) as of the Latest Practicable Date, 98.2% of our trade-related receivables due from related parties as of December 31, 2022 had been subsequently settled, our Directors are of the view that the "Three Red-Line" standards will not have material adverse effect on our Group's business operation and financial performance in the event it officially comes into effect. Nevertheless, in the event that the Remaining Group or other independent third-party property developers are unable to obtain sufficient financing to support their expansion of business which results in a delay in the delivery of new properties to be managed by us, the growth of our GFA under management may be adversely affected.

According to recent news, certain property developers in the PRC experienced financial difficulties. To the best knowledge of our Directors, the property developers with which our Group had direct dealings during the Track Record Period had no material financial difficulties. In addition, to the best knowledge of our Directors after consulting the Remaining Group, the property developers with which the Remaining Group had relationships with during the Track Record Period, including but not limited to, investments, cooperation or financing arrangements, had no material financial difficulties. Based on the above, our Directors are of the view and the Joint Sponsors concur that it is unlikely that the recent financial difficulties experienced by certain PRC property developers will have a material adverse effect on our business operations or financial position.

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 SCNPC on Authorizing the State Council to Carry out a Pilot Program of Real Estate Tax Reform in Certain Areas (the "**Decision**"), authorizing the State Council to carry out a pilot program of real estate tax reform in certain areas. The Decision clarifies that the real estate tax shall be levied on various types of real

Note:

(1) Based on China New City's 2022 audited financial statements contained in its 2022 annual report, as of December 31, 2022, its interest-bearing bank loans and other borrowings repayable within one year was approximately RMB1,319,438,000 and its cash and cash equivalents was approximately RMB948,087,000. Accordingly, its cash to short-term debt ratio was lower than 1.0 time as of the relevant date and therefore deviated from one of the "Three Red-Line" standards. Furthermore (i) China New City recorded a loss for both years for 2021 and 2022 mainly due to the unstable epidemic, as well as temporary suspension of service or rental reductions caused by upgrades, renovation and alteration of its commercial properties, which led to a lower average occupancy rate of its properties, and (ii) Zhong An recorded a decrease in profit in the year of 2022 (compared against year of 2021) due to fluctuated economic environment in the PRC and the recurrent epidemics. Notwithstanding the above, to the best of our Director's knowledge after consultation with the management of Zhong An and China New City, given (i) there was no evidence to suggest Zhong An and China New City had experienced any material financial difficulties and does not expect a material delay of its property development plans in 2023; and (ii) Zhong An and China New City was able to generate stable revenues and cash flows as of the Latest Practicable Date, our Directors are of the view that it is unlikely that such deviation would have caused any material financial difficulties or impact to its financial performance and resulted into any material adverse effect to our business operations.

estate for residential and non-residential use located in urban areas, and that the holders of land use rights and owners of such real estate shall pay 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 SCNPC. The Decision also authorizes the local governments of the pilot areas to formulate specific rules for its implementation.

According to information from public media, it is speculated that the pilot program may be launched in certain first- and second-tier cities with relatively vibrant real estate markets, such as Beijing, Shanghai, Shenzhen, Chongqing, Hangzhou, Ningbo, Nanjing, Suzhou, and Hainan. We expect that, among the regions where the Remaining Group and/or we have business presence, Hangzhou, Ningbo and Nanjing may fall into the ambit of the regions where the pilot program would be launched. As of December 31, 2022, to the best knowledge of our Directors after consulting the Remaining Group, the Remaining Group had approximately 3.3 million sq.m. of land bank and developed 24 projects in the three cities mentioned above, accounting for approximately 38.2% of its total land bank and 46.2% of its total number of projects, respectively, as of the same date. As of December 31, 2022, we managed 56 projects in two out of the three cities mentioned above with a GFA under management of approximately 8.0 million sq.m., accounting for approximately 61.8% of our total GFA under management as of the same date. In 2021 and 2022, the revenue that we derived from property management services provided to such projects amounted to approximately RMB154.8 million and RMB166.1 million, accounting for approximately 75.4% and 74.3% of our total revenue from property management services.

Only Shanghai and Chongqing had implemented the real estate tax on residential properties which meet certain criteria as of the Latest Practicable Date. The potential effect of the real estate tax in other cities, if implemented, remained uncertain. According to the National Bureau of Statistics of the PRC, the contracted sales volume and contracted GFA sold in Shanghai and Chongqing have been in alignment with the national trend since the implementation of real estate tax in the two cities mentioned above in 2011. CIA is of the view that, the effect of real estate tax on the property development markets of two cities mentioned above is limited, and that the consequential effect on the property management industries is relatively small. Based on our observations of the countries that have enacted real estate tax such as Germany and Singapore, imposition of real estate tax generally lowers the reliance on property development and affects the volume of real estate transactions in the pilot cities in the short run only. In the long run, taking into consideration the property market development in Shanghai and Chongqing since the implementation of real estate tax as mentioned above, real estate tax shall not affect the supply and demand pattern of real estate, instead, it will facilitate a healthy and stable development of the real estate market and development of a healthy, orderly and high quality property management services market. Generally, the supply and demand pattern of real estate of a region should generally be affected by factors such as macro-economy, currency and credit policies, real estate policies, land supply and urbanization process of such region. As such, 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 the Remaining Group, but would not have a material adverse effect 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 obligated to pay property management fees regardless of the real estate tax. As of December 31, 2022, the total number of our contracted but undelivered projects was 44, with a total contracted but undelivered GFA of approximately 6.6 million sq.m., and the number of contracted but undelivered projects in Hangzhou, Ningbo and Nanjing mentioned above was 20, with a contracted but undelivered GFA of approximately 2.7 million sq.m., accounting for approximately 45.5% of our total number of contracted but undelivered projects and approximately 40.6% of our total contracted but undelivered GFA as of the same date. As of the Latest Practicable Date, the total number of our contracted but undelivered projects was 42, with a total contracted but undelivered GFA of approximately 6.4 million sq.m., and the number of our contracted but undelivered projects in the three cities mentioned above was 19, with a contracted but undelivered GFA of approximately 2.6 million sq.m., accounting for approximately 45.2% of our total number of contracted but undelivered projects and approximately 40.5% of our total contracted but undelivered GFA, respectively, as of the same date. As such, we do not expect the number of projects contracted for our management to experience any significant change before the end of 2023. Based on the property management service agreements that we had entered into, our Directors are of the view that our contracted GFA, GFA under management or revenue in the three cities mentioned above would remain relatively stable in the near future. In addition, we will continue to evaluate business outreach and market development opportunities in these three cities mentioned above, making it impracticable to predict our contracted GFA, GFA under management or revenue therein. Even if our business operation further expands into these three cities, as we do not expect real estate tax to have a material adverse effect on property management service providers, our Directors are of the view that the implementation of real estate tax will not have a material adverse effect 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 on which the measures for the pilot program are officially issued by the State Council. 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, our Directors are of the view, and the Joint Sponsors and the PRC Legal Advisor concur, that the real estate tax will have no material adverse effect on the Remaining Group's or our business operations or financial performance.

In addition to the above, another PRC regulation which is relevant to real estate tax is the Provisional Regulations of the PRC on Real Estate Tax (《中華人民共和國房產稅暫行條例》) (the "**Provisional Regulations on Real Estate Tax**") promulgated by the State Council on September 15, 1986, came into effect on October 1, 1986, and amended on January 8, 2011, which is still in effect and implemented at the national level and has nationwide effect across the PRC as of the Latest Practicable Date. As advised by the PRC Legal Advisor, pursuant to the Provisional Regulations on Real Estate Tax, some types of property are exempt from such real estate tax, including non-commercial properties owned by individuals, and the relevant real estate tax shall be paid by the property owners. According to the Decision, non-residential real estate shall remain subject to the Provisional Regulations on Real Estate Tax and the Provisional Regulations of the PRC Governing Land Use Tax in Urban Areas (《中華人民共和國城鎮土地使用稅暫行條例》) (promulgated by the State Council on September 27, 1988 and came into effect on November 1, 1988, and then amended respectively on December 31, 2006, January 8, 2011, December 7, 2013 and March 2, 2019). As of the Latest Practicable Date, detailed measures for the real estate tax on residential real estate with nationwide effect had not yet been introduced. To the best knowledge of our Directors and having made all reasonable enquiries, during the Track Record Period and up to the Latest Practicable Date, the Remaining Group and the Group had complied with the Provisional Regulations on Real Estate Tax and were not subject to any governmental investigation or litigation with respect to claims or allegations in relation to the Provisional Regulations on Real Estate Tax.

There are several reasons for levying the real estate tax. As the main tax income of a local government, it is conducive to raise local fiscal revenue for better provision of basic social public services to local residents. As a property tax, real estate tax can adjust the fair distribution of wealth and promote common prosperity. Under the background of overheated domestic real estate market and rising housing prices, it is also conducive to stabilize and foster the healthy development of the real estate market through proper taxation. The pilot program of the real estate tax is expected to be carried out in various cities according to the new rules to be implemented. Based on the experience from the pilot program, the final laws and regulations relating to real estate tax will be enacted and implemented nationwide.

Regulations Relating to Overseas Listing

On February 17, 2023, the CSRC promulgated Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and relevant five guidelines, which became effective on March 31, 2023.

According to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. For the circumstances under which an overseas listing or offering is explicitly prohibited, see "Regulatory Overview—Laws and Regulations Relating to Property Management Services and Other Related Services—Overseas Listing".

The Overseas Listing Trial Measures also provides that if the issuer both meets the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as indirect overseas offering by PRC domestic companies: (i) 50% or more of any of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by domestic companies; and (ii) the main parts of the issuer's business activities are conducted in mainland China, or its main place(s) of business are located in mainland China, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their usual place(s) of residence located in mainland China. Where an issuer submits an application for initial public offering to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted. The Overseas Listing Trial Measures also requires subsequent reports to be filed with the CSRC on material events, such as change of control or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings. Given that (i) our domestic operating entities generated 100% of our total revenue as shown in our audited consolidated financial statements for the year ended December 31, 2022; (ii) most of our senior management are PRC citizens; and (iii) our business activities are mainly conducted in the PRC, the **[REDACTED]** falls within the scope of indirect overseas offering and listing by PRC domestic companies. Therefore, we are subject to the filing obligations as contemplated in the Overseas Listing Trial Measures.

On February 17, 2023, the CSRC also issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (關於境內企業境外發行上市備案管理安排的通知) (the "**Notice**"), which, among others, clarified that domestic companies that have obtained approval from overseas regulatory authorities or securities exchanges (for example, a contemplated offering and/ or listing in Hong Kong has passed the hearing of the Stock Exchange) for their indirect overseas offering and listing prior to the effective date of the Overseas Listing Trial Measures (i.e. March 31, 2023) but have not yet completed their indirect overseas issuance and listing, are granted a six-month transition period from March 31, 2023. Those who complete their overseas offering and listing within such six months are deemed as Existing Issuers（存量企業） and are not required to complete the overseas listing filing immediately, but shall complete filings as required if they conduct refinancing or are involved in other circumstances that require filing with the CSRC. Within such six-month transition period, however, if such domestic companies need to reapply for offering and listing procedures to the overseas regulatory authority or securities exchanges (such as requiring a new hearing of the Stock Exchange), or if they fail to complete their indirect overseas offering and listing, such domestic companies shall complete the filling procedures with the CSRC.

Given we have obtained the approval of the Stock Exchange for the **[REDACTED]** before **[REDACTED]** and based on the verbal communication with CSRC on **[REDACTED]**, our PRC Legal Advisor is of the view that we will not be required to complete the filing procedures with the CSRC for the **[REDACTED]**, if (i) we are not required to go through the hearing procedure with the Stock Exchange again, and (ii) we complete our **[REDACTED]** by **[REDACTED]**. However, if (i) we are required to go through the hearing procedure with the Stock Exchange again, or (ii) we fail to complete our **[REDACTED]** by **[REDACTED]**, our PRC Legal Advisor is of the view that we will be required to complete the filing procedures with the CSRC in connection with the **[REDACTED]**.

Biometric Regulatory Requirements

The relevant requirements encourage the use of artificial intelligence during the provision of services.

As of December 31, 2022, as part of our smart management, two of the residential properties under our management adopted facial recognition access control system to grant access for the residents. Facial features of the residents are only registered on our facial recognition access control system upon the receipt of their written consents. With the encouragement of use of artificial intelligence, in the event that we install and use facial recognition access control system in all residential properties under our management, our Directors are of the view that property owners and residents in residential properties under our management would benefit from having greater convenience and higher security, which may lead to an increase in their loyalty to our services. There has been increasing biometric regulatory requirements ("**Biometric Regulatory Requirements**") imposed by local governments in different areas across the PRC, such as Hangzhou, to enhance the protection thereof. For further details, see "Regulatory Overview—Laws and Regulations on Data Security and Privacy" and "Industry Overview—Future Trends of the PRC Property Management Industry—Increasing Standardization and Adoption of Information Technology" in this document. According to the Biometric Regulatory Requirements, which was implemented in early 2022, property management service providers are prohibited to require property owners and/or residents at the property projects that they manage to use biometric authentication compulsorily.

As of December 31, 2022, one property project that we managed in Hangzhou adopted the facial recognition access control system as part of our smart management. The GFA under management of such property project and revenue derived therefrom represented approximately 1.1% of our total GFA under management as of December 31, 2022, and 1.5% of our total revenue derived from provision of property management services in 2022. As advised by our PRC Legal Advisor, any biometric information can only be obtained from property owners and/or residents at the property projects that property management service providers manage for use of biometric authentication if (i) there is a specific purpose and a sufficient necessity to do so, (ii) the property management service providers adhere to all national and regional laws and regulations regarding protection of personal information, privacy, data and cyber security, and (iii) separate consents have been obtained from biometric information providers, i.e. property owners and/or residents at the property projects that property management service providers manage. As we have fulfilled the abovementioned requirements, in particular, facial features or other biometric information of the residents in the said property projects are only registered on our biometric recognition system upon the receipt of their separate written consents according to our Group's policy, we have never required and will not require the residents to use biometric authentication compulsorily. Accordingly, our PRC Legal Advisor is of the view that our Group had complied with the requirements under the Biometric Regulatory Requirements in all material aspects during the Track Record Period and up to the Latest Practicable Date. Accordingly, our Directors are of the view that, and the Joint Sponsors concur, the Biometric Regulatory Requirements will unlikely to result in any material adverse impact on our business operations and financial performance both in the short term and long term.

Our Top Five Customers

The following table sets forth details of our top five customers in 2020:

Rank	Customer	Background	Major services provided	Year of commencement of business relationship	Payment method	Revenue contribution	Percentage of total revenue for the year
						(RMB' 000)	*(%)*
1.	Remaining Group and its joint ventures and associates	Property developer	Property management services, value-added services mainly to property developers and community value-added services	1998	Bank transfer	72,996	31.6
2.	Customer A	Property developer	Property management services	2016	Bank transfer	2,802	1.2
3.	Customer B	Company engaged in technology development and consultancy	Property management services	2015	Bank transfer	2,557	1.1
4.	Customer C	Property management company	Property management services	2019	Bank transfer	1,227	0.5
5.	Customer D	School	Property management services	2016	Bank transfer	866	0.4

The following table sets forth details of our top five customers in 2021:

Rank	Customer	Background	Major services provided	Year of commencement of business relationship	Payment method	Revenue contribution	Percentage of total revenue for the year
						(RMB' 000)	*(%)*
1.	Remaining Group and its joint ventures and associates	Property developer	Property management services, value-added services mainly to property developers and community value-added services	1998	Bank transfer	103,904	35.1
2.	Customer E[(1)]	Property developer	Value-added services mainly to property developers	2020	Bank transfer	5,142	1.8
3.	Customer B	Company engaged in technology development and consultancy	Property management services	2015	Bank transfer	2,716	0.9
4.	Customer F	Construction company	Value-added services mainly to property developers	2019	Bank transfer	1,356	0.5
5.	Customer C	Property management company	Property management services	2019	Bank transfer	1,160	0.4

Note:

(1) To the best knowledge of our Directors and having made all reasonable enquiries, Customer E includes four entities which were indirectly controlled by Ms. Qi Xiaomin as at the Latest Practicable Date. Ms. Qi Xiaomin holds direct interests in certain entities which in turn directly hold 10% equity interests in Zhejiang Zhong An (being an indirect non-wholly owned subsidiary of Zhong An), and Zhong An Shenglong and Zhejiang Zhong An Property Development (each being an indirect non-wholly owned subsidiary of China New City), respectively. Ms. Qi Xiaomin is also an ex-employee and business partner of the Remaining Group. See "History, Reorganization and Corporate Structure—Reorganization" in this document for details.

The following table sets forth details of our top five customers in 2022:

Rank	Customer	Background	Major services provided	Year of commencement of business relationship	Payment method	Revenue contribution	Percentage of total revenue for the year
						(RMB' 000)	*(%)*
1.	Remaining Group and its joint ventures and associates	Property developer	Property management services, value-added services mainly to property developers and community value-added services	1998	Bank transfer	109,817	34.3
2.	Customer E[(1)]	Property developer	Value-added services mainly to property developer	2020	Bank transfer	5,786	1.8
3.	Customer G	Shopping center	Property management services	2022	Bank transfer	1,737	0.5
4.	Customer H	Company engaged in technology development and consultancy	Property management services	2022	Bank transfer	1,695	0.5
5.	Customer A	Property developer	Property management services	2016	Bank transfer	1,452	0.5

Note:

(1) To the best knowledge of our Directors and having made all reasonable enquiries, Customer E includes four entities which were indirectly controlled by Ms. Qi Xiaomin as at the Latest Practicable Date. Ms. Qi Xiaomin holds direct interests in certain entities which in turn directly hold 10% equity interests in Zhejiang Zhong An (being an indirect non-wholly owned subsidiary of Zhong An), and Zhong An Shenglong and Zhejiang Zhong An Property Development (each being an indirect non-wholly owned subsidiary of China New City), respectively. Ms. Qi Xiaomin is also an ex-employee and business partner of the Remaining Group. See "History, Reorganization and Corporate Structure—Reorganization" in this document for details.

SUPPLIERS

Overview

For all three of our business lines, our suppliers are primarily subcontractors located in the PRC providing cleaning services, gardening services, repair and maintenance services, and garbage disposal services. In 2020, 2021, and 2022 purchases from our five largest suppliers amounted to approximately RMB7.5 million, RMB8.9 million and RMB9.3 million, respectively, accounting for approximately 5.1%, 4.8% and 4.6%, respectively, of our total cost of sales for the same years. In each year during the Track Record Period, purchases from our largest supplier amounted to approximately RMB2.4 million, RMB2.5 million and RMB3.9 million, respectively, accounting for approximately 1.6%, 1.3% and 1.9%, respectively, of our total cost of sales.

Our five largest suppliers in 2020, 2021 and 2022 generally grant us a credit term ranging from 15 to 90 days. We do not have any long-term agreements with our five largest suppliers and generally entered into agreements with a term of one to three years with our five largest suppliers during the Track Record Period which is renewable upon negotiation.

In 2020 and 2021, purchases from our largest supplier, Zhejiang Anyuan Nongye, amounted to approximately RMB2.4 million and RMB2.5 million, respectively, accounting for approximately 1.6% and 1.3%, respectively of our total cost of sales of the same years. The transactions with Zhejiang Anyuan Nongye will constitute connected transactions of our Group upon **[REDACTED]**. However, as of the Latest Practicable Date, our business relationship with Zhejiang Anyuan Nongye in relation to gardening services had been terminated because, to the best of our Directors' knowledge, it ceased to provide such services. Except for Zhejiang Anyuan Nongye, all of our five largest suppliers during the Track Record Period were Independent Third Parties and we did not experience any material delay, supply shortages or disruptions in our operations relating to our suppliers, or any material product claims attributable to our suppliers. As of the Latest Practicable Date, save as disclosed above, none of our Directors, their respective close associate or any Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital held any interest in any of our five largest suppliers.

We engaged Zhejiang Anyuan Nongye to provide gardening services as our Directors considered Zhejiang Anyuan Nongye had a better understanding of our Group's preferences and service requirements, hence would be able to provide services that meet our quality standards. Purchases from Zhejiang Anyuan Nongye were conducted in our ordinary course of business and the price of such gardening services provided by it fell within the price charged by our other suppliers of similar services. The provisions of our agreement with Zhejiang Anyuan Nongye were on normal and commercial terms and the relevant pricing terms, payment schedule and services as provided in such agreement had no material difference as compared to those provided by our other suppliers of similar services. Based on the foregoing, our Directors confirm that our transactions with Zhejiang Anyuan Nongye were conducted on arm's length basis and normal commercial terms.

See "—Subcontracting" in this section for details in relation to our subcontractors.

Our Top Five Suppliers

The following table sets forth details of our top five suppliers in 2020:

Rank	Supplier	Background	Major services purchased	Year of commencement of business relationship	Payment method	Purchase amount	Percentage of our total cost of sales for the year
						(RMB' 000)	*(%)*
1.	Zhejiang Anyuan Nongye[1]	Company engaged in gardening and landscaping services, and production and sale of agricultural product	Gardening services	2019	Bank transfer	2,363	1.6
2.	Supplier A	Company engaged in cleaning services	Cleaning services	2017	Bank transfer	1,630	1.1
3.	Supplier B[2]	Provider of building materials	Sale of building materials	2020	Bank transfer	1,316	0.9
4.	Supplier C	Company engaged in cleaning services	Cleaning services	2018	Bank transfer	1,122	0.8
5.	Supplier D	Company engaged in cleaning services	Cleaning services	2018	Bank transfer	1,066	0.7

Notes:

(1) Zhejiang Anyuan Nongye is an indirect non-wholly owned subsidiary of Zhong An, one of our Controlling Shareholders, and thus a connected person of our Group. As of the Latest Practicable Date, our business relationship with Zhejiang Anyuan Nongye in relation to gardening services had been terminated because, to the best of our Directors' knowledge, it ceased to provide such services.

(2) Supplier B was deregistered on June 29, 2020 due to commercial reasons. As (i) the transaction with Supplier B in 2020 was non-recurring in nature and the procured materials were supplied to one of our managed properties only, (ii) we did not enter into any other procurement contract with Supplier B in 2020, and (iii) the purchases from Supplier B contributed to only approximately 0.9% of our Group's total cost of sales in 2020, our Directors are of the view that the deregistration of Supplier B will not materially affect our Group's business operations and financial position subsequent to the Track Record Period as we have already identified alternative suppliers which can provide similar services at comparable quality and price. The building materials we procured such as paving bricks, tubes and pumps were primarily used for small-scale repair and maintenance work we undertook at our managed properties in 2020.

The following table sets forth details of our top five suppliers in 2021:

Rank	Supplier	Background	Major services purchased	Year of commencement of business relationship	Payment method	Purchase amount	Percentage of our total cost of sales for the year
						(RMB' 000)	*(%)*
1.	Zhejiang Anyuan Nongye[(1)] .	Company engaged in gardening and landscaping services, and production and sale of agricultural product	Gardening services	2019	Bank transfer	2,490	1.3
2.	Supplier D	Company engaged in cleaning services	Cleaning services	2018	Bank transfer	2,302	1.2
3.	Supplier E	Company engaged in technology and artificial intelligence development	Sale of cleaning robots	2021	Bank transfer	1,619	0.9
4.	Supplier C	Company engaged in cleaning services	Cleaning services	2018	Bank transfer	1,401	0.8
5.	Supplier F	Company engaged in cleaning services	Cleaning services	2020	Bank transfer	1,122	0.6

Note:

(1) Zhejiang Anyuan Nongye is an indirect non-wholly owned subsidiary of Zhong An, one of our Controlling Shareholders, and thus a connected person of our Group. As of the Latest Practicable Date, our business relationship with Zhejiang Anyuan Nongye in relation to gardening services had been terminated because, to the best of our Directors' knowledge, it ceased to provide such services.

The following table sets forth details of our top five suppliers in 2022:

Rank	Supplier	Background	Major services purchased	Year of commencement of business relationship	Payment method	Purchase amount	Percentage of our total cost of sales for the year
						(RMB' 000)	*(%)*
1.	Supplier G	Company engaged in human resources services	Personnel outsourcing services	2021	Bank transfer	3,859	1.9
2.	Supplier D	Company engaged in cleaning service	Cleaning services	2018	Bank transfer	2,163	1.1
3.	Supplier H	Company engaged in engineering management services	Cleaning services	2021	Bank transfer	1,588	0.8
4.	Supplier F	Company engaged in cleaning services	Cleaning services	2020	Bank transfer	1,087	0.5
5.	Supplier J	Company engaged in cleaning services	Cleaning services	2021	Bank transfer	642	0.3

SUBCONTRACTING

We outsource certain labor-intensive services and specialized services, primarily including cleaning services, gardening services, repair and maintenance services and garbage disposal services to subcontractors, which enables us to reduce our operating and labor costs, improve service quality and dedicate more resources to management and other value-added services. We believe such subcontracting arrangements allow us to leverage the human resources and technical expertise of the subcontractors and enhance the overall profitability of our business. In 2020, 2021 and 2022, subcontracting costs amounted to RMB14.2 million, RMB20.7 million and RMB20.1 million, respectively, which accounted for approximately 9.9%, 11.2% and 9.9%, respectively, of our total cost of sales.

The increasing trend of our subcontracting costs during the Track Record Period corresponds with the increase in the number of projects and the GFA under management during the same period. All of our subcontractors for the Track Record Period are located in the PRC.

Except for Zhejiang Anyuan Nongye, our Group's relationship with which was disclosed in "—Suppliers—Overview" in this section, all of our five largest subcontractors during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, save as disclosed above, none of our Directors, their respective close associates or any Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital held any interest in any of our five largest subcontractors.

Selection and Management of Subcontractors

We aim to create and maintain an effective and comprehensive system for subcontractor management. We constantly monitor and evaluate the subcontractors on their ability to meet our requirements. To ensure the overall quality of our subcontractors, we maintain a list of subcontractors based on our series of assessment standards, including, among others, the amount of registered capital, qualifications, size of overall operations, track record performance, management style and operational procedures. After initial evaluation of subcontractors, we also regularly review the performance of subcontractors on an annual basis and assign grades to subcontractors.

Key Terms of Our Subcontracting Agreement

A typical subcontracting agreement entered into between subcontractors and us generally includes the following key terms:

- *Term*. A subcontracting agreement typically has a term of approximately one to three years and may be renewed upon mutual consent. If the subcontractor's performance meets the agreed standards, we may consider re-engaging such subcontractors.

- *Our responsibilities*. We are typically responsible for providing on-site personnel despatched by the subcontractor with necessary working space, tools and materials.

- *Obligations of the subcontractor*. The subcontractor is typically responsible for providing services in accordance with the scope, frequency and standards prescribed in the relevant subcontracting agreement and in compliance with all applicable laws and regulations. In the event of sub-standard performance, subcontractor is required to take necessary rectification measures within the period required by us, failing which we have the right to claim damages, hire alternative subcontractors to provide the contracted services and subtract any expenses incurred by us from the contract price agreed with the non-performing or underperforming subcontractor, or terminate the contract. The subcontractor is required to manage its personnel providing the contracted services and there is no employment relationship between us and the personnel of the subcontractor.

- *Risk allocation*. The subcontractor is responsible for any damages to property or personal injuries caused by the fault of the subcontractor in the course of providing the contracted services. We typically require the subcontractor to indemnify us for any damages that it causes to the properties of the residents and us. The subcontractor is also required to pay all social insurance and housing provident funds contributions for its personnel in accordance with PRC laws and regulations and bear the liabilities and responsibilities in the event of any non-compliance.

- *Procurement of raw materials*. Raw materials shall be procured by the subcontractor. The procurement costs are usually included in the subcontracting fee.

- *Subcontracting fee*. Subcontracting fee is typically payable monthly or quarterly, including costs incurred in connection with the procurement of raw materials, labor costs, equipment maintenance costs, tax expenses and other miscellaneous costs incurred by the subcontractor.

- *Termination*. We monitor and assess the performance of the subcontractor on a regular basis and can terminate the subcontracting agreement in the event of repeated sub-standard performance.

QUALITY CONTROL

We prioritize quality in our services and believe that quality control is crucial to the long-term success of our business. We have established a quality control system and devised relevant internal policies to standardize our quality control procedures. Our business activities and quality of service are subject to regular inspection and assessment. In addition, we have formulated inspection and assessment guidelines for our employees to follow so as to ensure satisfaction of our customers and standards of our services. Through close and regular monitoring and supervision, our quality control system assists us in the control and supervision of the quality of various aspects of our services at different levels.

Quality Control over Our Services

We conduct our operations in accordance with the standards represented by our ISO9001:2015 quality management certification which we first obtained in 2009. Our current certification is valid from January 2022 to January 2025. 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 to record their daily observations and updates as to the property's conditions and customers' complaints received. Such observations will typically be handled by the responsible personnel within 24 hours from receipt. We also devised instructions on how to conduct our value-added services, as well as our property management services encompassing aspects such as customers and visitors management, supervision and management of outsourced repair and maintenance work, and common area and facilities cleaning and maintenance procedures.

Quality Control over Subcontractors

We typically include in the agreements with subcontractors detailed quality standards for the services to be provided. We regularly monitor and evaluate the performance of the subcontractors and may require the subcontractors to take necessary rectification measures when their services do not meet the agreed standards. We also conduct annual surveys among property owners and residents regarding the quality of services provided by our subcontractors. We have the contractual right to adjust the subcontracting fees and decide whether to continue our subcontracting contract depending on the outcomes of such surveys. See "—Subcontracting—Selection and Management of Subcontractors" in this section for details.

Feedback and Complaint Management

In order to maintain and improve our service quality and customers' satisfaction, we seek for and receive customer feedback and complaints about our performance during the ordinary course of our business. We have different complaint channels available for our customers to provide us with oral, written or online feedback such as telephone number, facsimile number, email or postal address of the relevant department and the designated personnel handling customer complaints, as well as feedback collection box. Customer feedback and complaints are generally relate to unsatisfactory services by our employees, improper parking by car park users or noise pollution from neighbourhood.

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 relevant employees to respond to face-to-face, telephone or verbal complains within the working day on which the complaint is received and to respond to written or complaints by email within 24 hours from receipt. If a complaint is received online, a preliminary response should be sent within four hours of receipt and a substantive response should follow on the same working day. Where a complaint could not be resolved in 24 hours, the customer service specialist should confirm with the complainant the timing for the earliest response and refer the complaint to the department manager immediately, who would then follow up and assign a responsible person to the complaint. The customer service specialist should also relay the complaint to the head of customer service, who will keep track of the complaint. All records and relevant information related to the customer complaint should be filed together with the customer's file, or individually in case of material complaints. After a complaint has been dealt with and upon the verification of the head of customer service, a customer service specialist from the management department shall conduct a re-visit except for (i) on-site complaints that were immediately and satisfactorily dealt with, (ii) anonymous complaints or where contact details of the complainants cannot be confirmed, or (iii) complaints that are too sensitive for conducting re-visit. 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 receive any complaints from our customers that may have a material adverse impact on our operations or business reputation.

EFFECTS OF THE COVID-19 OUTBREAK

Effects of the COVID-19 Outbreak on Our Business Operations

An outbreak of respiratory illness caused by a novel coronavirus (COVID-19) was first reported in late 2019 and continues to spread across the PRC and globally. As of the Latest Practicable Date, COVID-19 had been effectively controlled in China as a result of the strict measures implemented to contain the COVID-19 pandemic spread and the regions where our managed properties are located are relatively less affected by the spread of COVID-19.

To the best of our Directors' knowledge, as of the Latest Practicable Date, there had been no cases of COVID-19 infection of our staff and none of our staff was subject to the mandatory quarantine requirements and thus failed to report to duties. Since the outbreak of COVID-19 and up to the Latest Practicable Date, we had not encountered any 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 disrupted to a certain extent by the outbreak of COVID-19, particularly due to the prolonged suspension of business operations in the PRC and the instability of workforce arising from the mandatory quarantine requirements, in view of the nature of our business, our Directors do not expect that our Group will encounter any material disruptions of our supply given that we do not heavily rely on any particular service subcontractors or material suppliers and we will be able to find other subcontractors and suppliers in the market as back-up. Based on the above, our Directors are confident that our Group can continue to provide our services and discharge our obligations under existing contracts.

Since late 2019 and up to the Latest Practicable Date, there had been no material delay in the delivery of completed properties to us for management as scheduled as a result of the COVID-19. Furthermore, up to the Latest Practicable Date, the COVID-19 had no material adverse effect on our participation in tender process for obtaining new property management service agreements. To the best knowledge of our Directors after consulting the Remaining Group, we do not anticipate there will be any material delay in the delivery of the properties developed by the Remaining Group or its joint ventures and associates for our management as scheduled. Given the nature of our business operations, our Directors are of the view that the risks of our Group having to suspend our operations or terminate our provision of property management services to customers, experience material interruption to the services provided by our subcontractors and utility service providers and supplies of materials, and reduce our property management fees as a result of the COVID-19 outbreak are remote. Since the outbreak of COVID-19 and up to the Latest Practicable Date, we had not experienced any labor shortage as a result of the COVID-19 nor had we experienced material difficulties in collecting property management fees. In addition, our Directors expect that the COVID-19 outbreak will bring in changes which are favorable to us in the long run. During the fight against the COVID-19 outbreak, property management companies in the PRC played a significant role and served as a bridge among the government, community workers and residents. We believe our efforts to control the outbreak and assistance provided to the residents have earned us trust and reliance from property owners and residents of the properties we managed, which we believe will lead to higher retention rate of property management service agreements going forward. Our Directors also expect that new government regulations on property management industry may be promulgated from time to time, which will offer us a higher degree of regulatory certainty in our long-term business operations, such as the Notice issued by the Office of MOHURD on Strengthening the Prevention and Control Measures of COVID-19 in an Orderly Manner to Promote Enterprises' Resumption of Work (《住房和城鄉建設部辦公廳關於加強新冠肺炎疫情防控有序推動企業開復工工作的通知》) and the Notice jointly issued by the Ministry of Human Resources and Social Security, the Ministry of Finance and the SAT on Extension of the Implementation Period of Phased Reduction and Exemption of Social Insurance Payments and Other Issues (《關於延長階段性減免企業社會保險費政策實施期限等問題的通知》). Based on the above, our Directors are of the view that no material adverse effect on our operations and financial performance is expected to result from the COVID-19 outbreak as of the Latest Practicable Date.

In the unlikely event that we are forced to reduce or suspend part of our business, whether due to government policy or any other reasons beyond our control as a result of the COVID-19 pandemic, we estimate our existing financial resources (including cash and bank balances and amounts due from related companies to be repaid before the **[REDACTED]**) as of December 31, 2022 could satisfy our necessary costs for at least the next 12 months from January 1, 2023. Key assumptions of the above estimates primarily include (i) no revenue would be generated due to suspension of our business; (ii) all of our staff, including operational and administrative employees, will be encouraged to take unpaid leave under mutual consent or dismissed upon proper notice in accordance with the employment contract and no significant compensation is incurred; (iii) we may incur additional staff cost to dismiss front line staff assuming no mutual consent to take unpaid leave is obtained from them; (iv) overall operating and administrative expenses and estimated monthly fixed costs will be incurred to maintain our operations at a minimum level; (v) our expansion plan is suspended under such condition; (vi) we would only use the immediate cash and deposits available, including our cash and cash equivalents as of December 31, 2022, and there will be no additional internal or external financing from Shareholders or financial institutions; (vii) no dividend will be declared and paid under such situation; (viii) the non-trade related amounts due from or to related companies as set out in the consolidated financial information of our Group as of December 31, 2022 would be received or paid, respectively, by our Group before the **[REDACTED]**; (ix) our trade payables will be settled when due, while we will be able to collect trade receivables from our customers based on historical settlement pattern; and (x) there are no material changes in the near future that would significantly affect the aforementioned key assumptions.

We also expect that we may experience certain risks in relation to COVID-19 outbreak. For example, many pandemic control measures may become a regular of our property management services, such as visitor and vehicle restriction and routine common area disinfection, which could lead to a permanent increase in staff costs and medical material costs. In addition, we may be required by local government to provide property management services in a specified manner, which could potentially expose us to more liabilities and higher costs and expenses.

The risks and extreme situations mentioned above are for illustrative purpose only and they may or may not occur, our Directors are of the view that the likelihood of these situations will happen is remote. The actual impact from the outbreak of COVID-19 on our Group will depend on its subsequent development. Therefore, there is a possibility that such impact to our Group may be out of our Directors' control and beyond our estimation and assessment. See "Risk Factors—Risks Relating to our Business and Industry—Our business operations may be affected by the COVID-19 pandemic" in this document for further discussion.

Our Response Towards the COVID-19 Outbreak

In response to the COVID-19 outbreak, we have adopted enhanced hygiene and precautionary measures across the properties under our management since January 2020. These measures include, among others, (i) regularly cleaning and disinfecting the common areas, disinfecting cars entering into our managed properties and ensuring the ventilation systems are in order; (ii) restricting the number of visitors and cars entering into our managed properties and monitoring the medical symptoms of the visitors at our managed properties by measuring their body temperatures; (iii) requiring our staff to wear suitable protective gear such as gloves and face masks and to report their health conditions regularly; (iv) promoting personal hygiene among our employees as well as property owners and residents of the properties we manage; and (v) follow the policies and requirements implemented by the PRC Government from time to time. The additional costs for implementing these enhanced measures are expected to be mainly related with masks, ethanol hand wash, disinfectants and infrared thermometers. Our Directors believe that the additional costs incurred as a result of the enhanced measures, after taking into account the medical and cleaning supplies distributed by local governments, would have no significant adverse impact on our Group's financial position for the year ending December 31, 2022.

Effects of the COVID-19 Outbreak on Our Business Strategies

Currently, it is one of our business strategies to strengthen our leading position in Zhejiang province and expand into other key provinces in the Yangtze River Delta Region and other key cities in the PRC. While the property market in the PRC may experience certain extent of impact as a result of the COVID-19 outbreak, given the continuous rise in the urban population and urbanization rate in China, we believe that the demand for residential and non-residential properties in areas with high population density and spending power will remain high. The outbreak of COVID-19 is expected to cause certain short-term economic slowdown across China but it will unlikely affect the development of the property management industry in the PRC and talent attraction plan in the long run, and considering the outbreak is being effectively controlled within the PRC, the impact of which shall be contained and the outlook for the demand of residential and non-residential properties and related property management services in these cities will remain positive. We therefore believe that our expansion plan as discussed in "—Business Strategies" in this section is feasible, and it is unlikely that we would change the use of the **[REDACTED]** from the **[REDACTED]** as disclosed in "Future Plans and **[REDACTED]**" in this document as a result of the COVID-19 outbreak.

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 to protect our intellectual property rights. As of the Latest Practicable Date, we registered three domain names and 20 trademarks, and filed application for registration of four trademarks that we believe are material to our business. We have been licensed by the Remaining Zhong An Group to use 17 of its trademarks for our operation pursuant to which we were entitled to use such trademarks on a non-exclusive, non-transferable and royalty-free basis for the period stipulated in the trademark licensing agreement. For further details, see "Connected Transactions—(A) Continuing Connected Transactions Fully Exempted from the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements—1. Trademark Licensing" in this document.

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 IV—Statutory and General Information—B. Further Information about our Business—2. Intellectual Property of our Group" to this document for more information about our registered intellectual properties and intellectual property applications.

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:

Date	Award or Recognition	Awarding Entity
April 2023	Ranked 40th in the 2023 Top 100 Property Management Companies in China (2023中國物業服務百強企業) in terms of overall strength	CIA
April 2022	Ranked 42nd in the 2022 Top 100 Property Management Companies in China (2022中國物業服務百強企業) in terms of overall strength	CIA
November 2021	Ranked among the 2020-2021 China Property Management Enterprise Digital Power Top 30 (2020-2021中國物業企業數字力TOP 30) in the fourth session of the CIOC Real Estate Intelligent Technology Summit (第四屆CIOC不動產數字化峰會)	Jointly awarded by E-House CRIC (易居克而瑞) and China Real Estate Appraisal Center of Shanghai E-House Real Estate Research Institute (上海易居房地產研究院中國房地產測評中心)
September 2021	Appointed as a member of the fifth session of the director unit of Hangzhou Property Management Institute (杭州市物業管理協會第五屆理事單位)	Hangzhou Property Management Institute (杭州市物業管理協會)
April 2021	Ranked 50th in the 2021 Top 100 Property Management Companies in China (2021中國物業服務百強企業) in terms of overall strength	CIA
April 2021	Baima Villa (白馬山莊) was recognized as 2021 China Five-star Property Management Services Project (2021中國五星級物業服務項目)	CIA
May 2020	Ranked 59th in the 2020 Top 100 Property Management Companies in China (2020中國物業服務百強企業) in terms of overall strength	CIA
May 2020	Hidden Dragon Bay (隱龍灣), Zhongan Garden (眾安花園) and Oasis Mansion (綠洲嘉園) were recognized as 2019 Xiaoshan District Five-star Property Services Projects (2019年度蕭山區五星級物業服務項目)	Hangzhou Xiaoshan District Housing and Urban-Rural Development Bureau (杭州市蕭山區住房和城鄉建設局)

Date	Award or Recognition	Awarding Entity
May 2019	Ranked 63rd in the 2019 Top 100 Property Management Companies in China (2019中國物業服務百強企業) in terms of overall strength	CIA
May 2019	Baima Villa (白馬山莊) and Yuelong Bay (悦龍灣) were recognized as 2019 China Five-star Property Management Services Projects (2019中國五星級物業服務項目)	CIA

COMPETITION

The growth of the PRC property management industry is primarily attributable to key drivers such as favorable government policies and the continuous urbanization and increasing per capita disposable income in China which has led to rising supply of commodity properties (being properties developed for sale) and, demand for property management services. China's economic development in recent years has resulted in increasing urbanization and continuous growth in the per capita annual disposable income for the urban population. We expect that the aforementioned improvement in the per capita annual disposable income will stimulate customers' pursuit of quality services 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. The continuous 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 of, and the number of properties managed by, the Top 100 Property Management Companies have increased. According to CIA, total revenue attributable to the Top 100 Property Management Companies has therefore increased to approximately RMB340.4 billion in 2021 from RMB125.6 billion in 2016, representing a CAGR of approximately 22.1%.

We primarily compete against the Top 100 Property Management Companies, particularly those affiliated with reputable property developers in China. The growth of the brand of the Remaining Group provides a strong foundation for our own advancement. In recent years, our percentage of GFA under management from the Remaining Group's property development projects has decreased, while our percentage of GFA under management from projects developed by independent third-party property developers has increased. This demonstrates that while we are able to enjoy the support of our affiliates, we are also capable of searching for and taking advantage of market opportunities independently. According to CIA, our ranking among the Top 100 Property Management Companies in China in terms of overall strength of property management increased from 82nd in 2016 to 40th in 2023, reflecting our growing property management capabilities. Our market share in the PRC in terms of GFA under our management as of December 31, 2022 was approximately 0.04%.

We believe that, based on our competitive strengths, we are able to continue competing with other industry players. Moreover, new market entrants are faced with entry barriers such as brand awareness and reputation, capital requirements, quality management and availability of industry expertise, which we believe we possess and will continue to uphold. 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" in this document for more information on the industry and the markets that we operate in.

SOCIAL, HEALTH, SAFETY AND ENVIRONMENTAL MATTERS

We are subject to PRC laws in relation to labor, safety and environmental protection matters. During the Track Record Period, we have conducted our operations in accordance with standards represented by our OHSAS18001:2007 occupational health and safety management certification, which we first obtained in 2016. Our current certification ISO45001:2018 is valid from January 2022 to January 2025. We are also committed to environmental protection and have adopted and implemented measures to ensure that we meet the standards represented by our ISO14001:2015 environmental management certification and our current certification is valid from January 2022 to January 2025. We first obtained our ISO14001:2004 environmental management certification in 2009.

We train our employees on how to react during selected emergencies. See "—Employees" in this section for more information on the trainings provided to our employees. During the Track Record Period and up to the Latest Practicable Date, we had complied with the applicable PRC laws and regulations in relation to health and workplace safety in all material respects. During the Track Record Period and up to 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 take into consideration the impact of our business on climate and the environment, and are committed to operating our business in compliance with applicable laws and regulations in relation to climate and environment. We have implemented adequate measures in the operation of our business to comply with all applicable requirements.

Given the nature of our operations, we do not believe that we are subject to material risks or compliance costs 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. Nevertheless, if we are unable to comply with existing or future environmental laws and regulations or are unable to meet public expectations in relation to environmental issues, we may be required to pay fines and penalties, and our reputation may be damaged. See "Risk Factors—Risks Relating to our Business and Industry—Any inability to comply with our environmental responsibilities may subject us to liability" in this document for further discussion of the related risk.

Our Directors consider that establishing and implementing sound environmental, social governance ("**ESG**") principles and practices will help increase the investment value of our Company and provide long-term returns to our stakeholders. Our Directors are responsible for overseeing the formulation and reporting of our ESG strategies and determining the ESG-related risks to ensure the effectiveness of our ESG measures. We have devoted efforts in the following aspects to promote health, safety and environmental aspects of our operations such as (i) reducing operating energy consumption and shifting to renewable energy sources; (ii) promoting garbage sorting and devoting adequate manpower and resources to garbage sorting; (iii) providing entry physical examination and safety training for new joiners and regular physical examination for employees, and conducting safety training for all employees on a regular basis; (iv) following the internal policy on equal opportunities when we hire, evaluate and determine promotion; and (v) providing adequate training and supervision for new employees and training programs for our employees' career development.

We are 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 standing at the frontline of the prevention and control of the COVID-19 pandemic with a high degree of vigilance. We strictly implemented various pandemic prevention measures and deployed emergency measures to protect the safety of our employees. We also implemented sanitation and disinfection system, carried out disinfection and pandemic prevention procedures in common areas such as office elevators, corridors and public areas, maintained good indoor ventilation and ensured the implementation of our pandemic prevention measures and regular inspections were in place. We have implemented the employee health verification system, which includes functions such as health-checking QR code and travel QR code, and measuring body temperature, so as to protect all employees against the virus.

- *Social welfare.* We have been actively involved in and advocated for social welfare, taking it as our social responsibility and making continuous efforts in the areas such as disaster relief, poverty alleviation, children's development and elderly care. For instance, in April 2021, on the occasion of World Autism Day, we participated in the "Paint the Stars" children's charity painting campaign to bring warmth and care to children and call for the world to pay attention to their inner world.

ESG and Climate-related Risks and Opportunities

The Group's Governance regarding Environmental, Social and Climate-related Risks and Opportunities

We have implemented an ESG policy, which provides guidelines to the management of the Group's environmental, social and climate-related issues. In particular, our policy on the management of severe weather conditions lists out the measures to be taken against the increasing rate of extreme weather conditions such as typhoons and flooding due to climate change. For instance, we set up various response teams in areas including emergency, logistics and rescue to ensure swift response is made, maintain smooth information communication with property owners and residents, reduce the impact of the incident on the lives of property owners and residents as well as business continuity of our Group, and build up a strong prevention and control barrier for property owners and residents.

We believe that it requires collective effort from our Board of Directors to evaluate and manage material ESG issues, therefore we have not established an ESG committee for ESG issues. We integrate ESG into the Company's strategy and daily operational management. In order to better manage the ESG-related affairs of the Company, our Board of Directors is responsible for evaluating ESG-related risks, coordinating the strategic direction of ESG and the direction of enterprise development, and overseeing the key performance indicators of ESG. The Board of Directors also appoints management and relevant functional departments of ESG to form an ESG working group and implement ESG-related decisions to ensure that our operations and business practices align with the relevant ESG strategies. Furthermore, our Board of Directors closely follows and monitors the latest requirements regarding ESG disclosure and regulatory compliance. For instance, we are highly aware of the Stock Exchange's ESG requirements, and in order to ensure compliance with such requirements, our Board of Directors will oversee the compilation of our ESG report, and shall review the content and quality of the ESG report after we are officially **[REDACTED]** on the Stock Exchange.

With respect to the management of environmental, social and climate-related issues, we take into account the concerns of internal and external stakeholders on ESG issues, as well as the business characteristics of our Group, and incorporate the opinions of third-party professionals.

Impact of Environmental, Social and Climate-related Issues and Opportunities

We acknowledge that climate-related issues pose a certain level of threat to us. Climate-related risks identified by us can be classified into two major categories: physical risk and transitional risk. We define physical risks as risks having a direct impact on our operations as a result of climate change and extreme weather. We have created and continuously optimized emergency response measures to extreme weather conditions in order to protect the health and safety of our employees and customers; We are also constantly exploring ways to reduce our carbon footprint in response to climate change by adopting cleaner energy, improving operational energy efficiency, quantifying and monitoring our greenhouse gas emissions, etc..

Transition to low-carbon economy brings about policy risk, technology risk, market access risk and goodwill risk. Under the background of China's target of "emission peak" and "carbon neutrality", stakeholders of our business, including customers, have put forward higher requirements on our green property services. We will continue to monitor the external environmental compliance and stakeholders' expectations to explore more sustainable operations and service patterns. With regard to increasing responsibilities on emission disclosure, we may be impacted by increased cost to execute more stringent monitoring measures on emissions and resource consumption.

Identification, Assessment and Management of Environmental, Social and Climate-related Risks and Opportunities

Based on our management's judgment, analysis from materiality maps provided by well-known external institutions including the ESG Industry Materiality Map by MSCI and SASB Materiality Map by Sustainability Accounting Standards Board (SASB), as well as the professional opinion from third-party professionals, we have identified the material ESG issues highly related to our business.

On top of the risks regarding climate-related issues, we have identified the following material ESG issues and their potential impacts.

Material Topics	Potential Risks, Opportunities and Impacts
Energy saving and emission reduction	Through improving operational efficiency, reducing the use of energy and resources, as well as emissions of pollutants and wastes may allow us to enhance our environmental performance and reduce the negative impact of our operation in relation to climate change. While this may potentially incur extra cost to comply with the increasingly stringent environmental regulatory requirements and increase operational cost, it may positively improve our reputation.

Material Topics	Potential Risks, Opportunities and Impacts
Employees' rights, interests and development	We may face the risk of loss of talents and reduction in our business capabilities if we fail to promote the rights, interests and development of our employees. We strive to attract, reserve, promote and retain talents and cultivate skills of our staff by providing reasonable career development routes and fairly evaluate the performance of our employees. We believe by maintaining a good relationship with our employees will improve our operation efficiency and service capabilities.
Occupational health and safety	The health and safety of our employees may be put at risk due to climate-related issues, such as increasingly frequent extreme weather conditions. We strive to protect the health of employees and create a safe working environment, thereby reducing the costs of accident handling, medical care, litigation, penalties and fines, and improving our business continuity and operational efficiency.
Business ethics and anti-corruption	Regulatory risks in failing to maintain good business ethics may cause compliance-based impacts. On the other hand, outstanding business ethics may help us yield a positive business image.

We have put in place various mitigation and measures to prevent the risks from causing unnecessary impact on our operations. We have obtained different management system certifications including ISO45001:2018, ISO14001:2015 and ISO9001:2015 to regulate and control various risks. We believe that the sustainable development of our Group cannot be achieved without meeting the expectations of our stakeholders. Our internal and external stakeholders mainly include employees, customers (such as property developers, property owners and residents), suppliers, business partners, investors, regulators and various social organizations. Through creating communication channels and mechanisms for different stakeholders, we are committed to listening to the views of various stakeholders, thereby helping us to make ESG management decisions more effectively.

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 primarily includes resource consumption. We have included the office areas and common areas of properties under our management in 2021 into the calculation scope of indicators related to environment and climate change. The performance of the main indicators are as follows:

Emissions	2021	2022
Total greenhouse gas emissions (tonnes CO_2 equivalent)....	14,785.23	15,161.93
Scope 1 (direct emissions) (tonnes CO_2 equivalent)....	24	25.18
Scope 2 (indirect emissions) (tonnes CO_2 equivalent)....	14,756	15,131
Scope 3 greenhouse gas emission (business travel) (tonnes CO_2 equivalent)	5.23	5.75
Total greenhouse gas emissions per unit of GFA under management (tonnes CO_2 equivalent/'000 sq.m.)...	1.25	1.18

Resource Consumption	2021	2022
Total municipal water consumption (tonnes)	673,310	781,056
Total municipal water consumption per unit of GFA under management (tonnes/'000 sq.m.)	57	60.44
Total energy consumption (kWh)	21,051,906	21,558,562
Direct consumption (kWh)	75,993	80,723
Indirect consumption (kWh)	20,975,913	21,507,839
Total energy consumption per unit of GFA under management (kWh/'000 sq.m.)	1,781	1,671

In the future, we expect that our administrative expenses regarding environmental, social, and climate-related issues shall increase along with our overall business development, however, we expect that the proportion of such administrative expenses against our total revenue will have a downward trend.

INSURANCE

We maintain certain insurance coverage primarily including public liability insurance to cover liabilities for damages suffered by third-parties arising out of our business operations during the Track Record Period. We expressly require our subcontractors to purchase accident insurance for their employees who provide services to our Group, and in accordance with our agreements with subcontractors, the subcontractors are responsible for all workplace injuries to their employees, except for the injuries directly attributable to us. We do not purchase any business interruption insurance or litigation insurance. Our Directors believe that our existing insurance coverage is in line with the industry norm for similar property management companies in the PRC. 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" in this document for further discussion of the related risk.

EMPLOYEES

We believe that the expertise, experience and professional development of our employees contributes to our growth. Our human resources department is responsible for managing, training and hiring employees.

As of December 31, 2022, we had a total of 2,817 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
		(%)
On-site property management services personnel[1]	2,270	80.5
Personnel for value-added services mainly to property developers and community value-added services	337	12.0
Management personnel[2]	110	3.9
Project managers and project managers in reserve	67	2.4
Quality control and business development personnel	33	1.2
Total	**2,817**	**100.0**

Notes:

(1) Refers to our employees directly providing property management services, excluding project managers and project managers in reserve.

(2) Refers to regional management personnel and management personnel at headquarters level.

The following table sets forth a breakdown of our full-time employees by geographic location as of December 31, 2022:

	Number of employees	% of total
		(%)
Zhejiang province	2,107	74.8
Anhui province	624	22.1
Shandong province	28	1.0
Jiangsu province(1)	21	0.8
Guangdong province(1)	14	0.5
Yunnan province(1)	12	0.4
Hubei province(1)	11	0.4
Total	**2,817**	**100.0**

Note:

(1) During the Track Record Period, the Group had not provided property management services but had provided certain value-added services mainly to property developers for projects located in these provinces, therefore, the Group had employees employed in these provinces as of December 31, 2022.

We endeavor to recruit suitable employees in the market by offering competitive salary and benefits, training and internal promotion. We source candidates through a variety of channels such as head hunters, online advertisements and employee referrals. Our review and screening of candidates takes into account a variety of factors, such as education credentials, work experience, professional qualifications, personality and potential. It is our corporate policy to promote equal opportunities among our employees regardless of gender, age, race, background, religion and any other social or personal characteristics.

We provide training programmes to our employees, including induction training to new hires to introduce them to our corporate culture and procure them to familiarize with their job responsibilities and our Group's service goals and procedures. We also provide interactive trainings to our employees and management personnel throughout our operation on a regular basis, such as training and exchange on corporate culture, team building, legal knowledge, financial knowledge, and industry development trend to enhance their servicing skills and basic legal and compliance knowledge. We also endeavor to offer our junior employees adequate trainings to facilitate their career progression within our Group and we started to recruit young graduates through our newly implemented Smart Star Program (智慧之星計劃). We may also organize external training programs to strengthen teamwork and collaboration skills among our staff. For senior management personnel, we have a training plan covering on-the-job trainings organized by professional institutions to strengthen their management and leadership skills, and industry exchanges to cultivate their forward-looking insights of the industry landscape. Our employees' remuneration comprises salaries, performance-based bonuses (where applicable), social insurance and housing provident fund contributions, long-term incentives and other welfare payments. We also plan to enhance our incentive mechanism, such as promoting performance bonus, to ensure the association of remuneration, bonus and performance.

As of the Latest Practicable Date, our certain employees formed labor unions. We have maintained good working relationships with our employees. During the Track Record Period, no significant labor disputes occurred which materially and adversely affected our business or were likely to have a material adverse effect on our business.

Social Insurance and Housing Provident Fund Contributions

During the Track Record Period, we did not register for and/or make full contributions to social insurance and housing provident funds for certain employees primarily because some of our employees declined to make their social insurance and housing provident fund contributions.

Under the Administrative Regulation on Housing Provident Fund (《住房公積金管理條例》), (i) for housing provident fund registrations that we fail to complete before the prescribed deadlines, we may be subject to a fine ranging from RMB10,000 to RMB50,000 for each non-compliant subsidiary or branch; and (ii) for housing provident fund contributions that we fail to pay within the prescribed deadlines, we may be subject to an order by the relevant people's court to make such payments. According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), (i) for social insurance registration that we fail to complete, we may be ordered by the social insurance administrative authorities to make correction within the prescribed deadlines; where correction is not made within the prescribed period, we may be subject to a fine ranging from one to three times the amount of the social insurance premiums payable; and (ii) for outstanding social insurance contributions that we did not fully pay within the prescribed deadlines, the relevant PRC authorities may demand that we pay the outstanding social insurance contributions within a stipulated deadline and we may be liable for a late payment fee equal to 0.05% of the outstanding contribution amount for each day of delay; if we fail to make such payments within the prescribed deadline, we may be liable to a fine of one to three times the outstanding contribution amount. As of December 31, 2022, the shortfall amount of our social insurance and housing provident fund contributions was approximately RMB1.1 million and RMB1.0 million, respectively.

We made provisions in the amounts of approximately RMB1.1 million, RMB0.7 million and RMB0.3 million, in respect of such potential liabilities in 2020, 2021 and 2022, respectively, for certain of our PRC subsidiaries and branch offices. For the remaining PRC subsidiaries and branch offices we have obtained written confirmations from relevant officers at the local social insurance and housing provident fund authorities, each stating that: (i) the social insurance and housing provident fund contributions were made by relevant PRC subsidiaries and branch offices in compliance with the respective laws, regulations and/or relevant local policies and requirements; (ii) we had made full social insurance and housing provident fund contributions and/or we had no outstanding social insurance and housing provident fund contributions; and/or (iii) no administrative penalty has been imposed. Our PRC Legal Advisor is of the opinion that the relevant written confirmations are issued by competent authorities.

Our Directors are of the view that no provision is required to be made in respect of the remaining PRC subsidiaries and branch offices, based on (i) written confirmations from local social insurance and housing provident fund authorities as stated above; (ii) their assessment of various factors including the nature and amount of the non-compliance; and (iii) 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 the social insurance premiums and housing provident funds and demanding payment of the same before a stipulated deadline. We were also not aware of any employee's complaints or demands for payment of social insurance premiums and housing provident fund contributions, nor had we received any legal documentation from the labor arbitration tribunals or the PRC courts regarding disputes in this regard, which may have a material adverse effect on our business, financial position and results of operations. In view of the above, our PRC Legal Advisor is of the view that save and except those PRC subsidiaries and branch offices which we made provisions in 2020, 2021 and 2022, respectively, the risk of us being penalized by the competent authorities providing above written confirmations for our aforementioned historical failure to register for and/or make full contributions to the social insurance and housing provident funds for our employees is low or that such failure would not constitute a material adverse impact on the **[REDACTED]**. 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]**. The Group will make contributions in accordance with relevant PRC laws and regulations prior to **[REDACTED]**.

In addition, as of the Latest Practicable Date, we have established internal policies and procedures to ensure that we will make full contributions in relation to social insurance and housing provident funds. These internal policies and procedures include (i) regular communication with government agencies to ensure that our calculation and payment methods are in compliance with the relevant laws and regulations; (ii) regular consultation with legal counsel to understand whether we are at risk of non-compliance with the relevant laws and regulations; (iii) preparation of regular reports regarding our contribution amounts for review by our Board; and (iv) holding of internal trainings on the relevant laws and regulations for our Directors, senior management and certain employees. 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.

OUR CASH MANAGEMENT AND TREASURY POLICIES

Cash Management Policy

We have a bank account and cash management policies 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 and other service fees from our customers	We typically have designated customer service personnel specifically responsible for cash collection who verifies that the amount of cash collected is correct prior to issuing receipts. The designated customer service personnel stationed at each of our managed properties (i) performs check on the actual amount of cash received against the payment records, and (ii) deposits the cash received into our bank accounts and reports to finance department on a daily basis. We require that all cash collections be recorded in our intelligent property management system upon receipt.
Cash outflow to suppliers, service providers and subcontractors	Payments by our subsidiaries and branches to our suppliers, service providers and subcontractors must be pre-approved by the responsible supervising personnel at a higher level. Such payments will be made directly from the bank accounts of our subsidiaries and branches after obtaining internal approval.
Cash outflow in relation to refunding deposits or service fees to our customers	We may collect refund application form from customers in relation to deposits received such as performance bond, retention deposits from property owners and decoration deposits. Our customer service personnel shall report to the finance department which will verify the authenticity of the transaction before issuing the refund. The refund shall be approved by the designated responsible supervising personnel.
Cash inventory and deposits	Our subsidiaries and branch offices are typically not allowed to keep more than RMB5,000 in cash on hand. We typically require excess amounts to be deposited into the bank accounts of our subsidiaries or branch offices within one week.

Cash flow transactions	Cash handling policies and internal control measures
Cash transfers to the bank accounts of our subsidiaries and branch offices	We receive cash through methods such as online payment, credit card payments and bank transfers, and cash collected from these methods are directly deposited into the bank accounts of our subsidiaries and branch offices.
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. Our subsidiaries and branch offices are typically required to reconcile and check balances on a monthly basis.

Treasury Policy

We comply with our treasury policy when managing the relevant departments, conducting business and accounting activities. We are committed to safeguarding our overall financial stability and maintaining a healthy cash position. In order to maintain a strong and sustainable financial position, we have established various internal policies, which allow us to adopt to a comprehensive and professional assessment mechanism.

Budget and Funding Management

For budget and funding management, we have established a monthly, quarterly and annual budget management system. Generally, our finance department reviews and adjusts the budget reports submitted by our subsidiaries, then seeks approval from our Directors. The budget plan is assessed on an objective basis with reference to our Group's business plans to ensure that the budget accurately reflects our actual business needs. Our finance department is also responsible for the preparation of external financing proposals when it foresees a shortage of fund based on the budget reports.

CERTIFICATES, LICENSES AND PERMITS

We are required to obtain and maintain various certificates, licenses and permits in relation to our operations. Based on the legal opinions issued by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had obtained all material certificates, licenses and permits from relevant regulatory authorities necessary for our business operations in the PRC. We are required to renew such certificates, licenses and permits from time to time. We do not expect any difficulties in such renewals so long as we meet the applicable requirements and conditions set by the relevant government agencies and adhere to procedures set forth in relevant laws and regulations.

PROPERTIES

As of the Latest Practicable Date, we also leased 25 properties in the PRC with an aggregated GFA of approximately 2,900.0 sq.m. for use primarily as offices, business operations and registered office addresses. Among these 25 leased properties, 16 of which are leased from Independent Third Parties, five of which are leased from the Remaining Zhong An Group, and four of which are leased from the CNC Group. For further details, see "Connected Transactions—(A) Continuing Connected Transactions Fully Exempted from the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements—2. Office Leasing" in this document. During the Track Record Period and up to the Latest Practicable Date, we did not have any self-owned properties.

As of the Latest Practicable Date, we had not filed five lease agreements in relation to the properties we leased with the local housing administration authorities as required under the applicable PRC law, primarily due to lack of cooperation from our lessors in registering the relevant lease agreements, which was beyond our control. As advised by our PRC Legal Advisor, failure to file the lease agreements would not affect the validity of such lease agreements. According to the relevant PRC laws and regulations, we might be ordered to rectify this failure by the competent authorities and if we fail to rectify within a prescribed period, a penalty of RMB1,000 to RMB10,000 per agreement may be imposed on us as a result. As of the Latest Practicable Date, we had not received any notice from the relevant regulatory authority with respect to potential administrative penalties or enforcement actions as a result of our failure to file the lease agreements described above. Our Directors do not expect any practical difficulty in identifying alternative premises subject to the lease agreements that have not been filed, and are of the view that such non-filing would not have a material and adverse impact on our business operations or constitute a material legal obstacle for the **[REDACTED]**. See "Risk Factors—Risks Relating to our Business and Industry—We may be subject to administrative penalties as we have not filed some of our lease agreements with housing administration authorities" in this document for further discussion on the related risk.

As of the Latest Practicable Date, we had nine leased properties which the lessors could not provide the relevant title certificates, with a total GFA of approximately 480 sq.m.. In relation to the leased properties for which our lessors did not provide us with the relevant title certificates or proof of property ownership, as advised by our PRC Legal Advisor, if such lessors are unable to prove that they have valid titles to or valid leasehold interests in these properties, we may not be able to enforce our leases in relation to these leased properties against third-parties with the relevant property interests. In the event that we are required to relocate from any of these leased properties as a result of the foregoing, given the nature of our operation, we do not believe that any relocation would result in material disruptions to our business. Moreover, alternative premises for the leased properties without title certificates or proof of property ownership, which we are using primarily for office use and as registered office address, are readily available. Although we may incur additional relocation costs, our Directors are of the view that this would not have any material impact on our business, financial position and results of operations. See "Risk Factors—Risks Relating to our

Business and Industry—Our rights to use our leased properties could be challenged by third-parties, or we may be forced to relocate due to title defects, which may result in a disruption of our operations" in this document for further discussion on the related risk.

As of the Latest Practicable Date, we did not own any real properties, and we had no single property with a carrying amount of 15% or more of our total assets. Therefore, we did not need to prepare a valuation report with respect to our property interests in reliance upon the exemption provided by Section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be involved in legal, arbitration or administrative proceedings in the ordinary course of our business such as contract disputes with our customers, subcontractors, suppliers and other parties. 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 business, financial condition or results of operations.

Historical Non-compliance Incidents

As advised by our PRC Legal Advisor, we had not been subject to any material fines or legal actions involving non-compliance with any PRC laws or regulations relating to our business during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period, we did not register for and/or make full contributions to social insurance and housing provident funds for certain employees primarily because some of our employees declined to make their social insurance and housing provident fund contributions. See "—Employees—Social Insurance and Housing Provident Fund Contributions" in this section for further information.

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, risk management and internal audit. The audit committee consists of three members, namely Mr. Chung Chong Sun, who serves as chairman of the committee, Mr. Liang Xinjun and Mr. Chiu Ngam. See "Directors and Senior Management" in this document for more information on the primary duties of the audit committee and the qualifications and experiences of these committee members.

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 4, 2021 in relation to the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong;

- We have appointed Rainbow Capital (HK) Limited as our compliance advisor to advise us on compliance with the Listing Rules; and

- the engagement of external legal advisors to advise us on compliance with the Listing Rules and to ensure our compliance with relevant regulatory requirements and applicable laws, where necessary.

Finally, we adopted before the **[REDACTED]**, various internal regulations against corrupt and fraudulent activities, which includes measures against receiving bribes and kickbacks, and misuse of company assets. Major measures and procedures to implement such regulations include:

- authorizing our audit department to assume responsibility for the implementation and execution of our anti-corruption and anti-fraud measures, including handling complaints, ensuring protection for the whistleblower and conducting internal investigations;

- promoting and providing training in relation to the management and operation of the whistleblowing mechanism among our staff to enhance their awareness of our anti-corruption and anti-fraud measures; and

- undertaking rectification measures with respect to any identified corrupt or fraudulent activities, evaluating the identified corrupt or fraudulent activities and proposing and reporting to the relevant enforcement authorities when necessary.

Our Directors are of the view that such controls and measures are sufficient and effective to avoid the occurrence of corruption, bribery, or other improper conduct of our employees. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any government investigation or litigation with respect to claims or allegations of monetary and non-monetary bribery activities.

OVERVIEW

Immediately upon completion of the **[REDACTED]** and the **[REDACTED]** and without taking into account any Shares which may be issued pursuant to the exercise of the **[REDACTED]**, Zhong An BVI will hold 75% of the issued share capital of our Company. Zhong An BVI is directly wholly-owned by Zhong An. Zhong An is owned as to approximately 57.89% by Whole Good, which is directly wholly-owned by Mr. Shi. Hence, Mr. Shi, Whole Good, Zhong An and Zhong An BVI will be our Controlling Shareholders under the Listing Rules.

Each of Whole Good and Zhong An BVI is an investment holding company. After the **[REDACTED]**, Zhong An and its subsidiaries (excluding our Group) are principally engaged in property development, property investment and other property development related services, pursuant to which the Remaining Zhong An Group will continue to be principally engaged in the development, sales of and investment in residential properties in the PRC while the CNC Group will continue to be principally engaged in the development, sales and leasing of and investment in commercial properties and operation and management of hotel and cinema in the PRC (together, the "**Retained Business**").

Mr. Shi is the ultimate controlling shareholder of Zhong An and he is currently serving as the chairman of the board of directors and executive director of Zhong An, and chairperson of the board of directors and non-executive director of China New City. He is also the chairman of the Board and executive Director of our Company.

DELINEATION OF BUSINESS

The Retained Business

Our Directors are of the view that there is clear delineation between the Retained Business and our business and, as a result, none of the Retained Business would compete, or is expected to compete, directly or indirectly, with our business upon **[REDACTED]**.

The following table sets forth the principal business operations of our Group and the Remaining Group (which comprised the Remaining Zhong An Group and the CNC Group) as of the Latest Practicable Date:

	Principal business operations
Our Group	(i) property management services to property developers, property owners, residents and tenants which primarily comprise (a) security services, (b) cleaning services, (c) gardening and landscaping services, (d) repair and maintenance services and/or (e) car park management services. The portfolio of managed properties mainly comprises (i) residential properties; and (ii) non-residential properties including commercial and office buildings, serviced apartments, public and other properties (such as office buildings of PRC governmental bodies, industrial parks, hospitals, schools and prison) and excluding hotel and cinema;
	(ii) value-added services principally to property developers which primarily comprise (a) sales office management services; (b) preliminary planning and design consultancy services; and (c) pre-delivery inspection services; and
	(iii) community value-added services principally to property owners and residents of our managed properties which primarily comprise (a) common area management services; (b) renovation waste disposal services; and (c) car parking space sales agency services.
The Remaining Group	(i) The Remaining Zhong An Group: development, sales of and investment in residential properties; and
	(ii) The CNC Group: development, sales and leasing of and investment in commercial properties and operation and management of hotel and cinema.

Given the different nature of businesses between our Group and the Remaining Group, there is clear delineation between the businesses of our Group and that of the Remaining Group. Our Directors are therefore of the view that there is no competition between the businesses of our Group and the Retained Business.

Other businesses of our Controlling Shareholders

In addition to the businesses of our Group and the Remaining Group, Mr. Shi is also interested in shipping and shipping consultancy business which will not be included in our Group upon the **[REDACTED]**. Since the shipping and shipping consultancy business are separate and distinct from our business, there is no competition with the businesses of our Group.

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 not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our business, see "—Deed of Non-Competition" below for details.

Save as disclosed above, 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.

OUR BUSINESS RELATIONSHIP WITH THE REMAINING GROUP

We have a well-established and ongoing business relationship with the Remaining Group. Property management services are important to the daily operations of the Remaining Group as property developers in the PRC. We have been providing various services to the Remaining Group including residential and non-residential property management services since 1998 and 2005, respectively. Our Directors consider that our Group does not particularly rely on the Remaining Group, having considered the reasons as set forth in the paragraph headed "—Independence from our Controlling Shareholders and their close associates" in this section of this document.

As confirmed by CIA, the business relationship between the Remaining Group and us is common among PRC property management companies and their parent group companies and has been mutually beneficial and complementary. In addition, according to CIA, high-quality property management services enhance the satisfaction of property owners and residents. Thus, property developers tend to select and work closely with well-resourced property management companies that provide a comprehensive range of services. Benefiting from such a long-standing relationship, we consider that we are familiar with the strategies, standards and requirements of the Remaining Group and are therefore able to provide tailored services to them in order to meet their specific needs. Despite the vast choices of service providers that provide similar services in the market, we believe that it would not be in the best interest of the Remaining Group to select and engage other service providers, considering the amount of time and relevant experience required for such other service providers to provide equally satisfying services that are comparable to that of our Group. Over years of cooperation, our Group on one hand, and the Remaining Group on the other hand, have gained thorough understanding of the business operations of each other and hence our Directors are of the view that our relationships have become mutually beneficial and complementary and is unlikely to change adversely or be terminated. We believe our close and long-term cooperative relationship with the Remaining Group is instrumental to their respective success in establishing a well-recognized brand image, while enabling us to reinforce our existing market position and enhance our competitiveness in the PRC property management industry. It is therefore commercially beneficial for the Remaining Group and our Group to maintain a stable business relationship.

We have a success rate of 100% of the tender bids submitted by our Group for the residential projects developed by the Remaining Group during the Track Record Period. We believe our high retention rate of 100% of all properties developed by the Remaining Group during the Track Record Period also led to the Remaining Group relying on our support to promote its brand image by continuously delivering quality property management services to property owners and residents of its developed properties. Given there is a certain degree of mutuality and complementarity of ongoing business between the Remaining Group and our Group, as well as our proven track record in securing property management service engagements from the Remaining Group during the Track Record Period, we consider that we have a competitive advantage that distinguishes us from our competitors and believe we will continue to be able to secure future engagements from them and be able to maintain our revenue from them upon **[REDACTED]**.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS AND THEIR CLOSE ASSOCIATES

We believe that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates (other than our Group) after **[REDACTED]** for the following reasons:

Management Independence

Our Board comprises four executive Directors and three independent non-executive Directors. Save for the one executive Director, namely Mr. Shi who is also an executive director and chairman of the board of directors of Zhong An and a non-executive director and chairperson of the board of directors of China New City, there is no overlap of directors and senior management members among our Company, Zhong An and China New City.

Our Directors are of the view that our Group does not rely on our Controlling Shareholders and their respective close associates in terms of management, and that the day-to-day operations and management functions of our Group can be managed independently of our Controlling Shareholders given that:

(i) our Board has a composition of four executive Directors and three independent non-executive Directors who are responsible for various functions of our Group;

(ii) Mr. Shi is the only overlapping Director of our Company. Since he has been overseeing business development, formulation and implementation of business strategies of both the property development of the Remaining Zhong An Group and property management of our Group since their commencement of business in 1997 and 1998, respectively, it is expected that while continuing to be supported by senior management teams of Zhong An and our Company, he will be able to devote sufficient time in handling his duties as executive director and chairman of the board of directors of both Zhong An and our Company, and non-executive director and chairperson of the board of directors of China New City;

(iii) other than Mr. Shi, all of our other Directors and our senior management members are independent from our Controlling Shareholders. Our Group has established our own business, finance, human resources and administration departments which are responsible for daily operations of our Group;

(iv) there are three non-overlapping executive Directors of our Company, representing a majority of the executive Directors who will be responsible for the daily management of our Group;

(v) there is no overlap of the five senior management members of our Group with the senior management members of the Remaining Group and therefore senior management members of our Group and the Remaining Group will be able to exercise independent judgment free from any conflict of interest;

(vi) our independent non-executive Directors account for more than one-third of our Board and they are independent from the Remaining Group. They will provide impartial and professional advice and bring independent judgment to the decision making of the Board;

(vii) upon the **[REDACTED]**, our Company will implement corporate governance measures to avoid any potential conflicts of interest as a result of overlapping of director, namely Mr. Shi between the Remaining Group and our Group. For details, see "—Corporate Governance Measures" in this section of the document; and

(viii) all Directors are aware of their responsibilities as Directors of our Company, including, among other things, their fiduciary duties to act for the benefit and in the best interests of our Company and our Shareholders as a whole.

Our Directors consider that Mr. Shi serving as executive director and chairman of the board of directors of Zhong An and our Company, and non-executive director and chairperson of the board of directors of China New City will be beneficial to the management and business development of Zhong An, China New City and our Company, will facilitate the continuous business cooperation between the Remaining Zhong An Group, the CNC Group and our Group and will provide strong and consistent leadership to the Remaining Zhong An Group, the CNC Group and our Group. In view of the above, our Directors believe that our

Company has sufficient and effective control mechanisms to ensure that our Directors will perform their duties properly and safeguard the interests of our Company and our Shareholders as a whole.

Operational Independence

Substantial portion of revenue generated from independent third parties

The following tables set forth the breakdowns of the revenue of our Group generated from (i) the Remaining Group and its joint ventures and associates; and (ii) independent third-party customers during the Track Record Period:

	For the year ended December 31,					
	2020		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Remaining Group and its joint ventures and associates	72,996	31.6	103,904	35.1	109,818	34.3
Independent third-party customers	157,699	68.4	191,790	64.9	209,917	65.7
Total revenue	**230,695**	**100.0**	**295,694**	**100.0**	**319,735**	**100.0**

Given that the property management fees are payable by individual property owners after the properties are delivered, the vast majority of our customers are third-party customers who are independent from our Controlling Shareholders. Accordingly, most of our revenue was derived from independent third-party customers during the Track Record Period which accounted for over 64.8% of the total revenue of our Group, and such proportion is expected to increase once the contracted but undelivered projects developed by the Remaining Group and its joint ventures and associates are delivered to independent third-party customers.

In addition, we recorded a continued increase in the revenue from third-party customers during the Track Record Period from approximately RMB157.7 million for the year ended December 31, 2020 to approximately RMB191.8 million for the year ended December 31, 2021 by approximately 21.6% then to approximately RMB209.9 million for the year ended December 31, 2022 by approximately 9.5%. In view of the above, our Directors consider that our Group does not rely on the Remaining Group as our main source of revenue.

Preliminary property management service agreements obtained through a standard and regulated tender and bidding process

Under the applicable 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 or the scale of the property is relatively small, the property developer can select and engage a property management company without going through the tender process by directly entering into an agreement with the prior approval of the real estate administrative department of the relevant district or county government where the property is located. The composition of the tender evaluation committee and the tender evaluation process must comply with the requirements of the relevant PRC laws and regulations. For further details of the tender process, see “Regulatory Overview—Laws and Regulations Relating to Property Management Services and Other Related Services— Appointment of Property Management Enterprises ” in this document.

For property management services of purely non-residential properties, we generally obtained those property management service agreements through commercial negotiation.

During the Track Record Period, we have submitted nine, 12 and ten tenders for projects developed by the Remaining Zhong An Group or its joint ventures and associates for the years ended December 31, 2020, 2021 and 2022, respectively, and our tender success rates were 100% throughout the Track Record Period. Despite most of the preliminary management service agreements entered into during the Track Record Period were related to residential properties developed by the Zhong An Group or its joint ventures and associates, in view of the above regulations on the tender and bidding processes, such preliminary management service agreements were granted to us based on merits of our profile and proposal and regardless of our shareholding relationship with the Remaining Group. We do not enjoy a preferential right to be engaged as the management service provider for preliminary management service agreements and will not be automatically awarded with such agreements simply by reason of our relationship with the Remaining Group.

Property owners’ right to re-appoint or replace property management service providers after delivery of the residential properties

At the post-delivery stage of the residential property projects where all or part of the property units have been sold and delivered by the property developers to individual property owners, the general meeting of property owners could establish property owners’ associations to represent property owners’ interests in matters related to property management. The property owners’ associations, once established, are operated by the property owners independently without the involvement of the property developers.

Under the PRC laws, the property owners have the right to, through the property owners’ general meetings, re-appoint or replace the existing property management service providers and authorize the property owners’ associations to enter into new property management service agreements with the selected property management service providers. The property developers (including the Remaining Group) do not have any influence over the decision-making process of the property owners in respect of the re-appointment or replacement of the property management service providers.

During the Track Record Period, we had five property management services agreements expired because of the formation of property owners’ associations, respectively, among these, we renewed four property management service agreements by entering into property management service agreements with the respective property owners’ associations. We chose not to submit tender application with the property owners’ association for one property project primarily due to commercial consideration that there were better business opportunities to reallocate our resources.

External projects

During the Track Record Period, there was a steadily increasing trend in the contribution of property projects developed by independent third-party developers ("**External Projects**") to (i) the total GFA under management of our Group, which amounted to approximately 44.7%, 44.3% and 46.0% as of December 31, 2020, 2021 and 2022, respectively; and (ii) our revenue generated from property management services, which amounted to approximately 23.9%, 27.5% and 28.5% for the three years ended December 31 2022, respectively. As of December 31, 2022, our Group has 62 External Projects out of 95 projects under our management, which included residential properties and non-residential properties. We intend to continue to actively obtain property management service agreements for External Projects.

In order to reduce our reliance on the Remaining Group, further expand our property management services portfolio and increase the proportion of the External Projects, our Group had participated in various tender process for External Projects during the Track Record Period. Besides, our Group has established an investment development center to identify potential property management projects from independent third-party property developers. Our Group has also been actively exploring potential acquisition opportunities for third party property management companies or property projects. For details of our strategic acquisitions and investments plan, see "Future Plans and **[REDACTED]**—**[REDACTED]**" in this document.

Licenses required for operations

We hold, by our own, all the relevant licenses and permits that are material to our business operations, and enjoy the benefits brought by them.

Operational facilities

As of the Latest Practicable Date, save as disclosed in the section headed "Connected Transactions", all properties and facilities necessary for our business operations are separate from and independent of the Remaining Group.

Employees

As of the Latest Practicable Date, we generally recruit our full-time employees independently and primarily through recruitment websites (including external recruitment websites and internal corporate website), on-campus recruitment programs, job fair, recruiting firms and internal referrals.

Continuing connected transactions

The section headed "Connected Transactions" sets forth the continuing connected transactions between our Group and Zhong An, China New City and their respective associates which will continue after the **[REDACTED]**. All such transactions will be carried out after arm's length negotiations and on normal commercial terms. Save for the continuing connected transactions set forth in the section headed "Connected Transactions", our Directors currently do not expect to enter into any other additional continuing connected transactions between our Group and Zhong An, China New City or their respective associates upon or shortly after the **[REDACTED]**.

As such, we expect that we will be able to maintain the aggregate amounts of the continuing connected transactions between our Group and Zhong An, China New City and their respective associates at a reasonable percentage with respect to our total revenue after the **[REDACTED]**. Accordingly, we are of the view that such continuing connected transactions do not and will not affect our operational independence from the Remaining Group.

Financial Independence

We have established our own finance department with a team of financial staff which is responsible for financial control, accounting, reporting, group credits and internal control of our Company, which is independent from the Remaining Group.

All loans, advances and balances of non-trade nature due to or from members of the Remaining Group and other related parties which were not arising out of the ordinary course of business will be offset or fully settled before **[REDACTED]**. As of the Latest Practicable Date, there are (i) no share pledges or guarantees provided by members of the Remaining Group on our Group's borrowing; and (ii) no share pledges or guarantees provided by members of our Group on the Remaining Group's borrowing.

Accordingly, we believe that 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 irrevocably and unconditionally undertaken to us in the Deed of Non-Competition that he/it will not, and will procure his/its close associates (other than members of our Group) not to directly or indirectly be involved or engaged in any business that directly or indirectly competes, or may compete, with our businesses (the "**Restricted Businesses**"), or hold shares or interest in any companies or business that compete directly or indirectly with the business engaged by our Group from time to time, or conduct any Restricted Businesses, except where our Controlling Shareholders and their close associates hold less than 10% of the total issued share capital or registered capital 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 have right to appoint majority of the composition of the board of directors of such company. The above restrictions do not apply to the business of any of our Controlling Shareholders and his/its close associates that (i) had already been disclosed in this section; (ii) is not the same, similar or in competition with the Restricted Business; or (iii) was a Restricted Business but later no longer a Restricted Business.

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 him/it or any of his/its close associates, he/it shall, and shall procure that his/its close associates shall, refer such Competing Business Opportunity to our Company on a timely basis by giving written notice (the "**Offer Notice**") 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, our Company shall seek approval from a board committee who do 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 Group's strategies and development plans and the general market conditions of our business. If appropriate, the Independent Board may appoint independent financial advisors and legal advisor 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 written notice referred above, inform our Controlling Shareholders in writing on behalf of our Company its decision whether to pursue or decline the Competing Business Opportunity.

The relevant Controlling Shareholder shall be entitled but not obliged to pursue such Competing Business Opportunity if he/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 Shareholder, he/it shall refer such revised Competing Business Opportunity to our Company as if it were a new Competing Business Opportunity.

The Deed of Non-Competition will lapse automatically if our Controlling Shareholders and their respective close associate cease to hold, whether directly or indirectly, 30% or above of our Shares with voting rights or our Shares cease to be **[REDACTED]** on the Stock Exchange.

Each of our Controlling Shareholders has further undertaken to us that he/it will provide and procure his/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. They 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 addition, our Company has taken, or will take, the following measures to safeguard good corporate governance standards in respect of the Deed of Non-Competition:

- our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-Competition by our Controlling Shareholders;

- we will disclose decisions on matters reviewed by the independent non-executive Directors (including the reasons for not taking up the Competing Business Opportunity referred to our Company) and their basis 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 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 his/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 he/it fully comprehends his/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]** and 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 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 associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;

(c) we have 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 **[REDACTED]**. For details of our independent non-executive Directors, see "Directors and Senior Management—Board of Directors—Independent non-executive Directors" in this document;

(d) our Directors (including our independent non-executive Directors) will seek independent and professional opinions from external advisors at our Company's cost as and when appropriate in accordance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules;

(e) any transactions between our Company and our connected persons shall be in compliance with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, reporting and independent Shareholders' approval requirements (if applicable);

(f) we have appointed Rainbow Capital (HK) 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;

(g) 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 Company and our Shareholders as a whole; and

(h) 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.

Upon **[REDACTED]**, certain transactions between us and our connected persons, which are entered into in our ordinary course of business, will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

Upon **[REDACTED]**, the following entities will become our connected persons:

Zhong An, and its associates (excluding CNC Connected Persons (as defined below)) ("**Remaining Zhong An Connected Person(s)**")	Zhong An is one of our Controlling Shareholders, which will indirectly own approximately **[REDACTED]**% of our share capital upon the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised)
China New City, and its associates ("**CNC Connected Person(s)**")	China New City is indirectly held as to approximately 66.02% by Zhong An as of the Latest Practicable Date and is therefore an associate of Zhong An. China New City is also directly held as to approximately 1.56% by Whole Good

(Remaining Zhong An Connected Person(s) and CNC Connected Person(s), together, the "**Zhong An Connected Persons**")

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Nature of transactions	Connected Person	Applicable Listing Rules	Waiver sought
(A) Fully-exempt continuing connected transactions			
Exempt from the reporting, annual review, announcement, and independent Shareholders' approval requirements			
1. Trademark licensing	Zhejiang Zhong An	14A.76(1)	N/A
2. Office leasing	(i) Remaining Zhong An Connected Persons (ii) CNC Connected Persons	14A.76(1)	N/A

Nature of transactions	Connected Person	Applicable Listing Rules	Waiver sought
(B) Non-exempt continuing connected transactions			
Subject to the reporting, annual review, announcement, circular, and independent Shareholders' approval requirements			
3. Provision of car parking space sales agency services	(i) Remaining Zhong An Connected Persons (ii) CNC Connected Persons	14A.105	Announcement, independent Shareholders' approval requirements
4. Provision of property management services	(i) Remaining Zhong An Connected Persons (ii) CNC Connected Persons	14A.105	Announcement, independent Shareholders' approval requirements
5. Provision of value-added services	(i) Remaining Zhong An Connected Persons (ii) CNC Connected Persons	14A.105	Announcement, independent Shareholders' approval requirements

(A) CONTINUING CONNECTED TRANSACTIONS FULLY EXEMPTED FROM THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1. Trademark Licensing

Parties Zhejiang Zhong An and our Company

We have historically used the Licensed Trademarks (as defined below) registered by Zhejiang Zhong An. In anticipation of the **[REDACTED]** and to ensure that our Group will continue to be able to use the Licensed Trademarks, we entered into trademark licensing agreement with Zhejiang Zhong An on **[REDACTED]** (the "**Trademark Licensing Agreement**"), pursuant to which Zhejiang Zhong An agreed to irrevocably and unconditionally grant to our Group a non-exclusive and non-transferrable license to use certain trademarks registered in the PRC (the "**Licensed Trademarks**") owned by Zhejiang Zhong An for a perpetual term on a royalty-free basis commencing from the date of the Trademark Licensing Agreement, which is subject to the renewal of the Licensed Trademarks. For details of the Licensed Trademarks, see "Appendix IV—Statutory and General Information—B. Further Information about our Business—2. Intellectual Property of our Group." The Trademark Licensing Agreement (i) shall automatically terminate upon Zhong An ceasing to be our Controlling Shareholder; and (ii) may be terminated by written consent of the parties thereto.

We consider that the entering into of the Trademark Licensing Agreement will enable the brand of "Zhong An" to be further promoted when our Group markets its property management business by using the Licensed Trademarks, and the use of Licensed Trademarks is expected to further facilitate the market and business expansion of Zhong An and is mutually beneficial to both our Group and the Zhong An Group and their respective shareholders as a whole.

We believe that the entering into of the Trademark Licensing Agreement with a term of more than three years can ensure the stability of our operations, and is beneficial to us and our Shareholders as a whole. The Joint Sponsors are of the view that it is normal business practice for agreement of this type to be of such duration.

Zhejiang Zhong An is indirectly held as to 90% by Zhong An. Zhejiang Zhong An is therefore an associate of Zhong An and a connected person of our Company upon **[REDACTED]**. Accordingly, the transactions under the Trademark Licensing Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon **[REDACTED]**. As the right to use the Licensed Trademarks is granted to our Group on a royalty-free basis, the transactions under the Trademark Licensing Agreement will be within the de minimis threshold provided under Rule 14A.76 of the Listing Rules upon **[REDACTED]** and will be exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Office Leasing

Parties (i) Zhong An and our Company

(ii) China New City and our Company

Principal terms and reasons for the transaction

During the Track Record Period, our Group has leased certain properties from (i) CNC Connected Persons with an aggregate GFA of approximately 1,100 sq.m. as office for our own use and (ii) Remaining Zhong An Connected Persons as registered office address and as offices for our own use with an aggregate GFA of approximately 1,000 sq.m. (the "**Existing Leases**"). The Existing Leases are exempt from recognition as right-of-use assets on our statements of financial position under IFRS 16 because they are considered as (i) short-term leases (i.e. leases of 12 months or less) or (ii) leases of low-value assets. Therefore, the rental payment under the Existing Leases were and will be recorded as expenses over the term of the Existing Leases in our statements of profit or loss and other comprehensive income.

To avoid disruption to the continued operations of our Group, we will, after the **[REDACTED]**, continue to rent the properties from the Zhong An Connected Persons. In addition, to cater for the development of our businesses, we also expect to lease and/or obtain license to use additional GFA for such purposes from the Zhong An Connected Persons after the **[REDACTED]**.

On **[REDACTED]**, we entered into the office leasing framework agreements with each of Zhong An (the "**Zhong An Office Leasing Framework Agreement**") and China New City (the "**CNC Office Leasing Framework Agreement**") to govern the leasing and licensing of properties by the Remaining Zhong An Connected Persons and the CNC Connected Persons to our Group. The specific rent concerned and other relevant matters will be negotiated by the relevant parties to the specific transaction which will be set out in separate lease agreements in accordance with the principles set out in the Zhong An Office Leasing Framework Agreement and the CNC Office Leasing Framework Agreement.

The initial term of the Zhong An Office Leasing Framework Agreement and the CNC Office Leasing Framework Agreement shall commence on the **[REDACTED]** until December 31, 2024, subject to renewal by mutual consent.

Pricing basis

For the office leasing by our Group, the rent shall be determined after arm's length negotiations with reference to (i) the location, quality and size of the properties; and (ii) the prevailing market rent of such comparable properties, in particular, the leases offered to our Group by Independent Third Parties for comparable office spaces.

Historical transaction amounts

	For the year ended December 31,		
	2020	**2021**	**2022**
		(RMB'000)	
Fees paid or payable by Remaining Zhong An Connected Persons	Nil	17	250
Fees paid or payable by CNC Connected Persons	259	374	144
Total fees paid by Zhong An Connected Persons	259	391	394

Annual caps and basis of caps

Our Directors estimate that the maximum aggregate annual amounts payable by us under the Zhong An Office Leasing Framework Agreement and the CNC Office Leasing Framework Agreement for the years ending December 31, 2023 and 2024 will not exceed the caps set out below:

	Proposed annual amounts for the year ending December 31,	
	2023	**2024**
	(RMB'000)	
Fees payable by us to Remaining Zhong An Connected Persons	500	600
Fees payable by us to CNC Connected Persons	900	950
Proposed annual caps for fees payable by us to Zhong An Connected Persons	**1,400**	**1,550**

In determining the above caps, our Directors have considered: (i) the historical transaction amounts during the Track Record Period; (ii) any new locations that may be rented by our Group as a result of our Group's expansion plan and the needs for office spaces in the future; (iii) the expected increment in market rents of similar properties in the vicinity; and (iv) the increase in proposed annual caps as compared to the historical transaction amounts since our Group entered into an additional lease agreement with the Remaining Zhong An Connected Persons after the Track Record Period and as of the Latest Practicable Date.

As none of the applicable percentage ratios under the Listing Rules in respect of the aggregated annual caps are expected to be more than 5% and the total consideration is less than HK$3 million on an annual basis, the transactions under the Zhong An Office Leasing Framework Agreement and the CNC Office Leasing Framework Agreement will be exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(B) CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

3. Provision of car parking space sales agency services

Parties (i) Zhong An and our Company

(ii) China New City and our Company

Principal terms

On **[REDACTED]**, we have entered into car parking space sales agency services framework agreement with each of Zhong An (the "**Zhong An Car Parking Space Sales Agency Services Framework Agreement**") and China New City (the "**CNC Car Parking Space Sales Agency Services Framework Agreement**"), pursuant to which our Group would provide agency services for the sales of unsold car parking space, including marketing and advertising services, on an exclusive basis, for such unsold car parking space owned by the Remaining Zhong An Connected Persons and the CNC Connected Persons and located at property projects of the Remaining Group that are currently managed by us or expected to be provided for our management.

The specific service fees concerned and other relevant matters will be negotiated by the relevant parties in good faith which will be set out in separate service agreements in accordance with the principles set out in the Zhong An Car Parking Space Sales Agency Services Framework Agreement and the CNC Car Parking Space Sales Agency Services Framework Agreement.

The initial term of the Zhong An Car Parking Space Sales Agency Services Framework Agreement and the CNC Car Parking Space Sales Agency Services Framework Agreement shall commence on the **[REDACTED]** until December 31, 2024, subject to renewal by mutual consent.

Pricing basis

The fees payable to our Group under the Zhong An Car Parking Space Sales Agency Services Framework Agreement and the CNC Car Parking Space Sales Agency Services Framework Agreement will be determined on arm's length basis with reference to (i) the nature and location of the relevant property projects; (ii) the scope of the car parking space sales agency services; (iii) our expected operational costs (including, among others, labor costs and administrative costs) in relation to the provision of the car parking space sales agency services; and (iv) the fees charged by other service providers for similar services in the market. The terms offered by us to the Remaining Zhong An Connected Persons and the CNC Connected Persons shall not be less favorable to our Group than terms offered by us to our independent customers for the same or similar type and scope of car parking space sales agency services.

Historical transaction amounts

	For the year ended December 31,		
	2020	**2021**	**2022**
		(RMB'000)	
Fees paid or payable by Remaining Zhong An Connected Persons	3,208	14,589	21,321
Fees paid or payable by CNC Connected Persons.........	Nil	2,623	1,811
Total fees paid by Zhong An Connected Persons.........	3,208	17,212	23,132

Note: During the year ended December 31, 2020, we did not provide car parking space sales agency services to the CNC Connected Persons.

Annual caps and basis of caps

Our Directors estimate that the maximum aggregate annual amounts payable to us under the Zhong An Car Parking Space Sales Agency Services Framework Agreement and the CNC Car Parking Space Sales Agency Services Framework Agreement for the years ending December 31, 2023 and 2024 will not exceed the caps set out below:

	Proposed annual amounts for the year ending December 31,	
	2023	**2024**
	(RMB'000)	
Fees payable by Remaining Zhong An Connected Persons	46,500	62,000
Fees payable by CNC Connected Persons ..	7,500	11,000
Proposed annual caps for fees payable by Zhong An Connected Persons	**54,000**	**73,000**

In determining the above caps, our Directors have considered the following factors:

(i) the historical transaction amounts during the Track Record Period;

(ii) the estimated service fee based on the service fee charged by us under existing contracts as of Latest Practicable Date;

(iii) the number of unsold car parking spaces owned by the Remaining Zhong An Connected Persons and sold by the Group for the three years ended December 31, 2022 were 85, 648 and 796 spaces, respectively, while the number of unsold car parking spaces owned by the CNC Connected Persons and sold by the Group for the three years ended December 31, 2022 were nil, 82 and 65 spaces, respectively;

(iv) the expected annual increase in the total fees payable by the Zhong An Connected Persons for our car parking space sales agency services for the two years ending December 31, 2024, with reference to the following:

(a) the estimated number of unsold car parking spaces owned by the Zhong An Connected Persons and to be sold with the assistance of our Group for the two years ending December 31, 2024. Such estimate is based on (1) number of unsold parking spaces owned by the Zhong An Connected Persons and located at property projects of the Remaining Group that are currently managed by us, which amounts to approximately 1,400 and 1,300 unsold car parking spaces for the two years ending December 31, 2024, respectively, and approximately 50 and 50 unsold motorcycle parking spaces for the two years ending December 31, 2024, respectively; and (2) estimated number of unsold car parking spaces owned by the Zhong An Connected Persons and located at property projects of the Remaining Group that are expected to be delivered to us for our management, which amounts to approximately 1,100 and 2,300 for the two years ending December 31, 2024, respectively, and is in line with the increase in the expected delivered GFA of the Zhong An Connected Persons for the two years ending December 31, 2024 based on its future development plan;

(b) the expected increase in the service fees to be charged by our Group considering the expected inflation and increment in the operational costs as incurred by us; and

(v) the substantial increase in the proposed annual caps as compared to the historical transaction amounts was due to the increased efforts of our Group to develop its car parking space sales agency services. Such service offering only commenced in May 2020 and relate only to one property management project. Based on Zhong An's and China New City's future development plan and their respective delivery schedule of property projects, it is estimated that the number of property management projects which our Group would provide car parking space sales agency services will amount to 27 and 32 projects for the year ending December 31, 2023 and 2024, respectively. The proposed annual caps increased substantially from the year ending December 31, 2023 to December 31, 2024 due to (i) the estimation of an additional five property management projects which our Group would provide car parking space sales agency services for the year ending December 31, 2024 and (ii) among the 12 additional property management projects to be delivered by the Zhong An Connected Persons for the year ending December 31, 2023, nine of which are expected to be delivered in the second half of 2023 and it is therefore expected that our Group would provide car parking space sales agency services for the corresponding period in 2023 and the full year of 2024.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the annual caps are expected to be more than 5% on an annual basis, the transactions under the Zhong An Car Parking Space Sales Agency Services Framework Agreement and the CNC Car Parking Space Sales Agency Services Framework Agreement will be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

4. Provision of property management services

Parties (i) Zhong An and our Company

(ii) China New City and our Company

Principal terms

On **[REDACTED]**, we have entered into the provision of property management services framework agreements with each of Zhong An (the "**Zhong An Property Management Services Framework Agreement**") and China New City (the "**CNC Property Management Services Framework Agreement**"), pursuant to which our Group would provide property management services to the Remaining Zhong An Connected Persons and the CNC Connected Persons in respect of residential and non-residential property units that are unsold or undelivered. The scope of property management services includes (i) security services; (ii) cleaning services; (iii) gardening and landscaping services; (iv) repair and maintenance services and/or (v) car park management services.

The specific service fees concerned and other relevant matters will be negotiated by the relevant parties in good faith which will be set out in separate service agreements in accordance with the principles set out in the Zhong An Property Management Services Framework Agreement and the CNC Property Management Services Framework Agreement.

The initial term of the Zhong An Property Management Services Framework Agreement and the CNC Property Management Services Framework Agreement shall commence on the **[REDACTED]** until December 31, 2024, subject to renewal by mutual consent.

Pricing basis

The fees payable to our Group under the Zhong An Property Management Services Framework Agreement and the CNC Property Management Services Framework Agreement will be determined on arm's length basis with reference to (i) the nature, size and location of the relevant properties; (ii) the scope of the property management services; (iii) our expected operational costs (including, among others, labor costs, material costs and administrative costs) in relation to the provision of the property management services; and (iv) the fees charged by other property management service providers for similar services in respect of similar types of properties in the market. The fees charged by us to the Remaining Zhong An Connected Persons and the CNC Connected Persons shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable), and the terms offered by us to the Remaining Zhong An Connected Persons and the CNC Connected Persons shall not be less favorable to our Group than terms offered by us to our independent customers for the same or similar type and scope of property management services.

Historical transaction amounts

	For the year ended December 31,		
	2020	**2021**	**2022**
		(RMB'000)	
Fees paid or payable by Remaining Zhong An Connected Persons	13,856	10,502	10,152
Fees paid or payable by CNC Connected Persons	23,902	23,494	22,715
Total fees paid by Zhong An Connected Persons	**37,758**	**33,996**	**32,867**

Annual caps and basis of caps

Our Directors estimate that the maximum aggregate annual amounts payable to us under the Zhong An Property Management Services Framework Agreement and the CNC Property Management Services Framework Agreement for the years ending December 31, 2023 and 2024 will not exceed the caps set out below:

	Proposed annual amounts for the year ending December 31,	
	2023	**2024**
	(RMB'000)	
Fees payable by Remaining Zhong An Connected Persons	18,000	25,000
Fees payable by CNC Connected Persons	30,000	38,000
Proposed annual caps for fees payable by Zhong An Connected Persons	**48,000**	**63,000**

In determining the above caps, our Directors have considered the following factors:

(i) the historical transaction amounts during the Track Record Period;

(ii) the expected increase in GFA of property units developed by the Zhong An Connected Persons and to be managed by our Group that are unsold and undelivered and expected increase in the demand for our services, taking into account the following:

(a) for the years ending December 31, 2023 and 2024, the estimated GFA of property units to be delivered by the Zhong An Connected Persons and to be managed by our Group amounts to approximately 1.5 million sq.m., and 2.3 million sq.m., respectively, which is estimated based on existing contracts on hand as of December 31, 2022 and the delivery schedule of the Zhong An Connected Persons;

(b) according to Zhong An's annual report in 2020, 2021 and 2022 the land reserve of the Remaining Group increased from approximately 9.4 million sq.m. in 2020 to approximately 10.5 million sq.m. in 2021 then to approximately 10.1 million sq.m., representing a CAGR increase of approximately 3.7%, and such increase in land reserve is expected to continue for the two years ending December 31, 2024. The contracted sales GFA of the Remaining Group also increased from approximately 1.1 million sq.m. in 2020 to approximately 1.2 million sq.m. in 2021. Although the contracted sales GFA of the Remaining Group decreased to approximately 0.8 million sq.m. in 2022, according to Zhong An's annual report in 2022, the Remaining Group maintained a steady growth in contracted sales. It is expected that such increases will have a positive impact on the increase in our contracted GFA and GFA under management of properties developed by the Zhong An Connected Persons in respect of property management contracts which we may be engaged by the Zhong An Connected Persons, including a property management contract with an estimated service fee amounted to approximately RMB5 million which we may be engaged by CNC Connected Persons for the year ending December 31, 2024, based on our high tender success rate throughout the Track Record Period;

(c) the estimated service fee to be received from the Zhong An Connected Persons based on the estimated fees per sq.m. at which similar services will be charged and the historical percentage of property management service fee attributable to Zhong An Connected Persons; and

(d) the expected increase in the service fees to be charged by our Group considering the expected inflation and increment in the operational costs as incurred by us.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the aggregated annual caps are expected to be more than 5% on an annual basis, the transactions under the Zhong An Property Management Services Framework Agreement and the CNC Property Management Services Framework Agreement will be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

5. Provision of value-added services

Parties (i) Zhong An and our Company

(ii) China New City and our Company

Principal terms

On **[REDACTED]**, we have entered into the value-added services framework agreement with each of Zhong An (the "**Zhong An Value-added Services Framework Agreement**") and China New City (the "**CNC Value-added Services Framework Agreement**"), pursuant to which our Group would provide value-added services to the Remaining Zhong An Connected Persons and the CNC Connected Persons. The scope of value-added services under the Zhong An Value-added Services Framework Agreement and the CNC Value-added Services Framework Agreement includes (i) sales office management services mainly including provision of property management services at property sales venues and display units of property developers, (ii) preliminary planning and design consultancy services to property developers and (iii) pre-delivery inspection services.

The specific service fees concerned and other relevant matters will be negotiated by the relevant parties in good faith which will be set out in separate service agreements in accordance with the principles set out in the Zhong An Value-added Services Framework Agreement and the CNC Value-added Services Framework Agreement.

The initial term of the Zhong An Value-added Services Framework Agreement and the CNC Value-added Services Framework Agreement shall commence on the **[REDACTED]** until December 31, 2024, subject to renewal by mutual consent.

Pricing basis

The fees payable by the Remaining Zhong An Connected Persons and the CNC Connected Persons to our Group under the Zhong An Value-added Services Framework Agreement and the CNC Value-added Services Framework Agreement will be determined on arm's length basis with reference to (i) the scope of the value-added services; (ii) our expected operational costs (including, among others, labor costs, material costs and administrative costs) in relation to the provision of the value-added services; and (iii) the fees charged by other pre-delivery service providers for similar services in the market. The terms offered by us to the Remaining Zhong An Connected Persons and the CNC Connected Persons shall not be less favorable to our Group than terms offered by us to our independent customers for the same or similar type and scope of value-added services.

Historical transaction amounts

	For the year ended December 31,		
	2020	2021	2022
		(RMB'000)	
Fees paid or payable by Remaining Zhong An Connected Persons	26,806	39,234	40,718
Fees paid or payable by CNC Connected Persons	1,034	4,221	7,144
Total fees paid by Zhong An Connected Persons	**27,840**	**43,455**	**47,862**

Annual caps and basis of caps

The maximum aggregate annual amounts payable to us under the Zhong An Value-added Services Framework Agreement and the CNC Value-added Services Framework Agreement for the years ending December 31, 2023 and 2024 shall not exceed the caps set out below:

	Proposed annual amounts for the year ending December 31,	
	2023	2024
	(RMB'000)	
Fees payable by Remaining Zhong An Connected Persons	76,000	79,800
Fees payable by CNC Connected Persons	4,000	4,200
Proposed annual caps for fees payable by Zhong An Connected Persons	**80,000**	**84,000**

In determining the above caps, our Directors have considered the following factors:

(i) the historical transaction amounts and the growth trend thereof during the Track Record Period. In particular, the historical transaction amounts for such services increased by approximately 56.1% from the year ended December 31, 2020 to the year ended December 31, 2021, and approximately 10.1% from the year ended December 31, 2021 to the year ended December 31, 2022;

(ii) the expected annual increase in the total fees payable by the Zhong An Connected Persons for our value-added services for the three years ending December 31, 2024, with reference to the following:

(a) the number of property projects which amounted to 30 and 34, respectively based on existing contracts as of December 31, 2021 and 2022;

(b) the estimated duration of the service period of the expected projects based on the average duration of the existing projects;

(c) the estimated number of staff based on the average number of staff assigned to each existing project;

(d) the estimated service fees based on the average service fee charged per staff for the existing projects; and

(e) the expected increase in the service fees to be charged by our Group considering the expected inflation and increment in the operational costs as incurred by us;

(iii) the significant increase in the proposed annual caps as compared to the historical transaction amounts is primarily due to the strategic expansion of the Remaining Group in property development which resulted in a significant increase in total number of property projects under development or held for development in the PRC. According to Zhong An's annual report in 2020, 2021 and 2022, the land reserve of the Remaining Group increased from approximately 9.4 million sq.m. in 2020 to 10.5 million sq.m. in 2021 then to approximately 10.1 million sq.m., representing a CAGR increase of approximately 3.7%. Besides, in 2020, 2021 and 2022, the Remaining Group acquired a total of 21, 12 and seven land parcels with a total GFA of approximately 2.3 million sq.m., 1.9 million sq.m., and 0.5 million sq.m. respectively. Based on the above, its proposed expansion plan in property development and its expected delivery schedule, we expect that the number of projects for which we may be engaged by Zhong An Connected Persons to provide value-added services will be approximately 45 and 50 for the years ending December 31, 2023 and 2024, as compared to the number of projects of the Zhong An Connected Persons which we provided value-added services for the three years ended December 31, 2022, which amounted to 20, 30 and 34, respectively.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the aggregated annual caps are expected to be more than 5% on an annual basis, the transactions under the Zhong An Value-added Services Framework Agreement and the CNC Value-added Services Framework Agreement will be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

APPLICATION FOR WAIVER

The transactions described under "—(B) Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements" above 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 us from strict compliance with the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "—(B) Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements" above, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

DIRECTORS' VIEWS

Our Directors (including our independent non-executive Directors) consider that all the continuing connected transactions described under "—(B) Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements" above have been and will be carried out: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better; 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 of the view that the annual caps of the continuing connected transactions under "—(B) Continuing Connected Transactions which are Subject to the Reporting, Annual Review, Announcement and

Independent Shareholders' Approval Requirements" above are fair and reasonable and are in the interests of our Shareholders as a whole.

JOINT SPONSORS' VIEW

The Joint Sponsors are of the view (i) that the continuing connected transactions described in "—(B) Continuing Connected Transactions which are subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements" above 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 of such continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

BOARD OF DIRECTORS

Our Board currently consists of seven Directors, comprising four executive Directors and three independent non-executive Directors. The powers and duties of our Board include convening general meetings and reporting our Board's work at our Shareholders' meetings, determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions and exercising other powers, functions and duties as conferred by the Articles. We have entered into service agreements with each of our executive Directors. We have also entered into letters of appointment with each of our independent non-executive Directors.

The table below shows certain information in respect of members of our Board and senior management of our Company:

Members of our Board

Name	Age	Position	Date of joining our Group/the Remaining Group	Date of appointment as Director	Roles and responsibilities
Mr. Shi Zhongan (施中安) (alias Shi Kancheng (施侃成))	60	Executive Director and chairman of our Board	December 1997	November 16, 2020 *(Note)*	Responsible for overseeing business development, formulation and implementation of business strategies of our Group
Mr. Sun Zhihua (孫志華)	44	Executive Director and chief executive officer	July 2001	June 4, 2021	Responsible for the formulation and implementation of business strategy, daily management and operation of our Group
Mr. Lu Jianguo (盧建國)	61	Executive Director and vice president	March 2000	June 4, 2021	Responsible for daily management and operation and risk management of our Group
Ms. Xu Jianying (徐建穎)	48	Executive Director and head of financial management center	January 2007	June 4, 2021	Responsible for financial management of our Group

Note: Mr. Shi was appointed as our Director on November 16, 2020 and re-designated as our executive Director on June 4, 2021.

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities
Mr. Chung Chong Sun (鍾創新)	47	Independent non-executive Director	December 14, 2021	December 14, 2021	Provide independent advice on the operations and management of our Group
Mr. Liang Xinjun (梁信軍)	54	Independent non-executive Director	December 14, 2021	December 14, 2021	Provide independent advice on the operations and management of our Group
Mr. Chiu Ngam (趙岩)	49	Independent non-executive Director	December 14, 2021	December 14, 2021	Provide independent advice on the operations and management of our Group

Members of senior management

Name	Age	Position	Date of joining our Group/the Remaining Group	Date of appointment as senior management	Roles and responsibilities in our Group
Ms. Yang Zhiqin (楊志琴)	45	Head of community value-added services division	March 2013	November 2016	Responsible for community value-added operation management of our Group
Mr. Xu Pengcheng (徐鵬程)	38	Head of operation management center	April 2011	April 2019	Responsible for daily operation and management of our Group
Mr. Ding Lei (丁磊)	42	General manager of Wanlu region	June 2010	March 2016	Responsible for the operations, investment and quality control of projects in Wanlu region of our Group
Mr. Yeung Man Simon (楊敏)	51	Chief financial officer and company secretary	April 2021	April 2021	Responsible for overseeing the finance, accounting and company secretarial matters of our Group

Executive Directors

Mr. Shi Zhongan (施中安) (alias Shi Kancheng (施侃成)), aged 60, was appointed as our Director on November 16, 2020 and re-designated as our executive Director and chairman of the Board on June 4, 2021. Mr. Shi is responsible for overseeing business development, formulation and implementation of business strategies of our Group. He is also the chairman of the nomination committee of our Board. He currently holds directorships in certain subsidiaries of the Remaining Group and our Group.

Mr. Shi has over 24 years' experience in overall strategic planning and corporate operations, investment and financial decisions and financial management relating to property management and property development industry. Mr. Shi served as a tax officer in the finance and revenue bureau of Xiaoshan District of Hangzhou. Mr. Shi joined Zhong An Group since the establishment of the first member of the Zhong An Group, Zhejiang Zhong An, in December 1997. Since then, he has been overseeing business development, formulation and implementation of business strategies of both the property development of the Remaining Zhong An Group and property management of our Group since their commencement of business in 1997 and 1998, respectively. Mr. Shi is currently the executive director and chairman of the board of directors of Zhong An, and the non-executive director and chairperson of the board of directors of China New City.

Mr. Shi completed a program for presidents of real estate companies organized by Zhejiang University (浙江大學) in August 2006 and a program for executive officers, focusing on globalization and real estate developers, organized by the Foreign Academic Cultural Exchange Centre of Tsinghua University (清華大學) in October 2006. Mr. Shi also obtained a doctoral degree in business administration from State University of Arizona in May 2017.

Mr. Shi was a legal representative, director, general manager or person in charge prior to dissolutions of the following companies or unincorporated business enterprises which were established in the PRC.

Name of company	Nature of business before dissolution	Position	Date of dissolution	Nature of dissolution
Zhejiang Zhongan New Energy Co., Ltd. (浙江眾安新能源有限公司)	Sales and development of new energy products and sales of construction machinery and equipment	Legal representative	August 31, 2016	Deregistration
Fengyu Industrial (Chunan) Co., Ltd. (豐裕實業(淳安)有限公司) . . .	Design and development of auto parts	Director	July 8, 2011	Deregistration

Name of company	Nature of business before dissolution	Position	Date of dissolution	Nature of dissolution
Hangzhou Dehong Energy Development Co., Ltd. (杭州德宏能源開發有限公司)	Design and development of wind power generation and provision of consulting services and after-sales services	Legal representative, director, general manager	April 21, 2014	Deregistration
Xiaoshan Yinhe Real Estate Property Management Co., Ltd. (蕭山市銀河房地產物業管理有限公司)	Provision of property management services	Legal representative	November 15, 1998	Deregistration
Zhejiang Zhongan Real Estate Development Co., Ltd. Xiaoshan Yisheng Sales Office (浙江眾安房地產開發有限公司蕭山義盛售樓處)	Sales of properties developed by Zhong An	Person in charge	August 11, 2009	Deregistration
Zhejiang Zhongan Real Estate Development Co., Ltd. Xiaoshan Branch (浙江眾安房地產開發有限公司蕭山分公司)	Real estate development and management	Legal representative	April 29, 2005	Deregistration
Hangzhou White Horse Investment Management Co., Ltd. (杭州白馬投資管理有限公司)	Provision of investment management and corporate management services	Director, general manager	June 30, 2020	Revocation of business license[(1)] and deregistration
Beijing Tianyi Xiangsheng Cultural Communication Co., Ltd. (北京天一享盛文化傳播有限公司)	Provision of consulting services	Director	October 17, 2007	Revocation of business license[(1)]

Note:

(1) The business licenses of the subject companies were revoked since the subject companies did not proceed with the annual audit filings after their cessation of businesses.

To the best knowledge, information and belief of Mr. Shi, he confirmed that (i) these companies or unincorporated business enterprises were either inactive or dormant at the time when they were dissolved; (ii) there was no wrongful act on his part leading to the dissolutions of the above companies or unincorporated business enterprises; and (iii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolutions of above companies or unincorporated business enterprises.

Mr. Sun Zhihua (孫志華), aged 44, was appointed as our executive Director on June 4, 2021 and chief executive officer on March 1, 2021. Mr. Sun is responsible for the formulation and implementation of business strategy, daily management and operation of our Group. He is also a member of the remuneration committee of our Board.

Mr. Sun has over 21 years of experience in property administration and management. Mr. Sun joined Zhong An Group in July 2001 and has served in various positions of Zhong An Group. From July 2001 to March 2003, he worked as an officer, where he was primarily responsible for office administration. From March 2003 to February 2012, he worked as manager of a subsidiary of Zhong An principally engaged in property development, where he was primarily responsible for its overall operations and expansion of Zhong An Group's property management business including the set-up of Hefei Green Harbor. From February 2012 to April 2014, he worked as secretary to chief executive officer of Zhong An, where he was primarily responsible for assisting the chief executive officer in formulation and implementation of business strategies of both the property development and property management business of Zhong An Group. From April 2014 to April 2018, he worked as manager of chief executive officer's office and head of the operation center of Zhong An, where he was primarily responsible for Zhong An Group's overall operations and assisting the chief executive officer in formulation and implementation of strategies of both the property development and property management business of Zhong An Group. From April 2018 to March 2021, he worked as general manager of the engineering operation center of Zhong An and was responsible for strategic planning, project engineering administration and management of Zhong An Group. In February 2020, Mr. Sun also undertook the responsibility as assistant to chief executive officer of Zhong An where he was primarily responsible for assisting the chief executive officer of Zhong An with its overall strategic development and major business decisions.

Mr. Sun obtained a bachelor's degree in engineering majoring in technological economics of Zhejiang University of Technology (浙江工業大學) in June 2001.

Mr. Sun was a legal representative, director and general manager prior to dissolution of the following company which was established in the PRC.

Name of company	Nature of business before dissolution	Position	Date of dissolution	Nature of dissolution
Nanjing Zhongrui Information Technology Co., Ltd. (南京眾睿信息技術有限公司)	Provision of consulting services	Legal representative, director, general manager	January 4, 2021	Deregistration

To the best knowledge, information and belief of Mr. Sun, he confirmed that (i) the company was either inactive or dormant at the time when it was dissolved; (ii) there was no wrongful act on his part leading to the dissolution of the above company; and (iii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution of above company.

Mr. Lu Jianguo (盧建國), aged 61, was appointed as our executive Director on June 4, 2021 and vice president on March 31, 2021. Mr. Lu is responsible for daily management and operation and risk management of our Group. He is also the director of WFOE, Zhong An Management and Zhejiang Chengcheng, which are subsidiaries of our Company.

Mr. Lu has over 22 years of experience in property management and property development industry. Mr. Lu joined Zhong An Group in March 2000 and worked as a general manager at a subsidiary of Zhong An principally engaged in property development from March 2000 to November 2007, where he was primarily responsible for its daily operation and management. He subsequently served as head of human resources and administration department of Zhong An from November 2007 to February 2011, where he was primarily responsible for overseeing its human resources and administrative affairs. From February 2011 to September 2015, Mr. Lu served as deputy general manager of Zhong An Service Holding, where he was primarily responsible for its operation and management including the property management business. From September 2015 to March 2017, Mr. Lu worked as a special assistant to the chairman of the board of Zhong An and was primarily responsible for formulation of Zhong An Group's investment decisions. From March 2017 to April 2019, Mr. Lu was appointed as vice president of Zhong An Management, where he was primarily responsible for the risk management and operation of the property management business of Zhong An Group. Since April 2019, he was promoted as general manager, vice chairman and director of Zhong An Management, where he was primarily responsible for its daily operation and management of property management business of Zhong An Group.

Mr. Lu obtained a diploma in electronics from Zhejiang Radio and Television University (浙江廣播電視大學) (currently known as Zhejiang Open University (浙江開放大學)) in June 1982. Mr. Lu was certified as senior professional manager (高級職業經理) by China Enterprise Confederation (中國企業聯合會) and China Enterprise Directors Association (中國企業家協會) in December 2007.

Mr. Lu was a person in charge prior to dissolution of the following unincorporated business enterprise which was established in the PRC.

Name of company	Nature of business before dissolution	Position	Date of dissolution	Nature of dissolution
Zhejiang Zhong An Property Management Co., Ltd. Tianjin Branch (浙江眾安物業服務有限公司天津分公司)	Provision of property services and consulting services	Person in charge	September 22, 2020	Deregistration

To the best knowledge, information and belief of Mr. Lu, he confirmed that (i) the unincorporated business enterprise was either inactive or dormant at the time when it was dissolved; (ii) there was no wrongful act on his part leading to the dissolution of the above unincorporated business enterprise; and (iii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution of above unincorporated business enterprise.

Ms. Xu Jianying (徐建穎), aged 48, was appointed as our executive Director on June 4, 2021 and head of financial management center on March 31, 2021. Ms. Xu is responsible for financial management of our Group. She is also a member of the remuneration committee of our Board.

Ms. Xu has over 19 years of experience in accounting and financial management. Ms. Xu joined Zhong An Group in January 2007. From January 2007 to August 2011, Ms. Xu worked as an officer at the financial management center of Zhong An, where she was primarily responsible for its daily operation and management. From August 2011 to October 2012, Ms. Xu was promoted to manager of the finance department of Zhong An Management, where she was primarily responsible for managing the finance department. From October 2012 to October 2015, Ms. Xu worked as deputy head of finance of Zhong An Service Holding, where she was primarily responsible for managing the finance department and strategic financial planning. From October 2015 to April 2019, Ms. Xu worked as deputy general manager of financial investment center of Zhong An Service Holding, where she was primarily responsible for financial management and strategic financial planning. From April 2019 to September 2020, she worked as head of finance of Zhong An Management, where she was primarily responsible for managing and supervising its operation. From September 2020 to March 2021, she worked as head of financial management center of Zhong An Management where she was primarily responsible for financial and budget management and capital operations of property management business of Zhong An Group. Prior to joining of Zhong An Group, from April 2003 to January 2007, Ms. Xu served as head of finance of Zhejiang Wenhua Garments Co., Ltd. (浙江文華服飾有限公司) and was primarily responsible for financial management and accounting matters.

Ms. Xu obtained a diploma in accounting from Zhejiang Sci-tech University (浙江理工大學) in January 2010 through part-time study. She became a qualified international certified management accountant of the International Certified Management Accountant Association in November 2016. Ms. Xu obtained the qualification of tax accountant (intermediate level) issued by China Association of Chief Financial Officers (中國總會計師協會) in January 2021.

Independent non-executive Directors

Mr. Chung Chong Sun (鍾創新), aged 47, was appointed as our independent non-executive Director on December 14, 2021. Mr. Chung is primarily responsible for providing independent advice on the operations and management of our Group. He is also the chairman of the audit committee and a member of the remuneration committee and nomination committee of our Board.

Mr. Chung has over 25 years of professional experience in financing and capital operations. From July 1997 to May 2000, Mr. Chung worked as an associate of the investment bank department in Standard Chartered Bank (Hong Kong) as his last position and was responsible for projects of initial public offering, corporate finance and providing financial advice. From May 2000 to July 2001, Mr. Chung worked as a senior executive in Deloitte & Touche Corporate Finance Limited (德勤企業財務顧問有限公司) and was responsible for projects of initial public offering, corporate finance and providing financial advice. From August 2001 to August 2003, Mr. Chung worked as an associate director of mergers and acquisitions department as his last position in Cooperative Rabobank U.A. Hong Kong Branch (荷蘭合作銀行香港分行), a Dutch multinational banking and financial services company. From August 2003 to December 2005, Mr. Chung worked as manager of Mainland investment promotion unit in InvestHK of the government of Hong Kong (投資推廣署) and was responsible for introducing Hong Kong to overseas and Mainland entrepreneurs. From December 2005 to September 2018, Mr. Chung worked as senior vice president of issuer services, market development department in Hong Kong Exchanges and Clearing Limited (香港交易及結算所有限公司) and was responsible for establishing the ecosystem for the listing of mainland enterprises in Hong Kong, including, among others, mainland client relationship management and mainland marketing. From September 2018 to July 2019, Mr. Chung worked as a chief financial officer in Xiaoi Robot Technology (H.K.) Limited (香港智臻智能網絡科技有限公司) and was responsible for financial functions, risk management and investor relations. He has been the director of Resourceful Minds Limited (滙路有限公司) since September 2018 and is primarily responsible for the daily operations and providing strategic advice. From November 2018 to November 2019, Mr. Chung served as a director of the executive committee and a contact convener of the AI and Hi-Tech Group in the Hong Kong Chamber of Commerce in China-Shanghai (中國香港(地區)商會-上海). Mr. Chung has been appointed as a member of the advisory committee of the IT Innovation Lab in Secondary Schools Initiative by the government of Hong Kong since September 2020. Mr. Chung is currently an independent non-executive director of Radiance Holdings (Group) Company Limited (stock code: 9993) and Strawbear Entertainment Group (stock code: 2125), shares of which are both listed on the Main Board of the Stock Exchange.

Mr. Chung obtained a bachelor's degree in business administration from the Chinese University of Hong Kong in May 1997. He is also a CPA of Washington State Board of Accountancy since July 2003 and a CFA of CFA Institute since September 2004, and a member of American Institute of Certified Public Accountants.

Mr. Liang Xinjun (梁信軍), aged 54, was appointed as our independent non-executive Director on December 14, 2021. Mr. Liang is primarily responsible for providing independent advice on the operations and management of our Group. He is also the chairman of the remuneration committee and a member of the audit committee and nomination committee of our Board.

Mr. Liang was one of the founders of Fosun Group. He served as executive director, vice chairman and chief executive officer of Fosun International Limited (stock code: 0656) between August 2005 to March 2017, shares of which are listed on the Main Board of the

Stock Exchange. Mr. Liang is the committee member at the Private Equity and M&A Fund Committee for Asset Management Association of China (中國證券投資基金業協會), Chief Expert specializing in investment of the Chief Expert Group of Insurance Association of China and director of Tongji University (同濟大學) board of trustees.

Mr. Liang obtained a bachelor's degree in science majoring in genetics from Fudan University (復旦大學) in July 1991. He obtained an executive master degree in business administration from Cheung Kong Graduate School of Business (長江商學院) in April 2007. Mr. Liang also obtained a doctorate degree in business administration (global financial management) from Arizona State University in May 2015.

Mr. Chiu Ngam (趙岩), aged 49, was appointed as our independent non-executive Director on December 14, 2021. Mr. Chiu is primarily responsible for providing independent advice on the operations and management of our Group. He is also a member of the audit committee and remuneration committee of our Board.

Mr. Chiu has over 25 years of professional experience in financial management. From August 1997 to November 2001, Mr. Chiu worked in PricewaterhouseCoopers Ltd. Hong Kong, an international accounting firm, with his last position as a senior associate. From November 2001 to May 2002, he worked as a senior accountant in eForce Management Limited, an operation vehicle of eForce Holdings Limited (意科控股有限公司), a manufacturer and seller of healthcare and household products, whose shares are listed on the Main Board of the Stock Exchange (stock code: 0943). From May 2002 to August 2004, he worked as a finance manager in Minmetals Land Limited (五礦地產有限公司) (formerly known as ONFEM Holdings Limited (東方有色集團有限公司)), a company engaged in real estate development, specialized construction, and property leasing, whose shares are listed on the Main Board of the Stock Exchange (stock code: 0230). From June 2005 to May 2007, he worked as an assistant financial controller of ITC Properties Management Limited (德祥地產管理有限公司), a property development and investment company and the shares of its parent company, ITC Properties Group Limited are listed on the Main Board of the Stock Exchange (stock code: 0199). From May 2007 to March 2008, he worked as a group financial controller in Carrianna Group Holdings Company Limited (佳寧娜集團控股有限公司) (formerly known as Tak Sing Alliance Holdings Limited (達成集團)), a company engaged in property, restaurant, food and hotel, whose shares are listed on the Main Board of the Stock Exchange (stock code: 0126). From February 2008 to November 2008, he worked as a financial controller in China Oriental Group Company Limited (中國東方集團控股有限公司), a manufacturer and seller of steel and property developer, whose shares are listed on the Main Board of the Stock Exchange (stock code: 0581). From April 2009 to March 2010, he worked as a vice president of finance of a subsidiary of Genting Hong Kong Limited (雲頂香港有限公司), a cruise, entertainment and hospitality company, whose shares are listed on the Main Board of the Stock Exchange (stock code: 0678). From March 2010 to July 2015, he worked as a financial controller and company secretary in China Golden Development Holdings Limited (currently known as Century Ginwa Retail Holdings Limited (世紀金花商業控股有限公司)), a commercial property operator and investment company, whose shares are listed on the Main Board of the Stock Exchange (stock code: 0162). From July 2015 to February 2017, he worked as a financial controller and company secretary of China Sandi Holdings Limited (中國三迪控股有限公司), a property development and property investment company, whose shares are listed on the Main Board of the Stock Exchange (stock code: 0910). From February 2017 to February 2019, he served as a chief financial officer and company secretary of China New City, a property development company, whose shares are listed on the Main Board of the Stock Exchange (stock code: 1321). From December 2018 to August 2019, he worked as a chief financial officer of Sansheng Holdings (Group) Co., Ltd. (三盛控股（集團）有限公司), a property development and property investment company, whose shares are listed on the Main Board of the Stock Exchange (stock code: 2183). Since August 2019 and November 2019, Mr. Chiu has been serving as the chief financial officer and company secretary of Radiance Holdings (Group) Company Limited, respectively, whose shares are listed on the Main Board of the Stock Exchange (stock code: 9993) and is primarily responsible for financial management and company secretarial matters. In December 2021, Mr. Chiu was awarded "The Best CFO Award" in the "2021 China Financial Awards" by China Financial Market magazine.

Mr. Chiu obtained a bachelor's degree in business administration in accounting from Hong Kong University of Science and Technology in July 1997. Mr. Chiu has been a CPA since October 2000 and a fellow of The Hong Kong Institute of Certified Public Accountants ("**HKICPA**") since September 2009. He has also been a member of American Institute of Certified Public Accountants since January 1999, a CPA of Washington State Board of Accountancy since January 1999, and is a member of INSOL International, a member of taxation faculty of HKICPA and a member of restructuring and insolvency faculty of HKICPA.

Save as disclosed above, none of our Directors have held any other directorships in listed companies during the three years immediately preceding the date of this document. There is no other information relating to the relationship of any of our Directors with other Directors and senior management officers that should be disclosed pursuant to Rule 13.51(2) or paragraph 41(3) of Appendix 1A of the Listing Rules.

China New City, of which Mr. Shi is a controlling shareholder, non-executive director and chairman of the board of directors, issued announcements dated April 27, 2022 and May 25, 2022 (the "**CNC Announcements**") that CNC Group provided recurring advances to the Zhong An Group (the "**Advances**"). Such Advances constituted very substantial acquisitions and/or connected transactions of China New City and therefore were subject to reporting, announcement, circular and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules and reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules and China New City did not comply with such requirements under the Listing Rules (the "**Non-Compliance**"). The Advances were unsecured and some of the Advances were interest-free. The directors of China New City considered that the failure of China New City to comply with the Listing Rules was due to an oversight and inadvertent misunderstanding of the Listing Rules. It was mistakenly considered that such allocation of funds among companies were intra-group transactions falling outside the compliance requirements of the Listing Rules. For details, please refer to the CNC Announcements.

The Listing Division of the Stock Exchange conducted investigation in relation to the Non-Compliance and the relevant directors of China New City (the "**Relevant Directors**"), including Mr. Shi, the non-executive director of China New City and the chairman of the directors of Zhong An Group at the relevant time, for failure to discharge their directors' duties and their undertaking given to the Stock Exchange in the form set out in Appendix 5B to the Listing Rules to use their best endeavours to procure China New City's compliance with the Listing Rules. The respective breaches were admitted by China New City and the Relevant Directors, including Mr. Shi. A settlement was agreed and endorsed by the Listing Committee of the Stock Exchange who resolved to issue a public statement involving criticism against China New City and each of the Relevant Directors, including Mr. Shi. Mr. Shi, amongst other Relevant Directors, was also directed by the Listing Committee to attend further training. Having considered various factors, which including among others, the background, reasons and the results of the Non-Compliance, including the rectification measures taken and/or to be carried out by Mr. Shi and China New City, the Directors are of the view that Mr. Shi could still be regarded as competent and suitable to act as a director of a listed company under Rules 3.08 and 3.09. Based on the due diligence works conducted by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors that would lead them to cast doubts on the Director's view above.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no information relating to our Directors that is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules or any other matters concerning any Director that needs to be brought to the attention of our Shareholders as of the Latest Practicable Date.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day operations and management of our business.

Ms. Yang Zhiqin (楊志琴), aged 45, was appointed as the head of community value-added services division of our Group in March 2021. Ms. Yang is responsible for community value-added operation management.

Ms. Yang has over 13 years of experience in corporate management. From October 2009 to March 2013, Ms. Yang worked as an assistant to the general manager and the manager of the human resources department of Zhejiang FF Electrical Power Equipment Co., Ltd. (浙江雙富電力設備有限公司), a company engaged in electrical power equipment manufacturing, where she was primarily responsible for overseeing the administrative affairs and assisting the general manager in its daily operation. Ms. Yang joined Zhong An Group in March 2013. From March 2013 to November 2016, Ms. Yang worked as deputy general manager of a subsidiary of Zhong An principally engaged in provision of housekeeping services, where she was primarily responsible for its daily operation and management. From November 2016 to April 2019, Ms. Yang worked as an assistant to the general manager of Zhong An Management and was responsible for assisting the general manager in the day-to-day operation and administration of Zhong An Management. From April 2019 to March 2021, Ms. Yang worked as secretary of the office of the board of directors and subsequently as head of operation management center of Zhong An Management where she was primarily responsible for the operation and management of community value-added services and its administration.

Ms. Yang obtained a certificate of human resources management (人力資源管理師) issued by Occupational Skill Testing Authority (職業技能鑒定 (指導) 中心) in December 2005. Ms. Yang obtained a diploma in business management from Southwest University of Science and Technology (西南科技大學) in January 2011.

Mr. Xu Pengcheng (徐鵬程), aged 38, was appointed as head of operation management center of our Group on March 31, 2021. Mr. Xu is responsible for daily operation and management of our Group. He is also the director of Huaibei Zhonghong which is a subsidiary of our Company.

Mr. Xu has over 8 years of experience in corporate management. From March 2009 to April 2011, Mr. Xu worked as a hydropower installation engineer in Anhui Wanbei Coal and Electricity Hengxin Real Estate Development Co., Ltd. (安徽省皖北煤電恒馨房地產開發有限公司), a company engaged in the real estate industry, where he was primarily responsible for managing hydropower engineering of projects under development. Mr. Xu joined Zhong An Group in April 2011. From April 2011 to April 2013, he worked as an electrical and mechanical installation engineer of a subsidiary of Zhong An principally engaged in property development, where he was primarily responsible for managing hydropower engineering of projects under development. From April 2013 to April 2014, he worked as an electrical and mechanical installation engineer of Zhong An and was primarily responsible for managing hydropower engineering of projects under development. From April 2014 to April 2017, Mr. Xu worked as deputy project operation manager of operation center of Zhong An, where he was primarily responsible for planning and managing its development projects. From April 2017 to April 2019, he worked as manager of integrated operation department of a subsidiary of Zhong An principally engaged in property development, where he was primarily responsible for human resources, legal management and operation management of real estate development. From April 2019 to September 2020, Mr. Xu worked as deputy general manager of Anhui Zhongan Property, and general manager of the Huaibei branch office of Zhong An, where he was primarily responsible for their day-to-day operation and management. From September 2020 to March 2021, he was the head of integrated management center of Zhong An Management and was primarily responsible for day-to-day management and operations of the property management business of Zhong An Group. Since March 2020, Mr. Xu has also been serving as director and general manager of Huaibei Zhonghong, where he is primarily responsible for its daily operation and management. Since July 2022. Mr. Xu has been serving as the chairman of the board of Shaoxing Zhongming, where he is primarily responsible for its overall management and business decisions.

Mr. Xu obtained a bachelor's degree in civil engineering from China Central Radio and TV University (中央廣播電視大學) (currently known as Open University of China (國家開放大學)) in January 2013.

Mr. Ding Lei (丁磊), aged 42, was appointed as general manager of Wanlu region of our Group in March 2021. Mr. Ding is responsible for the operations, investment and quality control of projects in Wanlu region, covering Anhui province and Shandong province. He is also the director of Anhui Zhongan Property and Hefei Green Harbor which are subsidiaries of our Company.

Mr. Ding has over 16 years of experience in the property management industry. From July 2006 to July 2009, Mr. Ding worked as quality control officer of Zhong An Management, where he was primarily responsible for quality control operation. He left the Zhong An Group in July 2009 and worked as a quality control manager at Zhejiang Nade Property Management Co., Ltd. (浙江納德物業服務有限公司) (currently known as Zhejiang Wanxingheng Service Co., Ltd. (浙江萬興恆服務有限公司)) from July 2009 to June 2010 and was primarily responsible for quality control and system implementation. Mr. Ding re-joined the Zhong An Group in June 2010. From June 2010 to March 2016, he worked as a property manager of Zhong An Management, where he was primarily responsible for operation and management of property management projects. From March 2016 to January 2018, Mr. Ding worked as deputy general manager of Anhui Zhongan Property, where he was primarily responsible for overseeing the property management business in Huaibei region. From January 2018 to April 2019, Mr. Ding worked as a general manager of Anhui region of Zhong An Management, where he was primarily responsible for the management of the Huaibei and Hefei branch offices. From April 2019 to March 2021, Mr. Ding worked as a deputy general manager of Zhong An Management, where he was primarily responsible for day-to-day operation and management of the property management business of the Zhong An Group. From September

2020 to March 2021, Mr. Ding also undertook the responsibility as general manager of Wanlu region of Zhong An Management, where he was primarily responsible for its operation and management of property management business in Anhui and Shandong regions. Since May 2019, Mr. Ding has also been serving as director and general manager of Anhui Zhongan Property and Hefei Green Harbor, where he is primarily responsible for their daily operation and management.

Mr. Ding obtained a diploma in administrative management from University of International Business and Economics (對外經濟貿易大學) via distance learning in July 2018.

Mr. Yeung Man Simon (楊敏), aged 51, was appointed as chief financial officer of our Company in April 2021. Mr. Yeung has more than 25 years of experience in corporate finance and financial management and control. From August 1997 to November 2001, Mr. Yeung worked in PricewaterhouseCoopers Ltd., an audit firm, with his last position as senior associate. From June 2002 to February 2003, Mr. Yeung worked in M.POS Limited, a company principally engaged in sales and development of point of sales systems, as its financial controller. From August 2003 to October 2004, Mr. Yeung worked in Belmont Corporate Services Ltd. as its audit manager. In November 2004, Mr. Yeung joined Vitop Bioenergy Holdings Limited (stock code: 1178) (currently known as Huiyin Holdings Group Limited), a company then principally engaged in manufacturing and sales of health products in the PRC, initially as finance manager and later promoted as its financial controller in September 2006 and appointed as its company secretary between September 2006 and September 2007. In the meantime, between July 2007 and June 2011, Mr. Yeung was also the chief financial officer of Rising Tyre Co., Ltd., a company principally engaged in manufacturing and sales of tires. Mr. Yeung left Vitop Bioenergy Holdings Limited in October 2013 and joined Fair Win Express Limited, a subsidiary of BeijingWest Industries International Limited (stock code: 2339), a company principally engaged in manufacturing and sales of car parts, as its financial controller between November 2013 and July 2014. From July 2014 to April 2015, Mr. Yeung worked as the vice president, responsible for financial management and control, of DeTeam Company Limited (stock code: 65) (currently known as Grand Ocean Advanced Resources Company Limited), a company then principally engaged in manufacturing and sales of plastic woven bags, paper bags and plastic barrels, production and sale of coal and provision of low-rank coal upgrading services. In May 2015, Mr. Yeung worked as a vice president of a subsidiary of Crown International Corporation Limited (stock code: 727) ("**Crown International**"), responsible for business development, corporate finance, financial management and control, and was later appointed as the executive director, chief financial officer of Crown International in August 2015, redesignated as its chief executive officer and executive director in October 2016 and further appointed as its company secretary in March 2017. Mr. Yeung resigned from Crown International in March 2019. From May 2019 to September 2019, Mr. Yeung was the head of China market development department of Creative Property Services Consultants Limited, a company principally engaged in property management and a subsidiary of Creative Enterprise Holdings Limited (stock code: 3992). Mr. Yeung is expected to be appointed as an independent non-executive director of Buyang

International Holding Inc, shares of which are proposed to be listed on the Main Board of the Stock Exchange. Mr. Yeung is currently an independent non-executive director of Vixtel Technologies Holdings Limited (stock code: 1782), shares of which are listed on the Main Board of the Stock Exchange.

Mr. Yeung graduated from the University of Georgia with the degree of Bachelor of Business Administration, major in accounting and finance in March 1997. Mr. Yeung was admitted as an associate member of the Hong Kong Society of Accountants (currently known as Hong Kong Institute of Certified Public Accountants) in April 2002 and a member of the American Institute of Certified Public Accountants in July 2001.

COMPANY SECRETARY

Mr. Yeung Man Simon (楊敏), aged 51, was appointed as our company secretary in April 2021. For details of his background, see "—Senior Management" above.

BOARD COMMITTEES

Our Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group's activities.

Audit Committee

Our Group has established the Audit Committee on December 14, 2021 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Listing Rules. The Audit Committee consists of three members, namely, Mr. Chung Chong Sun (鍾創新), Mr. Liang Xinjun (梁信軍) and Mr. Chiu Ngam (趙岩), all of whom are our independent non-executive Directors. Mr. Chung Chong Sun (鍾創新) is the chairman of the Audit Committee and with the appropriate professional qualifications.

The primary duties of the Audit Committee include, but not limited 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 (iii) perform other duties and responsibilities as may be assigned by the Board.

Remuneration Committee

Our Group has established the Remuneration Committee on December 14, 2021 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the CG Code as set out in Appendix 14 to the Listing Rules. The Remuneration Committee consists of five members, namely, Mr. Liang Xinjun (梁信軍), Mr. Chung Chong Sun (鍾創新), Mr. Sun Zhihua (孫志華), Ms. Xu Jianying (徐建穎) and Mr. Chiu Ngam (趙岩). Mr. Liang Xinjun (梁信軍) is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include, but not limited to (i) establishing, reviewing and providing advice to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each Director and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

Nomination Committee

Our Group has also established the Nomination Committee on December 14, 2021 with written terms of reference in compliance with paragraph B.3 of the CG Code as set out in Appendix 14 to the Listing Rules. The Nomination Committee consists of three members, namely Mr. Shi, Mr. Liang Xinjun (梁信軍) and Mr. Chung Chong Sun (鍾創新). Mr. Shi is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include, but not limited 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, re-appointment and removal of our Directors and succession planning for our Directors.

CORPORATE GOVERNANCE

Our Company recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

Our Company will comply with the code provisions stated in the CG Code as set forth in Appendix 14 to the Listing Rules after the **[REDACTED]**. Our Company is committed to the view that our Board should include a balanced composition of executive and independent non-executive Directors so that there is a strong independent element on our Board, which can effectively exercise independent judgment.

BOARD DIVERSITY

Our Company recognizes the benefits of having a diversified Board. Our Company has adopted a board diversity policy with the aim of achieving an appropriate level of diversity among Board members according to the circumstances of our Group from time to time. In summary, our board diversity policy sets out that when considering the nomination and appointment of a Director, with the assistance of our Nomination Committee, our Board would consider a range of diversity of perspectives, including but not limited to the skills, knowledge, professional experience and qualifications, cultural and educational background, age, gender and the potential contributions that the candidate is expected to bring to our Board, in order to better serve the needs and development of our Company. All Board appointments will be based on merits and candidates will be considered against objective criteria, having due regard to the benefits of diversity to our Board.

After **[REDACTED]**, our Nomination Committee will review the board diversity policy from time to time to ensure its continued effectiveness and we will disclose the policy or a summary thereof in our corporate governance report on an annual basis.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Group in the form of Directors' fees, salaries, allowances and benefits in kind, performance related bonus and pension scheme contributions. Generally, we determine the compensation of our Directors based on each Director's responsibilities, qualification, position and seniority. The aggregate remuneration (including Directors' fees, salaries, allowances and benefits in kind, performance related bonus and pension scheme contributions) paid to our Directors for the years ended December 31, 2020, 2021 and 2022 was approximately RMB1.5 million, RMB2.4 million and RMB1.9 million, respectively. Save as disclosed above, no other amounts have been paid or are payable by any member of our Group to our Directors during the Track Record Period.

The aggregate amount of salaries, allowances and benefits in kind, performance related bonus and pension scheme contributions and social welfare paid to our five highest paid individuals in respect of each of the years ended December 31, 2020, 2021 and 2022 was approximately RMB3.2 million, RMB3.5 million and RMB3.3 million, respectively.

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of each of the three years ended December 31 2022. Further, none of our Directors had waived or agreed to waive any remuneration during the same periods.

Under the arrangement currently in force, the aggregate remuneration, excluding performance related bonus, payable to our Directors for the year ending December 31, 2023 is estimated to be around RMB3.0 million.

For additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please see Notes 7 and 8 of the Accountants' Report set out in Appendix I to this document.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and will, following the **[REDACTED]**, receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

COMPLIANCE ADVISOR

In compliance with Rule 3A.19 of the Listing Rules, we have appointed Rainbow Capital (HK) Limited as our compliance advisor to provide advisory services to our Company. It is expected that the compliance advisor will, amongst other things, advise our Company with due care and skill in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including shares issues and share repurchases;
- where we propose to use the **[REDACTED]** from the **[REDACTED]** in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate, or other information in this document; and
- where the Stock Exchange makes an inquiry of us 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]** and such appointment may be subject to extension by mutual agreement.

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and following the completion of the **[REDACTED]** and the **[REDACTED]** (without taking into account any Shares which may be issued upon the exercise of the **[REDACTED]**):

Authorized share capital		Nominal value
		(HK$)
1,000,000,000	Shares of HK$0.01 each	10,000,000

Assuming the **[REDACTED]** is not exercised, our Company's issued share capital immediately after completion of the **[REDACTED]** and the **[REDACTED]** will be as follows:

Shares		HK$
1	Share in issue as of the date of this document	0.01
[REDACTED]	Shares to be issued pursuant to the **[REDACTED]**	**[REDACTED]**
[REDACTED]	Shares to be issued under the **[REDACTED]**	**[REDACTED]**
[REDACTED]	**Total**	**[REDACTED]**

Assuming the **[REDACTED]** is exercised in full, our Company's issued share capital immediately following completion of the **[REDACTED]** and the **[REDACTED]** will be as follows:

Shares		HKS
1	Share in issue as of the date of this document	0.01
[REDACTED]	Share to be issued pursuant to the **[REDACTED]**	**[REDACTED]**
[REDACTED]	Shares to be issued under the **[REDACTED]**	**[REDACTED]**
[REDACTED]	Shares to be issued upon exercise of the **[REDACTED]**	**[REDACTED]**
[REDACTED]	Total	**[REDACTED]**

ASSUMPTIONS

The above table assumes that the **[REDACTED]** becomes unconditional and the issue of Shares pursuant to the **[REDACTED]** and the **[REDACTED]** are made. It takes no account of any Shares which may be issued or bought back by us pursuant to the general mandates granted to our Directors to issue or buyback Shares as described below.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08 of the Listing Rules, at the time of **[REDACTED]** and at all times thereafter, our Company must maintain the minimum prescribed percentage of at least 25% of the total issued share capital of our Company in the hands of the public.

RANKINGS

The **[REDACTED]** will be ordinary shares in the share capital of our Company and will carry the same rights in all respects with all Shares in issue or to be issued as mentioned in this document and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a **[REDACTED]** which falls after the date of this document save for the entitlement under the **[REDACTED]**.

GENERAL MANDATE TO ISSUE AND ALLOT NEW SHARES

Subject to the **[REDACTED]** becoming unconditional, our Directors have been granted a general mandate to issue, allot and deal with Shares in the share capital of our Company with a total number of issued shares of not more than the sum of:

(1) 20% of the total number of Shares in issue immediately following the completion of the **[REDACTED]** and the **[REDACTED]** (excluding Shares which may be issued and allotted pursuant to the exercise of the **[REDACTED]**); and

(2) the total number of Shares bought back by our Company (if any) pursuant to the general mandate to buyback Shares granted to our Directors referred to below.

Our Directors may, in addition to the Shares which they are authorized to issue under this general mandate, issue, allot or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement.

This general mandate will remain in effect until the earliest of:

(i) the conclusion of the next annual general meeting of our Company; or

(ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held; or

(iii) the date on which such general mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Further information on this general mandate is set out in "Appendix IV—Statutory and General Information—A. Further Information about our Company—4. Written resolutions of our sole Shareholder" of this document.

GENERAL MANDATE TO BUYBACK SHARES

Subject to the **[REDACTED]** becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to buy back Shares with a total number of Shares of not more than 10% of the total number of Shares in issue immediately following the completion of the **[REDACTED]** and the **[REDACTED]** (excluding Shares which may be issued and allotted pursuant to the exercise of the **[REDACTED]**).

This mandate only relates to buybacks made on the Stock Exchange or any other stock exchange on which the Shares are **[REDACTED]** (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in "Appendix IV—Statutory and General Information —A. Further Information about our Company—7. Buyback by our Company of its own securities."

This general mandate will remain in effect until the earliest of:

(i) the conclusion of the next annual general meeting of our Company; or

(ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held; or

(iii) the date on which such general mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Further information on this general mandate is set out in "Appendix IV—Statutory and General Information—A. Further Information about our Company—4. Written resolutions of our sole Shareholder" of this document.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which carries the same rights as the other shares.

As a matter of the Cayman Companies Act, an exempted company is not required by law to hold any general meeting or class meeting. The holding of general meeting or class meeting is prescribed under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed under the Articles, a summary of which is set out in "Summary of the Constitution of our Company and Cayman Islands Company Law" in Appendix III to this document.

So far as our Directors are aware, the following persons will, immediately prior to and following the completion of the **[REDACTED]** and the **[REDACTED]** (without taking into account any Shares which may be issued pursuant to the exercise of the **[REDACTED]**), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company:

Name of Shareholder	Nature of Interest	Shares held immediately prior to the completion of the [REDACTED] and the [REDACTED](1)		Shares held immediately following the completion of the [REDACTED] and the [REDACTED]	
		Number	*Approximate Percentage*	*Number*	*Approximate Percentage*
Zhong An BVI	Beneficial owner	1(L)	100%	**[REDACTED]**	**[REDACTED]**
Zhong An(2)(3)	Interest in controlled corporation	1(L)	100%	**[REDACTED]**	**[REDACTED]**
Whole Good(3).	Interest in controlled corporation	1(L)	100%	**[REDACTED]**	**[REDACTED]**
Mr. Shi	Interest in controlled corporation	1(L)	100%	**[REDACTED]**	**[REDACTED]**

Notes:

(1) The letter "L" denotes the person's long position in our Shares.

(2) Zhong An BVI is wholly-owned by Zhong An. Zhong An is owned as to approximately 57.89% by Whole Good, which is directly wholly-owned by Mr. Shi. By virtue of the SFO, each of Zhong An BVI, Zhong An, Whole Good and Mr. Shi is deemed to be interested in the Shares in which Zhong An BVI is interested.

(3) Pursuant to an exchangeable note ("**Exchangeable Note**") as secured by certain security documents, entered into between Whole Good, Mr. Shi, Haitong International Finance Company Limited and Fountain I Limited ("**Fountain I**"), an indirect non-wholly owned subsidiary of Haitong Securities Co., Ltd., Fountain I has granted a loan to Whole Good with an outstanding principal amount of HK$88,000,000 as at the Latest Practicable Date with a right to exchange for such 160,000,000 Zhong An Shares (representing approximately 2.84% of the entire issued share capital of Zhong An as at the Latest Practicable Date) at an initial exchange price of HK$0.55. As security for such loan, pursuant to the Exchangeable Note, Whole Good has charged 1,008,087,280 Zhong An Shares (representing approximately 17.89% of the entire issued share capital of Zhong An as at the Latest Practicable Date) in favour of Fountain I as onshore security agent. The Exchangeable Note shall expire on June 17, 2023.

If the **[REDACTED]** is fully exercised, the beneficial interest of each of Zhong An BVI, Zhong An, Whole Good and Mr. Shi will be approximately **[REDACTED]**%.

Save as disclosed above and in "Appendix IV—Statutory and General Information— C. Further Information about our Directors and Substantial Shareholders", our Directors are not aware of any person who will, immediately following the completion of the **[REDACTED]** and the **[REDACTED]** (without taking into account any Shares which may be issued pursuant to the exercise of the **[REDACTED]**), have beneficial interests or short positions in any Shares or underlying Shares, which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the issued voting shares of any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

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 reputable integrated property management service provider and headquartered in Hangzhou with deep roots in Zhejiang province and the Yangtze River Delta Region. Through over 24 years of operations since our establishment in 1998, we have grown from a local property management service provider in Hangzhou to an integrated regional property management service provider with major presence in Zhejiang province. As of December 31, 2022, we had nine principal subsidiaries which are principally engaged in property management business across two provinces in China. According to CIA, our ranking among the Top 100 Property Management Companies in China (中國物業服務百強企業) in terms of overall strength of property management increased from 82nd in 2016 to 40th in 2023*, reflecting our growing property management capabilities. According to CIA, among the 2023 Top 100 Property Management Companies in China (2023中國物業服務百強企業) headquartered in Hangzhou, Zhejiang province and the Yangtze River Delta Region, we were ranked seventh, ninth and 25th, in terms of the GFA under management as of December 31, 2022. The Yangtze River Delta Region is one of the more economically developed regions in China with higher urbanization rate and per capita annual disposable income than the national averages of China, and has a national-leading level of urban digitalization infrastructure, therefore, the Yangtze River Delta Region has always been and will continue to be our focus of development.

As a result of our efficient operation and quality services, we experienced continuous and steady growth during the Track Record Period. Our revenue increased at a CAGR of approximately 17.7% from RMB230.7 million in 2020 to RMB319.7 million in 2022. Our gross profit increased at a CAGR of approximately 15.8% from RMB86.8 million in 2020 to RMB116.3 million in 2022. Our net profit increased at a CAGR of approximately 4.1% from RMB47.0 million in 2020 to RMB50.9 million in 2022.

* *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.*

As of December 31, 2020, 2021 and 2022, our total GFA under management was approximately 10.8 million sq.m., 11.8 million sq.m. and 12.8 million sq.m., respectively.

BASIS OF PREPARATION AND PRESENTATION

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on November 16, 2020. Pursuant to the Reorganization before the **[REDACTED]**, the companies now comprising the Group and certain commercial property management services were under the common control of the Whole Good before and after the Reorganisation. For further details of our Reorganization, see "History, Reorganization and Corporate Structure" in this document.

Our historical financial information has been prepared in accordance with IFRS, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**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 Track Record Period.

Our historical financial information has been prepared under a historical cost convention. For more information on the basis of presentation and preparation of the historical financial information, see notes 2.1 and 2.2 to the Accountants' Report in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations and financial position have been and will continue to be affected by a number of factors, including those set out in "Risk Factors" in this document and those discussed below:

Ability to Respond to Regulatory and Market Conditions of the Property Development and Property Management Industries

Our business and results of operations are principally affected by our ability to obtain new service engagements from property developers for their new property development projects as well as 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 China, which is subject to the general economic conditions in China, the rate of urbanization and, consequently, the demand for properties in the PRC. Any economic downturn in the PRC, 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 policies and measures taken by the PRC Government have also affected the development of the real estate market and property management market, which in turn affect our business and results of operations. See "Risk Factors—Risks Relating to Our Business and Industry—We may be susceptible to any adverse development in government policies or business environment in the Yangtze River Delta Region" and "Risk Factors—Risks Relating to Conducting Business in China."

The PRC Government has issued a series of favorable laws, policies and notices to incentivize the development of the property management industry. The relevant policies, such as the 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》), and the consultation notice for Smart City-Construction and Resident Community Part 1: Specifications for the Construction of Smart Communities (Draft) (《智慧城市—建築及居住區第1部分：智慧社區建設規範(徵求意見稿)》), have encouraged property management companies like us to expand and modernize their business and have fostered the growth and development of the industry. See "Industry Overview—Market Drivers—Favorable Government Policies" in this document.

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 management industry. Any such changes in the PRC governmental policies may adversely affect our business.

GFA under Management

During the Track Record Period, we generated a majority of our revenue from our property management services, which contributed approximately 79.5%, 69.4%, and 69.9% of our total revenue in 2020, 2021 and 2022. Accordingly, our financial position and results of operations depend on our ability to maintain and increase our GFA under management, which in turn is affected by our ability to secure new property management projects and renew existing property management service agreements. During the Track Record Period, we experienced a steady growth in our GFA under management, which was approximately 10.8 million sq.m., 11.8 million sq.m. and 12.8 million sq.m., as of December 31, 2020, 2021 and 2022.

The following table sets forth a breakdown of the number of projects under our management and GFA under management by city tier as of the dates indicated:

	As of December 31,					
	2020		2021		2022	
	Number	GFA under Management	Number	GFA under Management	Number	GFA under Management
		(sq.m. '000)		*(sq.m. '000)*		*(sq.m. '000)*
Second-tier cities[(1)]	**54**	**8,047**	**53**	**8,178**	**64**	**8,363**
Residential properties	40	7,021	42	7,120	48	7,476
Non-residential properties	14	1,026	11	1,058	16	887
Third-tier cities[(1)]	**–**	**–**	**1**	**286**	**2**	**585**
Residential properties	–	–	1	286	1	286
Non-residential properties	–	–	–	–	1	299
Other cities[(1)]	**19**	**2,770**	**20**	**3,354**	**29**	**3,884**
Residential properties	15	2,557	17	3,309	21	3,522
Non-residential properties	4	213	3	45	8	362
Total	**73**	**10,817**	**74**	**11,818**	**95**	**12,832**

Note:

(1) For the purpose of this table, "second-tier cities" include Hangzhou, Ningbo, Qingdao and Hefei; "third-tier cities" include Jinhua and Wenzhou; and "other cities" include Lishui, Huzhou, Chuzhou Huaibei, Taizhou and Zhoushan.

During the Track Record Period, our property management services principally cover various second-tier cities, in particular, 54 out of 73 projects, 53 out of 74 projects and 64 out of 95 projects are located in second-tier cities as of December 31, 2020, 2021, and 2022.

The following table sets forth a breakdown of the number of projects under our management and GFA under management by type of property developers and type of properties for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	Number	GFA under Management	Number	GFA under Management	Number	GFA under Management
		(sq.m. '000)		(sq.m. '000)		(sq.m. '000)
Remaining Group(1)	**34**	**5,987**	**38**	**6,579**	**41**	**6,835**
Residential properties	27	5,279	29	5,851	32	6,107
Non-residential properties	7	708	9	728	9	728
Joint ventures and associates of the Remaining Group(2)	**–**	**–**	**–**	**–**	**1**	**90**
Residential properties	–	–	–	–	1	90
Non-residential properties	–	–	–	–	–	–
Independent third-party property developers(3)	**39**	**4,830**	**36**	**5,239**	**53**	**5,907**
Residential properties	28	4,299	31	4,864	37	5,086
Non-residential properties	11	53	5	375	16	821
Total	**73**	**10,817**	**74**	**11,818**	**95**	**12,832**

Notes:

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

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

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

During the Track Record Period, a large portion of the properties we managed were developed by the Remaining Group, which comprises the Remaining Zhong An Group and the CNC Group. As of December 31, 2020, 2021 and 2022, GFA under our management from the projects developed by the Remaining Group accounted for approximately 55.3%, 55.7% and 53.3%, respectively, of our total GFA under management.

We have made continuous efforts to expand our customer base to include independent third-party property developers, with a view to building additional revenue sources and diversifying our property management portfolio. As of December 31, 2020, 2021 and 2022, the aggregate GFA under our management from projects developed by independent third-party property developers as the percentage of the total GFA under our management increased from approximately 44.7% as of December 31, 2020 to 46.0% as of December 31, 2022.

Our Brand Positioning and Pricing Ability

We operate in a highly competitive and fragmented industry, therefore our results of operations and financial position are affected by our ability to maintain and increase the fee rates we charge for our services. Our reputation can have an impact on our pricing ability. We generally price our services by considering factors such as (i) the size and location of the properties; (ii) budgeted operational expenses including labor and administrative expenses; (iii) scope and quality of the services proposed; (iv) revenue generating model and targeted profit margins; (v) local government's pricing guidance/regulations on property management fees (if applicable); and (vi) prevailing market price for similar services in the market. We also balance multiple considerations, including competitiveness, profitability as well as our ability to shape and preserve our image as a quality property management service provider. 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 and total comprehensive income for the years 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 monthly average property management fees on our revenue and profit and total comprehensive income for the years indicated, while all other factors remain unchanged:

	For the year ended December 31,		
	2020	**2021**	**2022**
		(RMB'000)	
Profit and total comprehensive income for the year	47,049	41,790	50,935
Assuming 5% decrease in our monthly average property management fees			
Impact on revenue from our property management service business	(9,162)	(10,260)	(11,180)
Impact on profit and total comprehensive income for the year[(1)]	(6,872)	(7,695)	(8,385)
Assuming 10% decrease in our monthly average property management fees			
Impact on revenue from our property management service business	(18,324)	(20,520)	22,360
Impact on profit and total comprehensive income for the year[(1)]	(13,743)	(15,390)	16,770

Note:

(1) Impact on profit and total comprehensive income for the year was calculated assuming EIT of 25.0%.

Business Mix

During the Track Record Period, our business and results of operations were affected by our business mix. Our gross profit margins varied across our three business lines, namely, property management services, value-added services mainly to property developers and community value-added services during the Track Record Period. Our gross profit margins of different business lines generally depend on types of services provided, fee received, and costs borne by us under different arrangements. Any change in the structure of revenue contribution from our three business lines or change in profit margin of any business line may have a corresponding impact on our overall profit margin.

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

	For the year ended December 31,											
	2020				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
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Property management services	183,231	79.5	66,076	36.1	205,190	69.4	71,105	34.7	223,593	69.9	74,217	33.2
Value-added services mainly to property developers	33,286	14.4	14,197	42.7	59,193	20.0	25,431	43.0	60,729	19.0	25,326	41.7
Community value-added services	14,178	6.1	6,528	46.0	31,311	10.6	14,569	46.5	35,413	11.1	16,795	47.4
Total/Overall	**230,695**	**100.0**	**86,801**	**37.6**	**295,694**	**100.0**	**111,105**	**37.6**	**319,735**	**100.0**	**116,338**	**36.4**

Our overall gross profit margin fluctuated between 37.6% to 36.4% during the Track Record Period, primarily attributable to (i) change in monthly average property management fee of our properties under management; (ii) the expansion of our value-added services mainly to property developers; (iii) steady growth of our community value-added services; and (iv) our successful implementation of cost-control measures. These measures, among others, include (i) implementing the budget system among our Group annually before the start of a new financial year to avoid any potential financial deficit while carrying out the strategies of the Group; (ii) adopting a comprehensive procurement management system to reduce the transaction cost, especially by utilising the tender process whenever purchasing a single batch of goods over RMB30,000 to determine the most cost-effective products; and (iii) ensuring the subcontracting fees that we paid to the subcontractors are generally lower than the cost for delivering the same services by ourselves during the same period.

In general, the gross profit margins of our community value-added services and value-added services mainly to property developers are higher than those of our property management services. The relatively higher gross profit margins for our community value-added services and value-added services mainly to property developers during the Track Record Period were primarily because property management services are labor intensive in nature, which may incur more costing. See "Business—Our Business Model" in this document and "—Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income Items—Gross Profit and Gross Profit Margin" in this section for further discussions.

Ability to Mitigate the Impact of Rising Staff Costs

Since property management is a labor intensive industry, staff costs constitute a substantial portion of our total expenses, which are recognized under cost of sales, and administrative expenses.

During the Track Record Period, our staff costs increased steadily as a result of the expansion of our business, increase in the headcounts and increase in the market price for labor in China. In 2020, 2021 and 2022, our staff costs of on-site staff under our cost of sales amounted to approximately RMB111.9 million, RMB138.1 million, and RMB153.2 million , accounting for approximately 77.8%, 74.8%, and 75.3% of our cost of sales. The increase in our cost of sales during the Track Record Period were mainly due to the continuous expansion of our scale and operation. In 2020, 2021 and 2022, our staff costs recognized under our administrative expenses amounted to approximately RMB10.8 million, RMB21.1 million, RMB24.0 million accounting for approximately 40.8%, 37.6%, and 50.4% of the aggregate amount of our total administrative expenses, respectively.

To cope with the rising staff costs, we strive to implement a number of cost-saving measures, such as application of intelligent technologies and facilities to reduce our reliance on manual labor, standardization of procedures and provision of professional trainings to our employees, to improve operational efficiency effectively and manage our staff costs while ensuring consistent service quality. See "Business—Standardized Operation and Digitalization" and "Business—Employees" in this document for further information.

For illustrative purposes only, we set out below a sensitivity analysis of our cost of sales, as well as profit and total comprehensive income for the years indicated with reference to the fluctuation of our staff costs during the Track Record Period. The following table demonstrates the impact of the hypothetical increase in staff costs of on-site staff of our cost of sales and profit for the years indicated, while all other factors remain unchanged:

	For the year ended December 31,		
	2020	**2021**	**2022**
		(RMB'000)	
Profit and total comprehensive income for the year	47,049	41,790	50,935
Assuming 5% increase in our staff costs impact on cost of sales	5,593	6,904	7,660
Impact on profit and total comprehensive income for the year[(1)]	(4,195)	(5,178)	(5,745)
Assuming 10% increase in our staff costs impact on cost of sales	11,186	13,808	15,320
Impact on profit and total comprehensive income for the year[(1)]	(8,390)	(10,356)	(11,490)

Note:

(1) Impact on profit and total comprehensive income for the year was calculated assuming EIT of 25.0%.

Competition

Our industry is highly competitive and fragmented, and we compete with other property management service providers on a number of aspects, including business scale, brand recognition, profitability, financial resources and adequacy of financing, price, diversity of services and service quality. See "Business—Competition" and "Industry Overview—Competition—Competitive Landscape" in this document for further information.

We primarily compete against the other Top 100 Property Management Companies, particularly those affiliated with property developers in China. According to CIA, the Remaining Group's growth provides a strong foundation for our own advancement. During the Track Record Period, the proportion of our GFA under management from projects developed by the Remaining Group has decreased, while the proportion of our GFA under management from projects developed by independent third-party property developers has increased. This demonstrates that while we are able to enjoy the support of the Remaining Group, we are also capable of searching for, and taking advantage of, market opportunities independently.

Our ability to compete effectively against our competitors and maintain or improve our market position depends on our ability to hone our competitive strengths. If we fail to compete effectively and grow our GFA under management, we may lose our existing market position and experience loss of revenue and decreased profitability.

PRC Government Regulations on the PRC Real Estate Industry

In August 2020, according to certain news articles, the PBOC and the MOHURD plan to control the financing activities of property developers and the scale of interest-bearing debts of property developers in China by applying a newly proposed standard in the assessment of the debt burden of property developers which lay out three red-line standards on debt-to-asset ratio, net gearing ratio and cash to short-term debt ratio applicable to property developers. As of the Latest Practicable Date, apart from the policy relaxation proposed in early 2022 and policy adjustment published in November 2022[(1)], no such new regulations had been officially proposed. See "Industry Overview—Market Drivers— The "Three Red-Line" Standards" in this document for details. These rules may slow down the growth of the whole real estate sector in the PRC, affecting the expansion of property developers such as the Remaining Group and in turn imposing adverse impact on our growth. Given that (i) most of the Remaining Group's (including both the Remaining Zhong An Group and the CNC Group[(2)]) relevant financial ratios as of December 31, 2022 did not exceed any of the aforementioned three red-line standards based on the annual results of the Remaining Group for the year ended December 31, 2022; (ii) the Group has generally been expanding its portfolio of property management services projects developed by independent third-party property developers during the Track Record Period, the GFA under management of which accounted for approximately 44.7%, 44.3% and 46.0% of our total GFA under management as of

Notes:

(1) On November 11, 2022, the People's Bank of China and the China Banking and Insurance Regulatory Commission jointly issued the Notice on Improving the Steady and Healthy Development of the Real Estate Market Supported by Finance(《關於做好當前金融支持房地產市場平穩健康發展工作的通知》). A total of 16 specific measures were published to maintain reasonable and appropriate real estate financing, safeguard the legitimate rights and interests of consumers, and promote the steady and healthy development of the real estate market.

(2) Based on China New City's 2022 audited financial statements contained in its 2022 annual report, as of December 31, 2022, its interest-bearing bank and other borrowings repayable within one year was approximately RMB1,319,438,000 and its cash and cash equivalents was approximately RMB948,087,000. Accordingly, its cash to short-term debt ratio was lower than 1.0 time as of the relevant date and therefore deviated from one of the three red-line standards. Furthermore (i) China New City recorded a loss for both years for 2021 and 2022 mainly due to the unstable epidemic, as well as temporary suspension of service or rental reductions caused by upgrades, renovation and alteration of its commercial properties, which led to a lower average occupancy rate of its properties, and (ii) Zhong An recorded a decrease in profit in the year of 2022 (compared against year of 2021) due to fluctuated economic environment in the PRC and the recurrent epidemics. Notwithstanding the above, to the best of our Director's knowledge after consultation with the management of Zhong An and China New City, given (i) there was no evidence to suggest Zhong An and China New City had experienced any material financial difficulties and does not expect a material delay of its property development plans in 2023; and (ii) Zhong An and China New City was able to generate stable revenues and cash flows as of the Latest Practicable Date, our Directors are of the view that it is unlikely that such deviation would have caused any material financial difficulties or impact to its financial performance and resulted into any material adverse effect to our business operations.

December 31, 2020, 2021 and 2022, respectively; (iii) a significant portion of our Group's revenue was generated from services provided to independent third-party customers, which accounted for at least 64.8% throughout the Track Record Period, and such proportion is expected to increase once the contracted but undelivered projects developed by the Remaining Group or its joint ventures and associates as of December 31, 2022 have been delivered to independent third-party property purchasers; and (iv) as of the Latest Practicable Date, 98.2% of our trade-related receivables due from related parties as of December 31, 2022 had been subsequently settled, our Directors are of the view that the "Three Red-Line" standards will not have material adverse impact on our Group's business operation and financial performance in the event it officially comes into effect.

Nevertheless, in the event that the Remaining Group or other independent third-party property developers are unable to obtain sufficient financing to support their expansion of business which results in a delay in the delivery of new properties to be managed by us, the growth of our GFA under management may be adversely affected.

SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND JUDGMENTS

Significant Accounting Policies

We have identified certain accounting policies and accounting judgments and estimates that we believe are significant to the preparation of our consolidated financial statements. Our significant accounting policies, accounting judgments and estimates, which are important for understanding our financial position and results of operations, are set forth in details in notes 2.4 and 3 to the Accountants' Report in Appendix I to this document. In applying our accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Our significant accounting policies and some of our key sources of estimation uncertainty include, among others:

Revenue Recognition

We mainly provide property management services, value-added services mainly to property developers and community value-added services. We recognize revenue from contracts with customers when the control of goods or services is transferred to our customers at an amount that reflects the consideration to which we expect 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 we 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 recognized 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 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 our Group and the customer at contract inception. When the contract contains a financing component which provides us a significant financial benefit for more than one year, revenue recognized 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) Property management services

For property management services, we bill a fixed amount for services provided on a monthly basis and recognise as revenue in the amount to which we have a right to invoice and that corresponds directly with the value of performance completed.

We charged property management fees in respect of the property management services on a lump-sum basis. We act as principal and are primarily responsible for providing the property management services to the property owners. We recognise the fee received or receivable from property owners as our revenue and all related property management costs as our cost of services.

(b) Value-added services mainly to property developers

Value-added services mainly to property developers mainly include cleaning, security and maintenance services for pre-sale display units and sales offices of property developers at the pre-delivery stage.

We agree the price for each service with the property developers upfront, issues the monthly bill to the property developers which varies based on the actual level of service completed in that month, and recognises revenue in the amount to which we have a right to invoice and that corresponds directly with the value of performance completed.

Value-added services mainly to property developers also include preliminary planning and design consultancy services and pre-delivery inspection services to property developers, which is recognised as revenue over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation.

(c) Community value-added services

Our community value-added services mainly include advertising spaces and common area of commercial and residential properties management services. Revenue from community value-added services is recognised when the related services are rendered as the customer simultaneously receives and consumes the benefits provided by us.

Our community value-added services revenue also includes income from the provision of assistance in sales of car parking spaces to third parties, which is recognised when the car parking spaces are transferred to the buyers of car parking spaces.

Financial Assets

We classify our financial assets into three types, namely financial assets at amortized 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 our business model for managing them.

We classify and measure our financial assets at amortized cost when we intend to hold financial assets in order to collect contractual cash flows. We classify and measure financial assets at fair value through other comprehensive income when we intend to hold such asset to collect contractual cash flows or sell. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Our financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Impairment of Financial Assets

We recognize an allowance for expected credit losses ("**ECLs**") for all debt instruments not held 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 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.

ECLs are recognized 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, 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, we assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, we compare the risk of a default occurring on the financial instrument as of the reporting date with the risk of a default occurring on financial instrument as of 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. In certain cases, we may also consider a financial asset to be in default when internal or external information indicates that we are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by us. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortized 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. 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.

Financial Liabilities

Our financial liabilities include trade payables, other payables, accruals and amounts due to related companies. We recognize all financial liabilities, at initial recognition, at fair value and, in the case of payables, net of directly attributable transaction costs.

After initial recognition, we measure our trade payables, other payables, accruals and amounts due to related companies at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Government Grants

We recognize government grants at their fair value where there is reasonable assurance that we will receive the grant and that we will comply with all attaching conditions. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Income tax

Income tax for the year comprises current tax and movements in deferred tax assets. Current tax and movements in deferred tax assets recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant tax amounts are recognised in other comprehensive income or directly in equity, respectively. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Deferred tax assets arise from deductible and taxable temporary differences. These are the differences between the carrying amounts of assets for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ITEMS

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the years indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the year ended December 31,		
	2020	2021	2022
		(RMB '000)	
Revenue	230,695	295,694	319,735
Cost of sales	(143,894)	(184,589)	(203,397)
Gross profit	86,801	111,105	116,338
Other income	5,390	1,810	2,155
Administrative expenses	(26,498)	(56,072)	(47,573)
Impairment losses on financial assets, net	(2,500)	(333)	(2,660)
Profit before tax	63,193	56,510	68,260
Income tax expenses	(16,144)	(14,720)	(17,325)
Profit and total comprehensive income for the year	47,049	41,790	50,935
Attributable to:			
– Owners of our Company	36,535	38,991	50,817
– Non-controlling interests	10,514	2,799	118
	47,049	41,790	50,935

Revenue

During the Track Record Period, we derived our revenue primarily from three business lines, namely, property management services, value-added services mainly to property developers and community value-added services.

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

	For the year ended December 31,					
	2020		2021		2022	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Property management services	183,231	79.5	205,190	69.4	223,593	69.9
Value-added services mainly to property developers	33,286	14.4	59,193	20.0	60,729	19.0
Community value-added services	14,178	6.1	31,311	10.6	35,431	11.1
Total	**230,695**	**100.0**	**295,694**	**100.0**	**319,735**	**100.0**

Revenue from Property Management Services

During the Track Record Period, we generated a majority of our revenue from our property management services, which contributed approximately 79.5%, 69.4%, and 69.9% of our total revenue in 2020, 2021 and 2022, respectively. During the Track Record Period, we charged property management fees on lump-sum basis for all of the properties under our management. Under the lump-sum revenue model, property developers or property owners are required to pay a fixed property management fees, and we will be entitled to surplus or bear the deficit incurred from the properties under our management.

(a) Analysis of our revenue from property management services and GFA under our management by geographic region

Headquartered in Zhejiang province, we have established a leading market position in Zhejiang province and grown our brand recognition in the Yangtze River Delta Region through over 24 years of development. During the Track Record Period, the properties under our management were all located in and all of our revenue from property management services were sourced from Zhejiang province and Anhui province in the Yangtze River Delta Region.

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

	As of or for the year ended December 31,											
	2020				2021				2022			
	GFA under management		Revenue		GFA under management		Revenue		GFA under management		Revenue	
	(sq.m.'000)	*(%)*	*(RMB'000)*	*(%)*	*(sq.m.'000)*	*(%)*	*(RMB'000)*	*(%)*	*(sq.m.'000)*	*(%)*	*(RMB'000)*	*(%)*
Hangzhou	5,925	54.8	109,678	59.9	6,112	51.7	117,577	57.3	6,240	48.6	126,869	56.7
Huaibei	2,592	24.0	25,624	14.0	3,067	26.0	34,105	16.6	3,273	25.5	33,044	14.8
Ningbo	1,782	16.5	40,334	22.0	1,696	14.4	37,263	18.2	1,696	13.2	39,209	17.5
Hefei	340	3.1	7,215	3.9	370	3.1	7,275	3.5	374	2.9	7,373	3.3
Lishui	–	–	–	–	287	2.4	4,961	2.4	377	2.9	4,808	2.2
Jinhua	–	–	–	–	286	2.4	3,805	1.9	286	2.2	6,205	2.8
Chuzhou	–	–	–	–	–	–	–	–	135	1.1	2,960	1.3
Qingdao	–	–	–	–	–	–	–	–	53	0.4	1,190	0.5
Wenzhou	–	–	–	–	–	–	–	–	299	2.3	1,737	0.8
Taizhou	–	–	–	–	–	–	–	–	37	0.3	198	0.1
Zhoushan(1)	–	–	–	–	–	–	–	–	62	0.5	–	–
Huzhou(2)	178	1.6	380	0.2	–	–	204	0.1	–	–	–	–
Total	**10,817**	**100.0**	**183,231**	**100.0**	**11,818**	**100.0**	**205,190**	**100.0**	**12,832**	**100.0**	**223,593**	**100.0**

Note:

(1) In late December 2022, we commenced to provide property management services to one property located in Zhoushan, given we have only generated property management income since January 2023 according to the relevant property management agreement, no revenue was record for the year ended December 31, 2022.

(2) We managed one project in Huzhou during the Track Record Period and we ceased to manage such project upon the expiry of the relevant property management service agreement in March 2021.

During the Track Record Period, our property management services principally cover various cities in the Yangtze River Delta Region, in particular, approximately 95.9%, 92.1%, and 89.0% of our property management services revenue are generated in Hangzhou, Huaibei and Ningbo for the years ended December 31, 2020, 2021 and 2022.

Our revenue from property management services increased during the Track Record Period, primarily driven by (i) an increase in our total GFA under management as a result of our effort to secure more property management projects; and (ii) the increase in our overall monthly average property management fee. During the Track Record Period, we experienced steady growth in our GFA under management from 2020 to 2022, amounted to approximately 10.8 million sq.m., 11.8 million sq.m. and 12.8 million sq.m. as of December 31, 2020, 2021 and 2022.

Furthermore, during the Track Record Period, our property management services principally cover various second-tier cities. The following table set forth a breakdown of our total GFA under management as of the dates indicated and the total revenue generated from property management services for the years indicated by city tier:

	As of or for the year ended December 31,											
	2020				2021				2022			
	GFA under management		Revenue		GFA under management		Revenue		GFA under management		Revenue	
	(sq.m.'000)	(%)	(RMB'000)	(%)	(sq.m.'000)	(%)	(RMB'000)	(%)	(sq.m.'000)	(%)	(RMB'000)	(%)
Second-tier cities[1]	**8,047**	**74.4**	**157,228**	**85.8**	**8,179**	**69.2**	**162,116**	**79.0**	**8,363**	**65.1**	**174,641**	**78.1**
Remaining Group	4,536	41.9	120,667	65.9	4,545	38.5	119,858	58.4	4,738	36.9	128,982	57.7
Independent third–party customers	3,511	32.5	36,560	20.0	3,634	30.7	42,258	20.6	3,624	28.2	45,659	20.4
Third-tier cities[1]	**–**	**–**	**–**	**–**	**286**	**2.4**	**3,805**	**1.9**	**585**	**4.6**	**7,942**	**3.6**
Remaining Group	–	–	–	–	286	2.4	3,805	1.9	286	2.2	6,205	2.8
Independent third-party customers	–	–	–	–	–	–	–	–	299	2.4	1,737	0.8
Other cities[1]	**2,770**	**25.6**	**26,004**	**14.2**	**3,354**	**28.4**	**39,269**	**19.1**	**3,884**	**30.3**	**41,010**	**18.3**
Remaining Group	1,451	13.4	18,862	10.3	1,749	14.8	25,112	12.2	1,811	14.1	24,730	11.0
Joint ventures and associates of the Remaining Group	–	–	–	–	–	–	–	–	90	0.7	–[2]	–[2]
Independent third–party customers	1,319	12.2	7,142	3.9	1,605	13.6	14,157	6.9	1,983	15.5	16,280	7.3
Total	**10,817**	**100.0**	**183,231**	**100.0**	**11,818**	**100.0**	**205,190**	**100.0**	**12,832**	**100.0**	**223,593**	**100.0**

Note:

(1) For the purpose of this table, "second-tier cities" include Hangzhou, Ningbo, Qingdao and Hefei; "third-tier cities" include Jinhua and Wenzhou; and "other cities" include Lishui, Huzhou, Huaibei, Chuzhou, Taizhou and Zhoushan.

(2) In late December 2022, we commenced to provide property management services to one property developed by joint ventures or associates of the Remaining Group, given we have only generated property management income since January 2023 according to the relevant property management agreement, no revenue was record for the year ended December 31, 2022.

During the Track Record Period, our property management services principally cover various second-tier cities, in particular, approximately 85.8%, 79.0%, and 78.1% of our property management services revenue are generated from second-tier cities for the years ended December 31, 2020, 2021 and 2022, respectively. During the Track Record Period, we did not provide any property management services for project located in any first-tier cities (such as Guangzhou).

(b) Analysis of our revenue from property management services and GFA under management by types of property

During the Track Record Period, the GFA under our management and our revenue from property management services was mainly contributed by residential properties. The following table sets forth a breakdown of our total GFA under management as of the dates indicated, and the total revenue generated from property management services for the years indicated, by type of property:

	As of or for the year ended December 31,								
	2020			2021			2022		
	GFA under management	Revenue		GFA under management	Revenue		GFA under management	Revenue	
	(sq.m.'000)	*(RMB'000)*	*(%)*	*(sq.m.'000)*	*(RMB'000)*	*(%)*	*(sq.m.'000)*	*(RMB'000)*	*(%)*
Residential properties	9,578	129,266	70.5	10,715	154,574	75.3	11,283	163,468	73.1
Non-residential properties	1,239	53,965	29.5	1,103	50,616	24.7	1,549	60,125	26.9
Total	**10,817**	**183,231**	**100.0**	**11,818**	**205,190**	**100.0**	**12,832**	**223,593**	**100.0**

During the Track Record Period, our revenue from residential property management services was accounted for approximately 70.5%, 75.3%, and 73.1%, respectively, of our total revenue from property management services in 2020, 2021 and 2022. As of December 31, 2020, 2021 and 2022, the GFA of residential properties under our management was approximately 9.6 million sq.m., 10.7 million sq.m., and 11.3 million sq.m., representing approximately 88.5%, 90.7% and 87.9% of our total GFA under our management. The increase in GFA of residential properties under our management during the Track Record Period was mainly due to our business expansion through organic growth. For further information regarding the movement of our GFA under management and the number of projects under management, see "Business—Property Management Services—Growth of our Project Portfolio" in this document.

(c) Analysis of our revenue from property management services and GFA under our management by type of property developers

During the Track Record Period, majority of the GFA under our management were from the Remaining Group, which comprises the Remaining Zhong An Group and the CNC Group, we derived a majority of our revenue from managing properties developed by the Remaining Group. The following table sets forth a breakdown of our total GFA under management as of the dates indicated and revenue from property management services for the years indicated by type of property developers:

	As of or for the year ended December 31,											
	2020				2021				2022			
	GFA under management[4]		Revenue		GFA under management[4]		Revenue		GFA under management[4]		Revenue	
	(sq.m.'000)	*(%)*	*(RMB'000)*	*(%)*	*(sq.m.'000)*	*(%)*	*(RMB'000)*	*(%)*	*(sq.m.'000)*	*(%)*	*(RMB'000)*	*(%)*
Remaining Group[1]	5,987	55.3	139,529	76.1	6,579	55.7	148,775	72.5	6,835	53.3	159,917	71.5
Joint ventures and associates of the Remaining Group[2]	–	–	–	–	–	–	–	–	90	0.7	–[2]	–[2]
Independent third-party property developers[3]	4,830	44.7	43,702	23.9	5,239	44.3	56,415	27.5	5,907	46.0	63,676	28.5
Total	**10,817**	**100.0**	**183,231**	**100.0**	**11,818**	**100.0**	**205,190**	**100.0**	**12,832**	**100.0**	**223,593**	**100.0**

Notes:

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

(2) Refer to properties jointly developed by the Remaining Group and independent third-party property developers where the Remaining Group did not hold a controlling interest in such properties. In late December 2022, we commenced to manage one project developed by joint ventures and associates of the Remaining Group , given we have only generated property management income since January 2023 according to the relevant property management service agreement, no revenue was record for the year ended December 31, 2022..

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

(4) For further information regarding the number of projects that were under our management as of the dates indicated, please see "Business—Property Management Services—GFA under Management" in this document.

In 2020, 2021 and 2022, revenue from providing property management services to properties developed by the Remaining Group amounted to approximately RMB139.5 million, RMB148.8 million, and RMB159.9 million accounting for approximately 76.1%, 72.5%, and 71.5%, respectively, of our total revenue derived from property management services for the same years. In general, the decrease in our percentage of total revenue from providing property management services to properties developed by the Remaining Group during the Track Record Period reflected our continuous efforts to expand our customer base and to manage more projects developed by independent third-party property developers.

(d) *Analysis of our revenue for property management services by types of paying customers*

Independent third-party customers mainly comprising property owners and tenants, who were our paying customers during the Track Record Period. The following table sets forth a breakdown of our total revenue generated from property management services for the years indicated, by types of the paying customers:

	For the year ended December 31,					
	2020		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Remaining Group[(1)]	37,758	20.6	33,996	16.6	32,867	14.7
Independent third-party customers[(2)]	145,473	79.4	171,194	83.4	190,726	85.3
Total	**183,231**	**100.0**	**205,190**	**100.0**	**223,593**	**100.0**

Notes:

(1) Property management services provided by our Group to customers or entities, which the Remaining Group held a controlling interest.

(2) Property management services provided by our Group to other customers.

During the Track Record Period, we have recorded a decreasing proportion of our property management services revenue generated from the Remaining Group in terms of the type of paying customers. In 2020, 2021 and 2022, the revenue from property management services that we derived from independent third-party customers as paying customers amounted to approximately RMB145.5 million, RMB171.2 million, and RMB190.7 million, accounting for approximately 79.4%, 83.4%, and 85.3% of our revenue from property management services.

(e) Analysis of our overall monthly average property management fee by type of property developer

The following table sets forth our overall monthly average property management fee per sq.m. (excluding package price projects) by type of property developer for the years indicated:

	For the year ended December 31,		
	2020	**2021**	**2022**
	(RMB per sq.m. per month)		
Overall	**1.43**	**1.44**	**1.44**
Remaining Group(1)	1.92	1.85	1.90
Independent third-party property developers(2)	0.76	0.90	0.87

Notes:

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

(2) Refer to properties solely developed by independent third-party property developers.

Our overall monthly average property management fee was approximately RMB1.43, RMB1.44 and RMB1.44 for the year ended December 31, 2020, 2021 and 2022.

During the Track Record Period, our monthly average property management fees per sq.m. for property management services provided to properties developed by the Remaining Group were generally higher than those developed by independent third-party property developers, primarily because of the following reasons:

(i) a larger portion of properties developed by the Remaining Group of the total GFA under management were primarily located in more economically developed areas in the Yangtze River Delta Region, including second-tier cities such as Hangzhou and Hefei, as compared to those developed by independent third-party property developers, which covered less economically developed area such as a county-level city in Hangzhou. In particular, as of December 31, 2020, 2021 and 2022, approximately 22.8%, 21.9% and 17.4%, respectively, of the GFA under management of properties developed by independent third-party property developers were located in the aforementioned county-level city in Hangzhou. Generally, the average property management fee for property management services provided to properties located in Hangzhou is generally higher than those located in its county-level regions given the differences in their economic foundation and level of development;

(ii) the properties developed by the Remaining Group covered (a) commercial properties located in Hangzhou, which we charged a relatively higher property management fee compared to residential properties; (b) as well as higher class residential properties including villas, which we usually charge a higher property management fee given the higher service standards and requirements required from the customers. In addition, we also managed certain government-supported houses, public rental and low-rent properties, which generally had less demanding service standards and requirements, and were all developed by independent third-party property developers and primarily located in cities below second-tier cities. Generally, property management companies shall be able to charge a higher property management fee depending on the quality of service to be provided; and

(iii) a larger portion of residential properties developed by independent third-party property developers were generally older properties, and we normally charge a lower property management fee for such properties. Generally, property management fees charged for newly developed residential properties are generally higher than those older residential properties.

Based on the above, we typically charge a comparatively lower monthly average property management fee for properties developed by independent third-party property developers due to the location, type and characteristics of the relevant properties.

(f) Analysis of our non-residential properties monthly average property management fee

The following table sets forth our non-residential properties monthly average property management fee per sq.m. (excluding package price projects) by type of property developer for the years indicated:

	For the year ended December 31,		
	2020	2021	2022
	(RMB per sq.m. per month)		
Overall[(1)]	**5.22**	**4.76**	**4.00**
Remaining Group[(2)]	5.45	4.90	5.27
Independent third-party property developers[(3)]	3.01	3.33	1.04

Notes:

(1) Excluding non-residential property projects charged on a package price of property management fees on a per project basis without reference to any GFA. The major type of non-residential property we managed during the Track Record Period was integrated commercial complexes. In 2020, 2021 and 2022, our monthly average property management fee for integrated commercial complexes was approximately RMB6.92 per sq.m., RMB5.78 per sq.m., and RMB4.31 per sq.m., respectively. Most of the integrated commercial complexes under our management were developed by the Remaining Group. Apart from integrated commercial complexes, we also managed one commercial property developed by the Remaining Group which mainly comprises serviced apartments, one office building and one school developed by independent third-party property developers during the Track Record Period, which we charged our property management services with reference to GFA.

(2) Refer to properties solely developed by the Remaining Group or jointly developed by the Remaining Group and independent third-party property developers where the Remaining Group held a controlling interest in such properties.
(3) Refer to properties solely developed by independent third-party property developers.

Our non-residential properties monthly average property management fee was approximately RMB5.22, RMB4.76 and RMB4.00 for the year ended December 31, 2020, 2021 and 2022, respectively. The fluctuations in the overall monthly average property management fee for non-residential properties during the Track Record Period were mainly driven by:

(i) a commercial property developed by the Remaining Group which was delivered to us for management in phases in 2020, and this project comprises a larger proportion of GFA under management as compared to our other commercial properties;

(ii) changes in occupancy rates from our commercial properties. In particular, a commercial property developed by the Remaining Group, which comprises a larger proportion of GFA under management compared to our other commercial properties, is experiencing lower occupancy rate due to renovation since 2021; and

(iii) the commencement to manage a commercial property developed by an independent third-party property developer in December 2022. Also, a commercial property developed by an independent third-party property developer was delivered to us in 2022, and we charge a relatively lower monthly property management fee on this property than other existing properties developed by independent third-party property developers.

Our monthly average property management fee for non-residential properties was generally higher than that of residential properties during the Track Record Period, which is in line with the industry norm. Generally, the average property management fee for non-residential properties, in particular commercial properties, are higher than the average property management fee for residential properties in the Yangtze River Delta Region, mainly because the requirements on the scope of service and service quality for non-residential properties are higher than that of residential properties.

(g) Analysis of our residential properties monthly average property management fee

The following table sets forth our residential properties monthly average property management fee per sq.m. (excluding package price projects) by type of property developer for the years indicated:

	For the year ended December 31		
	2020	**2021**	**2022**
	(RMB per sq.m. per month)		
Overall	**1.12**	**1.20**	**1.21**
Remaining Group[1]	1.45	1.48	1.51
Independent third-party property developers[2]	0.72	0.87	0.86

Notes:

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

(2) Refer to properties solely developed by independent third-party property developers.

Our residential properties monthly average property management fee was approximately RMB1.12, RMB1.20 and RMB1.21 for the year ended December 31, 2020, 2021 and 2022, respectively. The increase of the overall monthly average property management fee for residential properties during the Track Record Period was mainly driven by:

(i) the reallocation of our resources to provide property management services to a number of newly developed residential property management projects, which we charged a higher monthly property management fee; and

(ii) the commencement to manage three residential properties after mid-2020, which were developed by independent third-party property developers and we charged a higher monthly property management fee than other existing residential properties developed by independent third-party property developers. We were able to charge a higher property management fee for these residential projects considered they (a) command higher service quality; or (b) were delivered more recently compared to other projects developed by independent third-party property developers.

Furthermore, as we have continued to optimize our property management service portfolio, our monthly average property management fee per sq.m. charged on properties developed by independent third-party property developers had increased during the Track Record Period.

(h) Analysis of our monthly average property management fee by city tier

The following table sets forth our monthly average property management fee per sq.m. of our properties under our management (excluding package price projects) by city tier, by type of property and by type of property developer for the years indicated:

	For the year ended December 31,		
	2020	2021	2022
	(RMB per sq.m. per month)		
Second-tier cities[1]	**1.64**	**1.66**	**1.69**
Residential properties	**1.24**	**1.32**	**1.34**
– Remaining Group[2]	1.59	1.63	1.66
– Independent third-party property developers[3]	0.82	0.95	0.98
Non-residential properties[4]	**5.22**	**4.76**	**5.37[5]**
– Remaining Group[2]	5.45	4.90	5.27
– Independent third-party property developers[3]	3.01	3.33	–[6]
Third-tier cities[1]	**–**	**1.11**	**1.81**
Residential properties	**–**	**1.11**	**1.81**
– Remaining Group[2]	–	1.11	1.81
– Independent third-party property developers[3]	–	–	–
Non-residential properties[4]	–	–	–
Other cities[1]	**0.80**	**0.96**	**0.87**
Residential properties	**0.80**	**0.96**	**0.87**
– Remaining Group[2]	1.08	1.20	1.14
– Independent third-party property developers[3]	0.44	0.69	0.62
Non-residential properties[4]	**–**	**–**	**0.81**
– Remaining Group[2]	–	–	–
– Independent third-party property developers[3]	–	–	0.81
Overall	**1.43**	**1.44**	**1.44**

Notes:

(1) For the purpose of this table, "second-tier cities" include Hangzhou, Ningbo, Qingdao and Hefei; "third-tier cities" include Jinhua; and "other cities" include Chuzhou, Lishui, Huaibei, Taizhou and Zhoushan.

(2) Refer to properties solely developed by the Remaining Group or jointly developed by the Remaining Group and independent third-party property developers where the Remaining Group held a controlling interest in such properties.

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

(4) Excluding non-residential property projects charged on a package price of property management fees on a per project basis without reference to any GFA. The major type of non-residential property we managed during the Track Record Period was integrated commercial complexes. In 2020, 2021 and 2022, our monthly average property management fee for integrated commercial complexes was approximately RMB6.92 per sq.m., RMB5.78 per sq.m., and RMB4.31 per sq.m., respectively. Most of the integrated commercial complexes under our management were developed by the Remaining Group. Apart from integrated commercial complexes, we also managed one commercial property developed by the Remaining Group which mainly comprises serviced apartments, one office building and one school developed by independent third-party property developers during the Track Record Period, which we charged our property management services with reference to GFA.

(5) In mid-2022, we ceased to provide property management services for a non-residential property developed by independent third-party developers located in Hangzhou. This decision was made upon the expiry of the relevant property management agreement, which had generated approximately RMB0.8 million in property management fees during 2022. As we ceased to provide services before December 31, 2022, we did not record any GFA under management for this project as of December 31, 2022.

(6) In mid-2022, we ceased to provide property management services for a non-residential property developed by independent third-party developers located in Hangzhou. This decision was made upon the expiry of the relevant property management agreement, which had generated approximately RMB0.8 million in property management fees during 2022. As we ceased to provide services before December 31, 2022, we did not record any GFA under management for this project as of December 31, 2022. Therefore, the monthly average property management fee for non-residential properties in second-tier cities developed by independent third-party property developers is not applicable.

During the Track Record Period, we did not provide any property management services for project located in any first-tier cities (such as Guangzhou).

Average property management fee for our projects located in second-tier cities

Our monthly average property management fee for our projects located in second-tier cities was approximately RMB1.64, RMB1.66 and RMB1.69 for the year ended December 31, 2020, 2021 and 2022. The increase in the relevant property management fees during the Track Record Period were mainly driven by:

(i) the cessation of our property management services provided to certain property management services projects with lower property management fees;

(ii) the reallocation of our resources to provide property management services to certain relatively newer property management projects with higher monthly property management fee. We also commenced to manage two residential properties in Hangzhou, Zhejiang province after mid-2020, and we charged a higher monthly property management fee for these residential properties located in second-tier cities.

Comparison of the average property management fees provided to properties located in second-tier cities developed by the Remaining Group and independent third-party property developers

For our residential property projects located in second-tier cities developed by the Remaining Group, our monthly average property management fee was approximately RMB1.59, RMB1.63 and RMB1.66 for the year ended December 31, 2020, 2021 and 2022, respectively. During the same years, for our residential property projects located in second-tier cities developed by independent third-party property developers, our monthly average property management fee was approximately RMB0.82, RMB0.95 and RMB0.98 for the year ended December 31, 2020, 2021 and 2022.

For our non-residential property projects located in second-tier cities developed by the Remaining Group, our monthly average property management fee was approximately RMB5.45, RMB4.90 and RMB5.27 for the year ended December 31, 2020, 2021 and 2022, respectively. During the same years, for our non-residential property projects located in second-tier cities developed by independent third-party property developers, our monthly average property management fee was approximately RMB3.01, RMB3.33 and nil(1) for the year ended December 31, 2020, 2021, and 2022.

Generally, our monthly average property management fees per sq.m. for property management services provided to both residential and non-residential properties located in second-tier cities developed by the Remaining Group were generally higher than those developed by independent third-party property developers, primarily because of the following reasons:

(i) approximately 89.4% of properties developed by the Remaining Group of the total GFA under management were primarily located in more developed areas in those second-tier cities, as compared to those developed by independent third-party property developers, which located in less developed areas(2). Generally, the average property management fee for property management services provided to properties located in more developed areas is generally higher than those located in less developed areas given the differences in their locations and level of development;

(ii) the properties developed by the Remaining Group included (a) commercial properties located in Hangzhou, which we charged a relatively higher property management fees per sq.m. compared to the rest of non-residential properties developed by independent third-party property developers; and (b) higher class residential properties, which we usually charge a higher property management fee given the higher service standards and requirements required from the customers. On the other hand, approximately 31.1% of the residential properties developed by independent third-party property developers of the total GFA under management were government-supported houses, public rental, low-rent properties and resettlement houses, which generally had less demanding service standards and requirements. Generally, property management companies shall be able to charge a higher property management fee depending on the quality of service to be provided; and

(iii) approximately 51.0% of residential properties (in terms of total GFA under management) developed by independent third-party property developers were older properties developed prior to year 2012 including some of them developed between 1998 and 2005. We normally charge a lower property management fee for these older properties. On the other hand, approximately 63.3% of the residential properties developed by the Remaining Group (in terms of the total GFA under management) were new properties developed between 2012 and 2020[(3)]. Generally, property management fees charged for newly developed residential properties are higher than those older residential properties.

Notes:

(1) We ceased to provide property management services for one non-residential property project located in second-tier cities developed by independent third-party property developers upon expiry of the relevant property management agreement, while we generated property management fees in 2022 without any GFA under management as of December 31, 2022. Therefore, the monthly average property management fee for non-residential properties in second-tier cities developed by independent third-party property developers is not applicable.

(2) For example, in Hangzhou, among the properties developed by independent third-party property developers, approximately 31.6% of the properties (in terms of the total GFA under management) were in Tonglu, a county under the administration of Hangzhou, which has a relatively weaker level of economic development compared against other areas in Hangzhou. On the other hand, almost all residential properties developed by the Remaining Group in Hangzhou were located in city main areas including Xiaoshan District, Xihu District and Yuhang District.

(3) Among the residential properties developed by the Remaining Group in second-tier cities, approximately 41.5% of the properties (in terms of the total GFA under management) had been developed for over 10 years.

Average property management fee for our project located in third-tier cities

For 2021 and 2022, our monthly average property management fee for our project located in third-tier cities (i.e. Jinhua) was approximately RMB1.11 and RMB1.81. As we had only started to offer our services in Jinhua in the second quarter of 2021, the change in the monthly average property management fee for our sole project in Jinhua for 2021 and 2022 does not truly reflect the actual revenue pattern.[(1)]

Note:

(1) The property management revenue for our project located in third-tier cities (i.e. Jinhua) for 2021 and 2022 was approximately RMB3.8 million and RMB6.2 million, respectively.

Average property management fee for our projects located in other cities

Our monthly average property management fee for our projects located in other cities was approximately RMB0.80, RMB0.96 and RMB0.87 for the year ended December 31, 2020, 2021 and 2022, respectively. The fluctuations in the relevant property management fee during the Track Record Period was mainly driven by:

(i) the commencement to manage one residential project in Huaibei after mid-2020, and we charged a higher monthly property management fee for this residential properties located in Huaibei; and

(ii) the receipt of additional property management fees from a residential project in Huaibei, Anhui province, as a result of a one-off property management fee compensation from the relevant property developer to compensate our repair and maintenance work.

Comparison of the average property management fees provided to properties located in other cities developed by the Remaining Group and independent third-party property developers

For our residential property projects located in other cities developed by the Remaining Group, our monthly average property management fee was approximately RMB1.08, RMB1.20 and RMB1.14 for the year ended December 31, 2020, 2021 and 2022. During the same years, for our residential property projects located in other cities developed by independent third-party property developers, our monthly average property management fee was approximately RMB0.44, RMB0.69 and RMB0.62 for the year ended December 31, 2020, 2021 and 2022, respectively.

Generally, our monthly average property management fees per sq.m. for property management services provided to residential properties located in other cities developed by the Remaining Group were generally higher than those developed by independent third-party property developers, primarily because of the following reasons:

(i) almost all residential properties developed by the Remaining Group of the total GFA under management were primarily located in more developed areas in those other cities, as compared to those developed by independent third-party property developers, which located in less developed areas in those other cities. Generally, the average property management fee for property management services provided to properties located in more developed areas is generally higher than those located in less developed areas given the differences in their locations and level of development;

(ii) approximately 80.6% of residential properties developed by the Remaining Group of the total GFA under management included higher class residential properties including villas, which we usually charge a higher property management fee given the higher service standards and requirements required from the customers. On the other hand, approximately 29.7% of the residential properties developed by independent third-party developers of the total GFA under management were government-supported houses, public rental, low-rent properties and resettlement house developed by independent third-party property developers, which generally had less demanding service standards and requirements[(1)]. Generally, property management companies shall be able to charge a higher property management fee depending on the quality of service to be provided; and

(iii) approximately 53.8% of residential properties developed by the Remaining Group of the total GFA under management were developed between 2011 to 2022, including two properties which was developed in 2020 and one property which was developed in 2022. Generally, property management fees charged for newly developed residential properties are higher than those older residential properties.

Note:

(1) Under "other cities" tier, among the properties developed by independent third-party property developers, almost all properties were located in Huaibei, in which around half of the properties were low-rent government housing.

Relationship between property management fees and tier of the cities

Generally, property management fees primarily depend on the tier of the cities in which the properties under our management were located. During the Track Record Period, a larger portion of properties developed by the Remaining Group of the total GFA under management were located in second-tier cities as compared to those developed by independent third-party property developers, which led to the higher average property management fees. The age, quality, location and other attributes of the properties also play a role in the property management fees among properties located in the same city. Generally, properties within the same city that (i) are located in city center with convenient access to public transportations; (ii) are higher-end in terms of service, design and construction quality; and (iii) were delivered more recently, tend to command higher property management service fees.

(i) Analysis of our monthly average property management fee by geographic location

The following table sets forth our monthly average property management fee per sq.m. of our properties under our management (excluding package price projects) by geographic location and by type of property developer for the years indicated:

	For the year ended December 31,		
	2020	**2021**	**2022**
	(RMB per sq.m. per month)		
Hangzhou	**1.51**	**1.59**	**1.62**
Residential properties	1.12	1.27	1.28
– Remaining Group(1)	1.59	1.78	1.72
– Independent third-party property developers(2)	0.81	0.94	0.98
Non-residential properties(3)	4.61	4.13	4.79
– Remaining Group (1)	4.81	4.22	4.67
– Independent third-party property developers (2)	3.01	3.33	–
Huaibei	**0.80**	**0.92**	**0.83**
Residential properties	0.80	0.92	0.87
– Remaining Group(1)	1.08	1.16	1.14
– Independent third-party property developers(2)	0.44	0.69	0.63
Ningbo	**1.97**	**1.81**	**1.93**
Residential properties	1.49	1.34	1.46
– Remaining Group(1)	1.49	1.34	1.46
– Independent third-party property developers(2)	–	–	–
Non-residential properties(3)	8.86	8.48	8.47
– Remaining Group (1)	8.86	8.48	8.47
– Independent third-party property developers (2)	–	–	–
Hefei	**2.51**	**2.27**	**1.64**
Residential properties	2.51	2.27	1.64
– Remaining Group(1)	2.57	2.57	2.57
– Independent third-party property developers(2)	2.27	1.59	0.90
Lishui.	**–**	**1.44**	**1.06**
Residential properties	–	1.44	1.06
– Remaining Group(1)	–	1.44	1.40
– Joint ventures and associates of the Remaining Group(4)	–	–	–
– Independent third-party property developers(2)	–	–	–
Jinhua	**–**	**1.11**	**1.81**

	For the year ended December 31,		
	2020	2021	2022
	(RMB per sq.m. per month)		
Residential properties	–	1.11	1.81
– Remaining Group(1)	–	1.11	1.81
– Independent third-party property developers(2)	–	–	–
Qingdao	**–**	**–**	**1.86**
Residential properties	–	–	1.86
– Remaining Group(1)	–	–	1.86
– Independent third-party property developers(2)	–	–	–
Chuzhou	**–**	**–**	**1.83**
Non-residential	–	–	1.83
– Remaining Group(1)	–	–	–
– Independent third-party property developers(2)	–	–	1.83
Taizhou	**–**	**–**	**0.45**
Residential properties	–	–	0.45
– Remaining Group(1)	–	–	–
– Independent third-party developers(2)	–	–	0.45
Overall(5)	**1.43**	**1.44**	**1.44**

Notes:

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

(2) Refer to properties solely developed by independent third-party property developers.

(3) Excluding non-residential property projects charged on a package price of property management fees on a per project basis without reference to any GFA. The major type of non-residential property we managed during the Track Record Period was integrated commercial complexes. In 2020, 2021 and 2022, our monthly average property management fee for integrated commercial complexes was approximately RMB6.92 per sq.m., RMB5.78 per sq.m., and RMB4.31 per sq.m., respectively. Most of the integrated commercial complexes under our management were developed by the Remaining Group. Apart from integrated commercial complexes, we also managed one commercial property developed by the Remaining Group which mainly comprises serviced apartments, one office building and one school developed by independent third-party property developers during the Track Record Period, which we charged our property management services with reference to GFA.

(4) Refer to properties jointly developed by the Remaining Group and independent third-party property developers where the Remaining Group did not hold a controlling interest in such properties. In late December 2022, we commenced to provide property management services to one property developed by joint ventures and associates of the Remaining Group, given we have only generated property management income since January 2023 according to the relevant property management service agreement, no revenue was record for the year ended December 31, 2022.

(5) For the purpose of this table, Huzhou is not included as the only project we managed in this city during the Track Record Period was a package price project.

Average property management fee for our projects located in Hangzhou

Our monthly average property management fee for our projects located in Hangzhou was approximately RMB1.51, RMB1.59 and RMB1.62 for the year ended December 31, 2020, 2021 and 2022, respectively. Generally, the relevant management fee increased moderately during the Track Record Period.

Comparison of the average property management fees provided to properties located in Hangzhou developed by the Remaining Group and independent third-party property developers

For our residential property projects located in Hangzhou developed by the Remaining Group, our monthly average property management fee was approximately RMB1.59, RMB1.78 and RMB1.72 for the year ended December 31, 2020, 2021 and 2022. During the same years, for our residential property projects located in Hangzhou developed by independent third-party property developers, our monthly average property management fee was approximately RMB0.81, RMB0.94 and RMB0.98 for the year ended December 31, 2020, 2021 and 2022.

For our non-residential property projects located in Hangzhou developed by the Remaining Group, our monthly average property management fee was approximately RMB4.81, RMB4.22 and RMB4.67 for the year ended December 31, 2020, 2021 and 2022. During the same years, for our non-residential property projects located in Hangzhou developed by independent third-party property developers, our monthly average property management fee was approximately RMB3.01, RMB3.33 and nil(1) for the year ended December 31, 2020, 2021 and 2022.

Generally, our monthly average property management fees per sq.m. for property management services provided to both residential and non-residential properties located in Hangzhou developed by the Remaining Group were generally higher than those developed by independent third-party property developers, primarily because of the following reasons:

(i) approximately 89.4% of properties developed by the Remaining Group of the total GFA under management were located in city main areas including Xiaoshan District, Xihu District and Yuhang District in Hangzhou, as compared to those developed by independent third-party property developers, which located in less developed areas in Hangzhou. Generally, the average property management fee for property management services provided to properties located in more developed areas is generally higher than those located in less developed areas given the differences in their locations and level of development;

Note:

(1) In mid-2022, we ceased to provide property management services for a non-residential property developed by independent third-party developers located in Hangzhou. This decision was made upon the expiry of the relevant property management agreement, which had generated approximately RMB0.8 million in property management fees during 2022. As we ceased to provide services before December 31, 2022, we did not record any GFA under management for this project as of December 31, 2022. Therefore, the monthly average property management fee for non-residential properties in Hangzhou developed by independent third-party property developers is not applicable..

(ii) the properties developed by the Remaining Group included (a) commercial properties located in Hangzhou, which we charged a relatively higher property management fees per sq.m. compared to the rest of non-residential properties developed by independent third-party property developers; (b) higher class residential properties, which we usually charge a higher property management fee given the higher service standards and requirements required from the customers. On the other hand, approximately 28.9% of the residential properties developed by independent third-party property developers of the total GFA under management were government-supported houses, public rental, low-rent properties and resettlement houses, which generally had less demanding service standards and requirements. Generally, property management companies shall be able to charge a higher property management fee depending on the quality of service to be provided; and

(iii) approximately 51.3% of residential properties developed by independent third-party property developers of the total GFA under management were older properties developed prior to year 2010 including some of them developed between 2000 and 2005. We normally charge a lower property management fee for these older properties. Generally, property management fees charged for newly developed residential properties are generally higher than those older residential properties.

Average property management fee for our projects located in Huaibei

Our monthly average property management fee for our projects located in Huaibei was approximately RMB0.80, RMB0.92 and RMB0.83 for the year ended December 31, 2020, 2021 and 2022, respectively. Generally, the relevant property management fee maintained relatively stable during the Track Record Period.

Comparison of the average property management fees provided to properties located in Huaibei developed by the Remaining Group and independent third-party property developers

For our residential property projects located in Huaibei developed by the Remaining Group, our monthly average property management fee was approximately RMB1.08, RMB1.16 and RMB1.14 for the year ended December 31, 2020, 2021 and 2022. During the same years, for our residential property projects located in Huaibei developed by independent third-party property developers, our monthly average property management fee was approximately was approximately RMB0.44, RMB0.69 and RMB0.63 for the year ended December 31, 2020, 2021 and 2022.

We did not provide any property management services to non-residential property projects located in Huaibei developed by either the Remaining Group or independent third-party property developers during the Track Record Period.

Generally, our monthly average property management fees per sq.m. for property management services provided to residential properties developed by the Remaining Group were generally higher than those developed by independent third-party property developers, given approximately 30.2% of the residential properties developed by independent third-party property developers we managed were government-supported houses, public rental, low-rent properties and resettlement house located in Huaibei, which generally had less demanding service standards and requirements[(1)].

Average property management fee for our projects located in Ningbo

Our monthly average property management fee for our projects located in Ningbo was approximately RMB1.97, RMB1.81 and RMB1.93 for the year ended December 31, 2020, 2021 and 2022, respectively.

During the Track Record Period, the monthly average property management fees for our non-residential properties located in Ningbo were higher than the monthly average property management fees of properties in other cities, primarily because we provided property management services to an integrated commercial complex in Ningbo which we charged a relatively higher property management fee.

Comparison of the average property management fees provided to properties located in Ningbo developed by the Remaining Group and independent third-party property developers

For our residential property projects located in Ningbo developed by the Remaining Group, our monthly average property management fee was approximately RMB1.49, RMB1.34 and RMB1.46 for the year ended December 31, 2020, 2021 and 2022, respectively. We have recorded a higher average property management fee during 2020 as we received additional property management fees from residential projects in Ningbo as a result of the receipt of a one-off compensation from the property developers to compensate our repair and maintenance work. For our non-residential property projects located in Ningbo developed by the Remaining Group, our monthly average property management fee was approximately RMB8.86, RMB8.48 and RMB8.47 for the year ended December 31, 2020, 2021 and 2022.

We did not provide any property management services to both residential and non-residential property projects located in Ningbo developed by independent third-party property developers during the Track Record Period.

Average property management fee for our projects located in Hefei

Our monthly average property management fee for our projects located in Hefei was approximately RMB2.51, RMB2.27 and RMB1.64 for the year ended December 31, 2020, 2021 and 2022.

Note:

(1) Among the residential properties developed by independent third-party property developers, around one-third of the properties (in terms of the total GFA under management) were low-rent government housing. On the other hand, around 95.8% of residential properties developed by the Remaining Group were positioned as high-end properties in Huaibei.

During the Track Record Period, the monthly average property management fees for our residential properties located in Hefei were generally higher than the monthly average property management fees of residential properties in other cities, primarily because the residential properties developed by the Remaining Group we managed in Hefei include villas which command higher service standards and requirements and higher service costs. In 2022, we have recorded a lower monthly average property management fees for our residential properties located in Hefei as we commenced to provide property management services to residential properties developed by independent third-party property developers after mid-2022.

Comparison of the average property management fees provided to properties located in Hefei developed by the Remaining Group and independent third-party property developers

For our residential property projects located in Hefei developed by the Remaining Group, our monthly average property management fee was approximately RMB2.57, RMB2.57 and RMB2.57 for the year ended December 31, 2020, 2021 and 2022.

Average property management fee for our projects located in Lishui

We had only started to offer our services in Lishui in 2021 and the monthly average property management fee for our projects located in Lishui was approximately RMB1.44 for the year ended December 31, 2021 and RMB1.06 for the year ended December 31, 2022.

Average property management fee for our project located in Jinhua

We had only started to offer our services in Jinhua in 2021 and the monthly average property management fee for our project located in Jinhua was approximately RMB1.11 for the year ended December 31, 2021 and RMB1.81 for the year ended December 31, 2022.

Average property management fee for our projects located in Qingdao

We had only started to offer our services in Qingdao in 2022 and the monthly average property management fee for our project located in Qingdao was approximately RMB1.86 for the year ended December 31, 2022.

Average property management fee for our projects located in Chuzhou

We had only started to offer our services in Chuzhou in 2022 and the monthly average property management fee for our project located in Chuzhou was approximately RMB1.83 for the year ended December 31, 2022.

Average property management fee for our projects located in Taizhou

We had only started to offer our services in Taizhou in 2022 and the monthly average property management fee for our project located in Taizhou was approximately RMB0.45 for the year ended December 31, 2022.

Revenue from Value-Added Services Mainly to Property Developers

Our value-added services mainly to property developers cover different stages of property development projects from its commencement to its completion. At the early stage of a property development project, we provide planning and design consultancy services and conduct on-site inspection during its construction from time to time, with an aim to facilitate the property management of such project upon its completion and delivery. At the stage of property sales, we provide sales office management services. At the delivery stage, we provide pre-delivery inspection services prior to the delivery of properties to the property purchasers.

The following table sets forth a breakdown of our revenue from value-added services mainly to property developers by paying customer for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
Sales office management services						
Remaining Group	20,090	60.3	38,888	65.7	44,144	72.6
Joint ventures and associates of the Remaining Group	3,988	12.0	8,984	15.2	3,992	6.6
Independent third–party customers	1,256	3.8	6,497	11.0	6,910	11.4
Preliminary planning and design consultancy services						
Remaining Group	5,960	17.9	3,279	5.5	3,970	6.5
Joint ventures and associates of the Remaining Group	202	0.6	257	0.4	576	0.9
Independent third-party customers	–	–	–	–	–	–
Pre-delivery inspection services						
Remaining Group	1,790	5.4	1,288	2.2	882	1.5
Joint ventures and associates of the Remaining Group	–	–	–	–	255	0.5
Independent third-party customers	–	–	–	–	–	–
Total	**33,286**	**100.0**	**59,193**	**100.0**	**60,729**	**100.0**

Our revenue from value-added services mainly to property developers increased by approximately 77.8%, from RMB33.3 million in 2020 to RMB59.2 million in 2021. Such increase was mainly due to the increase in revenue from sales office management services during the Track Record Period. As of December 31, 2020, 2021 and 2022, we managed 19, 26 and 29 sales office management projects obtained from the Remaining Group or its joint ventures and associates for their property development projects and had commenced pre-sale procedures, and these projects were mostly located in Zhejiang province. Moreover, we managed one, four and four sales office management projects obtained from independent third-party developers as of December 31, 2020, 2021 and 2022.

In 2021 and 2022, based on our long-term business relationship with the Remaining Group, we also obtained further business opportunities in the areas of (i) preliminary planning and design consultancy services; and (ii) pre-delivery inspection services to property developers. As of December 31, 2021, and 2022, we provided (i) preliminary planning and design consultancy services to 14 and 22 property projects. As of December 31, 2021 and 2022, we provided pre-delivery inspection services to four and three property projects.

We typically explore potential business opportunities for value-added services mainly to property developers through referrals from the Remaining Group or other independent third-party property developers which have established business relationship with us. Generally, projects we had with the Remaining Group or its joint ventures and associates were referred by the Remaining Group, whereas projects we had with independent third-party customers were obtained through our own efforts from the respective third-party customers. All of our contracts for value-added services mainly to property developers were obtained through commercial negotiation, which is permitted by PRC laws and regulations as advised by our PRC Legal Advisor. Our Directors believe that our contracts with respect to value-added services mainly to property developers during the Track Record Period were comparable with other third-party property management companies which also provided similar services to the Remaining Group and its joint ventures and associates.

As advised by CIA, our fee charged for value-added services mainly to property developers during the Track Record Period were in line with the industry range. In view of the above, our Directors consider that our service fees charged for value-added services mainly to property developers during the Track Record Period were reasonable and in line with the prevailing market rates for similar services at the material times.

Revenue from Community Value-Added Services

We also provide community value-added services principally to property owners and residents, which primarily comprise (i) common area management services; (ii) renovation waste disposal services; and (iii) car parking space sales agency services. The following table sets forth a breakdown of our revenue from community value-added services by type of property developer for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
Common area management services						
Remaining Group	5,634	39.7	7,182	22.9	9,315	26.4
Joint ventures and associates of the Remaining Group	–	–	–	–	147	0.4
Independent third–party developers	3,855	27.2	3,450	11.0	1,633	4.6
Renovation waste disposal services						
Remaining Group	1,014	7.2	2,430	7.8	608	1.7
Independent third–party developers	467	3.3	1,037	3.3	578	1.6
Car parking space sales agency services						
Remaining Group	3,208	22.6	17,212	55.0	23,132	65.3
Total	**14,178**	**100.0**	**31,311**	**100.0**	**35,413**	**100.0**

Our revenue from community value-added services experienced rapid growth during the Track Record Period. Our revenue from community value-added services increased by approximately 120.8% from RMB14.2 million in 2020 to RMB31.3 million in 2021, and further increased by 13.1% to RMB35.4 million in 2022. The increase in revenue for 2021 and 2022 was mainly due to the increase in car parking space sales agency services to the Remaining Group, where we assist property developer to sell and purchasers to purchase car parking spaces in certain property projects we managed or under our management.

Cost of Sales

Cost of Sales by Business Lines

The following table sets forth the components of our cost of sales by business lines for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
Property management services	117,155	81.4	134,085	72.6	149,376	73.4
Value-added services mainly to property developers	19,089	13.3	33,762	18.3	35,403	17.4
Community value-added services	7,650	5.3	16,742	9.1	18,618	9.2
Total	**143,894**	**100.0**	**184,589**	**100.0**	**203,397**	**100.0**

The increase in cost of sales during the Track Record Period was generally consistent with the expansion of our business scale, where majority of our cost of sales was incurred for our property management services.

Cost of Sales by Nature of Expenses

Our cost of sales primarily consist of (i) staff costs refer to the costs of our on-site staff directly providing property management services, value-added services mainly to property developers and community value-added services; (ii) expenses for cleaning and gardening services including cleaning, waste and sewerage charges; (iii) expenses for maintenance services and consumables including equipment repair expenses; and (iv) utilities expenses including water and electricities charges, office supplies for property management offices and communication charges. The following table sets forth the components of our total cost of sales for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
Staff costs	111,859	77.8	138,081	74.8	153,192	75.3
Cleaning and gardening services expenses	14,875	10.3	24,240	13.1	25,839	12.7
Maintenance services expenses	12,522	8.7	14,548	7.9	15,861	7.8
Utilities expenses	4,638	3.2	7,720	4.2	8,505	4.2
Total	**143,894**	**100.0**	**184,589**	**100.0**	**203,397**	**100.0**

During the Track Record Period, the main component of our cost of sales was staff costs. The increase in cost of sales during the Track Record Period was primarily attributable to the increase in number of on-site staff in response to the continuous increase in our GFA under management resulting mainly from the expansion of the portfolio of our property management projects and the increase in the average salary of our on-site staff. See "—Key Factors Affecting Our Results of Operations—Ability to Mitigate the Impact of Rising Staff Costs" in this document for further discussion in this regard.

Gross Profit and Gross Profit Margin

Our overall gross profit margin in 2020, 2021 and 2022 was approximately 37.6%, 37.6% and 36.4%. The following table sets forth our gross profit and gross profit margin by business line and type of property developer for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	%	*(RMB'000)*	%	*(RMB'000)*	%
Property management Services	**66,076**	**36.1**	**71,105**	**34.7**	**74,217**	**33.2**
Remaining Group	52,320	37.5	51,866	34.9	53,603	33.5
Joint ventures and associates of the Remaining Group	–	–	–	–	–	–
Independent third–party property developers	13,756	31.5	19,239	34.1	20,614	32.4
Value-added services mainly to property developers	**14,197**	**42.7**	**25,431**	**43.0**	**25,326**	**41.7**
Remaining Group	12,530	43.5	19,582	43.7	20,298	41.4
Joint ventures and associates of the Remaining Group	1,553	37.1	3,906	42.3	1,900	39.4
Independent third–party property developers	114	40.2	1,943	37.8	3,128	45.3
Community value-added services	**6,528**	**46.0**	**14,569**	**46.5**	**16,795**	**47.4**
Remaining Group	4,654	47.2	12,605	47.0	15,735	47.6
Joint ventures and associates of the Remaining Group	–	–	–	–	68	46.3
Independent third–party property developers	1,874	43.4	1,964	43.8	992	44.9
Total /Overall	**86,801**	**37.6**	**111,105**	**37.6**	**116,338**	**36.4**

Our overall gross profit margins are affected by gross profit margins for each of our business lines as well as fluctuations in our business mix. The gross profit margins for our value-added services mainly to property developers and our community value-added services were relatively higher than that of the property management services, which were relatively more labor-intensive in nature. Our overall gross profit margin fluctuated between 37.6% in 2020 and 2021 to 36.4% in 2022, primarily attributable to (i) change in monthly average property management fee of our properties under management; (ii) the expansion of our value-added services mainly to property developers; (iii) steady growth of our community value-added services; and (iv) our successful implementation of cost-control measures. These measures, among others, include (i) implementing the budget system among our Group annually before the start of a new financial year to avoid any potential financial deficit while carrying out the strategies of the Group; (ii) adopting a comprehensive procurement management system to reduce the transaction cost, especially by utilising the tender process whenever purchasing a single batch of goods over RMB30,000 to determine the most cost-effective products; and (iii) ensuring the subcontracting fees that we paid to the subcontractors are generally lower than the cost for delivering the same services by ourselves during the same period.

Analysis of our gross profit and gross profit margin by type of property developer and types of property

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

	For the year ended December 31,					
	2020		2021		2022	
	Gross profit	Gross Profit Margin	Gross profit	Gross Profit Margin	Gross profit	Gross Profit Margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Remaining Group	**69,504**	**39.0**	**84,053**	**38.1**	**89,637**	**37.0**
Residential	48,786	38.3	63,338	37.8	68,849	37.4
Non-residential	20,718	40.7	20,715	39.1	20,788	35.8
Joint ventures and associates of the Remaining Group	**1,553**	**37.1**	**3,906**	**42.3**	**1,967**	**39.6**
Residential	1,553	37.1	3,906	42.3	1,967	39.6
Non-residential	–	–	–	–	–	–
Independent third–party property developers	**15,744**	**32.6**	**23,146**	**35.1**	**24,734**	**34.0**
Residential	14,348	34.2	21,388	35.9	20,420	34.3
Non-residential	1,396	22.0	1,758	27.1	4,314	32.5
Total	**86,801**	**37.6**	**111,105**	**37.6**	**116,338**	**36.4**

Gross profit margin analysis of projects developed by the Remaining Group

Our gross profit margin for projects developed by the Remaining Group in 2020, 2021 and 2022 were approximately 39.0%, 38.1% and 37.0%.

For our residential projects developed by the Remaining Group, our gross profit margin in 2020, 2021 and 2022 were approximately 38.3%, 37.8% and 37.4%. For our non-residential projects developed by the Remaining Group, our gross profit margin for Remaining Group in 2020, 2021 and 2022 was approximately 40.7%, 39.1% and 35.8%. The fluctuation of our gross profit margin for Remaining Group during the Track Record Period was mainly driven by:

(i) for 2020, our gross profit margin was affected partly due to the one-off 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 outbreak; the various cost saving measures that we have adopted; and the fact that we have broadened our services offering to property developers and construction companies to include (a) preliminary planning and design consultancy services; and (b) pre-delivery inspection services, which we can charge higher gross profit margin; and

(ii) for 2021, given we generated a significant portion of our revenue from our property management services, our gross profit margin was largely affected by the average property management fees we charged on our customers. Furthermore, we have recorded an increase in our staff costs, as the regulatory supportive policies to deduct or exempt for payment of social insurance contribution has discontinued, given the authorities have effectively controlled the COVID-19 epidemic. Generally, our monthly average property management fee for non-residential properties were generally higher than those of residential properties during the Track Record Period, which is in line with the industry norm. See "—Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income Items —Revenue—Revenue from Property Management Services" in this section for details. While the relevant costs to provide property management services for non-residential properties were higher, we were able to charge a relatively higher premium for these properties and hence slightly higher gross profit margin were recorded for non-residential properties.

Gross profit margin analysis of projects developed by independent third-party property developers

Our gross profit margin for projects developed by independent third–party property developers in 2020, 2021 and 2022 was approximately 32.6%, 35.1% and 34.0%.

For our residential projects, our gross profit margin for independent third-party property developers in 2020, 2021 and 2022 was approximately 34.2%, 35.9% and 34.3%. For our non-residential projects, our gross profit margin for independent third-party property developers in 2020, 2021 and 2022 was approximately 22.0%, 27.1% and 32.5%.

The fluctuation of our gross profit margin for projects developed by independent third–party property developers during the Track Record Period were mainly driven by:

(i) for 2020, our gross profit margin was affected partly due to the one-off 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 outbreak; and the various cost saving measures that we have adopted;

(ii) for 2021, we commenced to manage three residential properties developed by independent third-party property developers after mid-2020 which we charged a higher property management fee. We were able to charge a higher property management fee for these residential projects considered they (a) command higher service quality; or (b) were delivered more recently compared to other projects developed by independent third-party property developers; and

(iii) for 2022, our gross profit margin was affected mainly due to the commencement of certain new residential projects developed by independent third-party property developers which were governmental supported houses, public rental and low-rent properties in 2022 in Hangzhou and Hefei, where we charged a relatively lower property management fee.

Gross profit margin between residential projects and non-residential projects developed by independent third-party property developers

Generally, the industry norm is that the monthly average property management fee for non-residential properties should be higher than that of residential properties. However, certain non-residential properties developed by independent third-party property developers under our management incurred losses during the Track Record Period.

Analysis of our gross profit and gross profit margin by city tier and types of property

The following table sets forth a breakdown of our gross profit and gross profit margin by city tier and types of property:

	For the year ended December 31,					
	2020		2021		2022	
	Gross profit/ (loss)	Gross Profit Margin	Gross profit	Gross Profit Margin	Gross profit	Gross Profit Margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
First-tier cities[1]	**–**	**–**	**338**	**44.6**	**960**	**44.6**
Residential	–	–	–	–	–	–
Non-residential	–	–	338	44.6	960	44.6
Second-tier cities[1]	**67,900**	**36.3**	**78,619**	**36.4**	**78,458**	**35.1**
Residential	45,993	35.1	56,662	35.8	56,119	35.1
Non-residential	21,907	39.2	21,957	38.1	22,339	35.3
Third-tier cities[1]	**4,293**	**41.1**	**7,517**	**42.4**	**11,981**	**40.2**
Residential	4,293	41.1	7,517	42.4	11,424	40.7
Non-residential	–	–	–	–	557	32.1
Other cities[1]	**14,608**	**43.7**	**24,631**	**40.1**	**24,939**	**38.6**
Residential	14,401	44.8	24,454	40.6	23,694	39.3
Non-residential	207	15.5	177	15.9	1,245	29.4
Total	**86,801**	**37.6**	**111,105**	**37.6**	**116,338**	**36.4**

Note:

(1) For the purpose of this table, "first-tier cities" includes Guangzhou; "second-tier cities" include Hangzhou, Ningbo, Hefei, Kunming, Nanchang, Nanjing, Qingdao and Wuhan; "third-tier cities" include Jinhua, Wenzhou and Wuxi; and "other cities" include Lishui, Huzhou, Taizhou, Zhoushan, Quzhou, Chuzhou and Huaibei.

Gross profit margin analysis of project located in first-tier cities

We had provided our sales office management services to a property developer in Guangzhou in the second half of 2021 and recorded approximately RMB338,000 gross profit with 44.6% gross profit margin. During 2022, we recorded approximately RMB960,000 gross profit with 44.6% gross profit margin.

Gross profit margin analysis of projects located in second-tier cities

Our gross profit margin for projects located in second-tier cities in 2020, 2021 and 2022 were approximately 36.3%, 36.4% and 35.1%.

For our residential projects, our gross profit margin for projects located in second-tier cities in 2020, 2021 and 2022 was approximately 35.1%, 35.8% and 35.1%. For our non-residential projects, our gross profit margin for projects located second-tier cities in 2020, 2021 and 2022 were approximately 39.2%, 38.1% and 35.3%. The decrease of our gross profit margin from 2021 to 2022 for projects located in second-tier cities during the Track Record Period was mainly driven by the commencement to manage seven residential properties (including certain governmental supported houses) and eight non-residental properties developed by independent third-party property developers after mid-2022, which we charged a relatively lower property management fee.

Gross profit margin analysis of project located in third-tier cities

Our gross profit margin for projects located in third-tier cities in 2020, 2021 and 2022 were approximately 41.1%, 42.4% and 40.2%. For our residential projects, our gross profit margin for projects located in third-tier cities in 2020, 2021 and 2022 were approximately 41.1%, 42.4% and 40.7%.

Gross profit margin analysis of projects located in other cities

Our gross profit margin for projects located in other cities in 2020, 2021 and 2022 were approximately 43.7%, 40.1% and 38.6%.

For our residential projects, our gross profit margin for projects located in other cities in 2020, 2021 and 2022 was approximately 44.8%, 40.6% and 39.3%. For our non-residential projects, our gross profit margin for projects located in other cities in 2020, 2021 and 2022 were approximately 15.5%, 15.9% and 29.4%.

The fluctuation of our gross profit margin for projects located in other cities during the Track Record Period was mainly driven by:

(i) we commenced to manage one residential property in Huaibei after mid-2020 and we charged a higher monthly property management fee for such property; and

(ii) we received additional property management fees from a residential project in Huaibei, Anhui province, as a result of the receipt of a one-off property management fee compensation from the relevant property developer to compensate our repair and maintenance work.

Property Management Services

Gross profit margin for our property management services is largely affected by the combined effect of the average fee per sq.m. per month we charge for our property management services and our cost of sales per sq.m. per month for providing such services.

In 2021, our gross profit margin for property management services decreased from approximately 36.1% in 2020 to 34.7% in 2021 primarily due to the increase in our staff costs, as the regulatory supportive policies to deduct or exempt for payment of social insurance contributions had discontinued, given the authorities have effectively controlled the COVID-19 epidemic.

Our gross profit margin for property management services remained stable between approximately 34.7% in 2021 to 33.2% in 2022.

Gross profit margin analysis by type of property developer

Our gross profit margin for property management services of the Remaining Group in 2020, 2021 and 2022 was approximately 37.5%, 34.9% and 33.5%, and our gross profit margin for independent third-party property developers was 31.5%, 34.1%, and 32.4%, during the same period. Generally, our gross profit margin for property management services for properties developed by the Remaining Group was slightly higher than the properties developed by independent third-party property developers.

Generally, we charge a higher monthly average property management fees per sq.m. for property management services provided to properties developed by the Remaining Group than those developed by independent third-party property developers. See "—Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income Items—Revenue—Revenue from Property Management Services" in this section for details.

Value-added Services Mainly to Property Developers

Gross profit for value-added services mainly to property developers increased by approximately 79.1% from RMB14.2 million in 2020 to RMB25.4 million in 2021, and decreased slightly by 0.4% to RMB25.3 million in 2022. Such increase between 2020 to 2021 was mainly due to the increase in revenue from sales office management services during the Track Record Period. As of December 31, 2020, 2021 and 2022, we managed 19, 26 and 29 sales office management projects which were obtained from the Remaining Group or its joint ventures and associates for their property development projects which had commenced pre-sale procedures during the relevant years and these projects were mostly located in Zhejiang province.

In 2021, based on our long term business relationship with the Remaining Group, we have also obtained further business opportunities in the areas of (i) preliminary planning and design consultancy services; and (ii) pre-delivery inspection services to property developers. Our gross profit margin from value-added services mainly to property developers fluctuated between approximately 42.7% in 2020 to 41.7% in 2022.

Gross profit margin analysis by type of property developer

Our gross profit margin for value-added services mainly to property developers of the Remaining Group in 2020, 2021 and 2022 was approximately 43.5%, 43.7% and 41.4%, and our gross profit margin for independent third–party property developers was 40.2%, 37.8% and 45.3% during the same period.

Generally, our gross profit margin for value-added services mainly to property developers for properties developed by the Remaining Group was slightly higher than the properties developed by joint ventures and associates of the Remaining Group and independent third-party property developers. Notwithstanding with the above, our Directors believe that our contracts with respect to value-added services mainly to property developers for joint ventures and associates of the Remaining Group and independent third–party property developers during the Track Record Period were comparable as our contracts for value-added services mainly to property developers were obtained through commercial negotiation. Furthermore, as advised by CIA, our fee charged for value-added services mainly to property developers during the Track Record Period were in line with the industry range, therefore, our Directors consider that gross profit margin earned by our Group to different property developers were reasonable and in line with the prevailing market rates.

Community Value-Added Services

Gross profit of our community value-added services increased by approximately 123.2% from RMB6.5 million in 2020 to RMB14.6 million in 2021, and further increased by approximately 15.3% to RMB16.8 million in 2022. The increase in gross profit was primarily due to the increase in gross profit from car parking space sales agency services in 2021.

Gross profit margin for our community value-added services was approximately 46.0%, 46.5% and 47.4%, in 2020, 2021 and 2022.

The gross profit margins for our community value-added services were higher than property management services during the Track Record Period, primarily because community value-added services, such as common area management services and car parking space sales agency services, were generally less labor-intensive than property management services and therefore had lower costs.

Gross profit margin analysis by type of property developer

Our gross profit margin for community value-added services of the Remaining Group in 2020, 2021 and 2022 was approximately 47.2%, 47.0% and 47.6%, and our gross profit marginfor independent third-party property developers was 43.4%, 43.8% and 44.9% during the same period.

Generally, our gross profit margin for community value-added services to property owners and residents of the projects we manage for properties developed by the Remaining Group was slightly higher than the properties developed by independent third-party property developers. Notwithstanding with the above, our Directors believe that our contracts with respect to community value-added services provided to independent third-party customers during the Track Record Period were generally comparable as the majority of our contracts for community value-added services, such as common area management services and renovation waste disposal services, were obtained through commercial negotiation or service requests from property owners or residents of our managed properties from time to time.

Other Income

Our other income mainly comprises government grant and interest income. The following table sets forth the components of our other income for the years indicated:

	For the year ended December 31,		
	2020	**2021**	**2022**
		(RMB'000)	
Government grant	4,636	707	928
Interest income	140	284	151
Others[1]	614	819	1,076
Total	**5,390**	**1,810**	**2,155**

(1) Others mainly include penalty income from late fees, receipts from contractual claims from suppliers and forfeiture of deposits received from property owners.

Government grant mainly comprised government subsidies to support local corporate and economic development and to encourage our effort of stabilizing employment and providing high standard property management services. The significant increase of our government grant to approximately RMB4.6 million in 2020 was primarily due to the government subsidies for staff retention and property management industry as a result of regulatory supportive policies issued by the local governments due to the impact of COVID-19. There are no unfulfilled conditions or contingencies relating to these government subsidies.

Our government grant increased from approximately RMB707,000 in 2021 to approximately RMB928,000 in 2022, mainly due to government subsidies to the property management company to encourage waste sorting and garbage classification.

Our other income increased from approximately RMB819,000 in 2021, to approximately RMB1.1 million in 2022, as we forfeited the deposit placed by a renovation company for violating our renovation and construction conditions of approximately RMB317,000 during 2022.

Impairment Losses on Financial Assets, Net

Our impairment losses on financial assets primarily are provisions for losses arising from potential bad debts in respect of our trade receivables in the ordinary course of business. In 2020, 2021 and 2022, under the ECL model, we recorded impairment losses on financial assets of approximately RMB2.5 million, RMB333,000 and RMB2.7 million, respectively, mainly relating to the changes in allowance for impairment of trade receivables for property management services.

Administrative Expenses

Our administrative expenses mainly consist of (i) staff costs for administrative staff; (ii) office expenses; (iii) utility costs; (iv) legal and professional fee; and (v) **[REDACTED]**. The following table sets forth a breakdown of our administrative expenses for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
Staff costs	10,790	40.8	21,075	37.6	23,977	50.4
Office expenses	4,607	17.2	4,794	8.5	4,937	10.4
Utility costs	1,738	6.6	2,809	5.0	3,179	6.6
Depreciation of items of property and equipment	630	2.4	706	1.3	934	2.0
Legal and professional fee	1,950	7.4	2,840	5.1	2,056	4.3
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Amortization of intangible assets	30	0.1	30	0.1	30	0.1
Others(1)	3,968	15.0	5,233	9.3	2,596	5.5
Total	**26,498**	**100.0**	**56,072**	**100.0**	**47,573**	**100.0**

(1) Others mainly include miscellaneous expenses such as expenses for employment security funds for disabled, business development and catering.

We recorded an increase in administrative expenses from RMB26.5 million in 2020 and further to RMB56.1 million in 2021, and it was generally in line with the growth of our business. For 2022, the decrease in our administrative expenses was mainly due to the decrease in our **[REDACTED]**.

Our staff costs for administrative staff in 2020, 2021 and 2022 was approximately RMB10.8 million, RMB21.1 million and RMB24.0 million. The relevant amount was principally consisted of wages, salaries, bonus payment, pension scheme contributions and social welfare for our administrative staff.

For 2020, our staff costs was affected primarily due to the decrease of pension scheme contributions and social welfare with the introduction of regulatory supportive policies in response to the outbreak of COVID-19, which was subsequently ceased in 2021. For 2022, the increase in our staff costs was primarily due to the increase in the number of our staff, the payment of bonus payment to our staff, the hiring of additional managerial staff, and an increase of pension scheme contributions and social welfare with the cessation of regulatory supportive policies as the outbreak of COVID-19 is under control.

Our legal and professional fee in 2020, 2021 and 2022 was approximately RMB1.9 million, RMB2.8 million and RMB2.1 million.

Our legal and professional fees in 2020 was primarily consisted of (i) engagement of external lawyers for a number of litigations related to our property management services (such as collection of management fees) or due diligence on potential project acquisition; (ii) consultation fees for feasibility studies to provide property management service; (iii) consultation fees on property management compliance or customer satisfaction surveys; and (iv) consulting fee for applying AAA certification of corporate integrity and credit (AAA等級企業誠信信用認證). For 2021, our legal and professional fees further increased to RMB2.8 million as we have engaged external consulting firm in the second half of 2021 to provide organizational development and business process advisory services.

Income Tax Expenses

Our income tax expenses comprise current tax and movements in deferred tax assets. Current tax represents the estimated tax payable on the taxable income for the Track Record Period, using tax rates enacted as of the end of Track Record Period, plus any adjustment to tax payable in respect of previous reporting years. Our income tax mainly comprises PRC EIT at a tax rate of 25% on taxable profits of our subsidiaries incorporated in the PRC. See notes 9 and 13 to the Accountants' Report in Appendix I to this document for more information on the deferred tax assets.

The following table sets forth a breakdown of our income tax expenses for the years indicated:

	For the year ended December 31,		
	2020	2021	2022
		(RMB'000)	
Current income tax	16,769	14,803	17,990
Deferred income tax	(625)	(83)	(665)
Total	**16,144**	**14,720**	**17,325**

Pursuant to the rules and regulations of the Cayman Islands and the BVI, we were not subject to any income tax in Cayman Islands and the BVI during the Track Record Period. In addition, the income tax rate applicable to entities incorporated in Hong Kong is 16.5%. No provision for Hong Kong profits tax was made because we did not have any income arising in or derived from Hong Kong during the Track Record Period.

In 2020, 2021 and 2022, our effective income tax rate, calculated as income tax expenses divided by profit before taxation, was approximately 25.6%, 26.0% and 25.4%, generally in line with the PRC statutory corporate income tax rate of 25%. The slight deviation was mainly due to incurrence of certain business development expenses and **[REDACTED]** which are not tax-deductible.

During the Track Record Period and up to the Latest Practicable Date, we had paid all applicable taxes when due and to the best knowledge of the Company, we have no dispute or unresolved matters with, and/or was subject to any investigation, inspection or enquiries by, the relevant tax authorities.

RESULTS OF OPERATIONS

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Revenue

Our revenue increased by approximately 8.1% from RMB295.7 million in the 2021 to RMB319.7 million in 2022, primarily due to an increase in our revenue from property management services by RMB18.4 million and to a lesser extent, an increase in revenue from community value-added services by RMB4.1 million.

- Revenue from property management services. Our revenue from property management services increased by approximately 9.0% from RMB205.2 million in 2021 to RMB223.6 million in 2022, primarily attributable to further optimization of our property management service portfolio by ceasing our service to four residential project and four non-residential projects developed by independent third-party property developers, which we had been charging a lower property management fee; and mainly reallocating our resources to provide property management services to two new non-residential projects located in Wenzhou and Chuzhou developed by independent third-property developers with higher monthly property management fee. Our number of properties under management increased from 74 projects as of December 31, 2021 to 95 projects as of December 31, 2022. Our GFA under management increased from approximately 11.8 million sq.m. as of December 31, 2021 to approximately 12.8 million sq.m. as of December 31, 2022. Furthermore, we manage a total of 70 residential properties projects and 25 non-residential properties projects as of December 31, 2022.

- Revenue from value-added services mainly to property developers. Our revenue from value-added services mainly to property developers increased by approximately 2.6% from RMB59.2 million in 2021 to RMB60.7 million in 2022. This increase was primarily attributable to (i) the increase in the number of sales office management projects we obtained from both the Remaining Group and its joint ventures and associates and independent third-party property developers; and (ii) the continuation of the contribution of revenue from preliminary planning and design consultancy services. Our number of sales office management services projects increased from 30 projects as of December 31, 2021 to 34 projects as of December 31, 2022.

- Revenue from community value-added services. Our revenue from community value-added services increased by approximately 13.2% from RMB31.3 million in 2021 to RMB35.4 million in 2022. This increase was primarily due to the increase in demand for our car parking space sales agency services during 2022.

Cost of sales

Our cost of sales increased by approximately 10.2% from RMB184.6 million in 2021 to RMB203.4 million in 2022, primarily due to the increase in our staff costs, as the regulatory supportive policies to deduct or exempt for payment of social insurance contributions had discontinued, given the authorities have effectively controlled the COVID-19 epidemic.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by approximately 4.7% from RMB110.1 million in 2021 to RMB116.3 million in 2022. Our overall gross profit margin fluctuated between approximately 37.6% in 2021 to 36.4% in 2022.

- Property management services. Our gross profit from property management services increased by approximately 4.4% from RMB71.1 million in 2021 to RMB74.2 million in 2022, and gross profit margin from property management services remained stable between approximately 34.4% in 2021 and 33.2% in 2022.

- Value-added services mainly to property developers. Our gross profit from value-added services mainly to property developers decreased slightly by approximately 0.4% from RMB25.4 million in 2021 to RMB25.3 million in 2022 and gross profit margin from value-added services mainly to property developers remained stable between approximately 43.0% in 2021 and 41.7% in 2022.

- Community value-added services. Our gross profit from community value-added services increased by approximately 15.3% from RMB14.6 million in 2021 to RMB16.8 million in 2022 and gross profit margin from community value-added services remained stable between approximately 46.5% in 2021 and 47.4% in 2022.

Other Income

We recognized other income of approximately RMB1.8 million in 2021, primarily relating to government subsidies for staff retention and property management industry as a result of regulatory supportive policies issued by the local government due to the impact of COVID-19. There are no unfulfilled conditions or contingencies relating to these government subsidies.

Our other income increased to approximately RMB2.2 million in 2022, mainly due to government subsidies to the property management company to encourage waste sorting and garbage classification, and we had forfeited the deposit of approximately RMB317,000 placed by a renovation company for violating our renovation and construction conditions during 2022.

Impairment Losses on Financial Assets, Net

In 2021 and 2022, we recorded impairment losses on financial assets of approximately RMB0.3 million and RMB2.7 million, representing an increase of approximately RMB2.4 million. The increase in the impairment losses was primarily due to (i) the increase in the GFA and number of properties under our management during 2022; and (ii) the deterioration of our property management fee collection rate, partly related to the COVID development at the end of 2022 in the PRC.

Administrative Expenses

Our administrative expenses decreased by approximately 15.2% to RMB47.6 million in 2022 from RMB56.1 million in 2021, due to the combined effect of increase in staff costs (including wages, salaries, bonus payment, pension scheme contributions and social welfare) to our employees, office expenses, utility costs and the decrease in **[REDACTED]**. The increase of pension scheme contributions and social welfare was due to the cessation of regulatory supportive policies issued by local government in response to the outbreak of COVID-19. Moreover, we recorded a decrease of an amount of approximately RMB**[REDACTED]** **[REDACTED]** during 2022.

Income Tax Expenses

Our income tax expenses increased by approximately 17.7% from RMB14.7 million in the 2021 to RMB17.3 million in 2022, the increase is generally in line with the increase in our profit before taxation.

Profit and Total Comprehensive Income for the Year

As a result of the foregoing, our profit and total comprehensive income for the year increased by approximately 21.9% from RMB41.8 million in 2021 to RMB50.9 million in 2022.

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Revenue

Our revenue increased by approximately 28.2% from RMB230.7 million in 2020 to RMB295.7 million in 2021, primarily due to an increase in our revenue from property management services by approximately RMB22.0 million, value-added services mainly to property developers by RMB25.9 million and to a lesser extent, an increase in revenue from community value-added services by RMB17.1 million.

- *Revenue from property management services*. Our revenue from property management services increased by approximately 12.0% from RMB183.2 million in 2020 to RMB205.2 million in 2021, primarily attributable to further optimization of our property management service portfolio by ceasing our service to one residential project and seven non-residential projects developed by independent third-party property developers, which we had been charging a lower property management fee; and reallocating our resources to provide property management services to (i) two new residential projects located in Lishui and Jinhua; and (ii) one new non-residential project located in Hangzhou with higher monthly property management fee developed by the Remaining Group. Our number of properties under management increased from 73 projects as of December 31, 2020 to 74 projects as of December 31, 2021. Our GFA under management increased from approximately 10.8 million sq.m. as of December 31, 2020 to approximately 11.8 million sq.m. as of December 31, 2021. Furthermore, we manage a total of 60 residential properties projects and 14 non-residential properties projects as of December 31, 2021.

- *Revenue from value-added services mainly to property developers*. Our revenue from value-added services mainly to property developers increased by approximately 77.8% from RMB33.3 million in 2020 to RMB59.2 million in 2021. This increase was primarily attributable to (i) the increase in the number of sales office management projects we obtained from both the Remaining Group and its joint ventures and associates and independent third-party property developers; and (ii) the continuation of the contribution of revenue from both preliminary planning and design consultancy services and pre-delivery inspection services. Our number of sales office management services projects increased from 20 projects as of December 31, 2020 to 30 projects as of December 31, 2021.

- *Revenue from community value-added services*. Our revenue from community value-added services increased by approximately 120.8% from RMB14.2 million in 2020 to RMB31.3 million in 2021. This increase was primarily due to the in demand for our car parking space sales agency services during 2021.

Cost of sales

Our cost of sales increased by approximately 28.3% from RMB143.9 million in 2020 to RMB184.6 million in 2021, primarily due to the increase in our staff costs, as the regulatory supportive policies to deduct or exempt for payment of social insurance contributions had discontinued, given the authorities have effectively controlled the COVID-19 epidemic.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by approximately 28.0% from RMB86.8 million in 2020 to RMB111.1 million in 2021. Our overall gross profit margin maintained stable at approximately 37.6% in both 2020 and 2021.

- *Property management services*. Our gross profit from property management services increased by approximately 7.6% from RMB66.1 million in 2020 to RMB71.1 million in 2021, and gross profit margin from property management services decreased slightly from approximately 36.1% in 2020 to 34.7% in 2021.

- *Value-added services mainly to property developers*. Our gross profit from value-added services mainly to property developers increased by approximately 79.1% from RMB14.2 million in 2020 to RMB25.4 million in 2021 and gross profit margin from value-added services mainly to property developers remained stable between approximately 42.7% in 2020 and 43.0% in 2021.

- *Community value-added services*. Our gross profit from community valued-added services increased by approximately 123.2% from RMB6.5 million in 2020 to RMB14.6 million in 2021 and gross profit margin from community value-added services remained stable between approximately 46.0% in 2020 and 46.5% in 2021.

Other Income

We recognized other income of approximately RMB5.4 million in 2020, primarily relating to government subsidies for staff retention and property management industry as a result of regulatory supportive policies issued by the local government due to the impact of COVID-19. There are no unfulfilled conditions or contingencies relating to these government subsidies.

Our other income decreased to approximately RMB1.8 million in 2021, mainly due to the decrease in the government subsidies in relation to COVID-19 as the authorities have effectively controlled the epidemic.

Impairment Losses on Financial Assets, Net

In 2020 and 2021, we recorded impairment losses on financial assets of approximately RMB2.5 million and RMB333,000, respectively, representing a decrease of approximately RMB2.2 million. Such decrease was primarily due to the decrease in impairment losses of trade receivables due from independent third parties for our property management services in 2021 as a result of our continuous effort to manage our trade receivables.

Administrative Expenses

Our administrative expenses increased by approximately 111.6% to RMB56.1 million in 2021 from RMB26.5 million in 2020, primarily due to the increase in staff costs (including wages, salaries, bonus payment, pension scheme contributions and social welfare) to our employees, office expenses, utility costs and **[REDACTED]**. The increase of pension scheme contributions and social welfare was due to the cessation of regulatory supportive policies issued by local government in response to the outbreak of COVID-19. Moreover, an amount of approximately RMB**[REDACTED] [REDACTED]** was recorded during 2021 and we had only recognized an amount of RMB**[REDACTED] [REDACTED]** in the previous corresponding period.

Income Tax Expenses

Our income tax expenses decreased by approximately 8.8% from RMB16.1 million in 2020 to RMB14.7 million in 2021, the decrease is due to the deduction effect of deferred tax expenses recognised.

Profit and Total Comprehensive Income for the Year

As a result of the foregoing, our profit and total comprehensive income for the period decreased by approximately 11.2% from RMB47.0 million in 2020 to RMB41.8 million in 2021.

SELECTED ITEMS OF THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Property and Equipment

Our property and equipment increased from RMB2.8 million as of December 31, 2020 to RMB5.0 million as of December 31, 2021, and decreased to RMB4.6 million as of December 31, 2022. The significant increase in our property and equipment as of December 31, 2021 were mainly due to the purchase of office equipment, electronic devices, machinery (mainly cleaning robots) and motor vehicles for our business operations, generally in line with our business expansion during the Track Record Period. The slight decrease in our property and equipment as of December 31, 2022 were mainly due to depreciation of our office equipment, electronic devices, machinery with only a small amount of addition during 2022.

Deferred Tax Assets

Our deferred tax assets increased from approximately RMB1.5 million as of December 31, 2020 to RMB1.6 million as of December 31, 2021, and increased to RMB2.2 million as of December 31, 2022. The increase in deferred tax assets as of December 31, 2021 and December 31, 2022 were primarily due to our deferred tax credited to profit or loss during the year, which mainly comprised allowance for impairment of receivables.

Trade Receivables

Our trade receivables mainly arise from provision of property management services property owners who are independent third parties. The following table sets forth a breakdown of our trade receivables as of the dates indicated below:

	As of December 31,		
	2020	**2021**	**2022**
		(RMB'000)	
Trade receivables	55,912	62,891	98,336
Less: allowance for impairment	(5,946)	(6,279)	(8,939)
Net trade receivables	**49,966**	**56,612**	**89,397**

Our trade receivables, before net of allowance for impairment, increased from approximately RMB55.9 million as of December 31, 2020 to RMB62.9 million as of December 31, 2021, and further to RMB98.3 million as of December 31, 2022. The increase was primarily due to the continuous increase in the GFA under our management and/or the increase in the overall monthly average property management fees we charged as well as the COVID-19 development at the end of the 2022.

Allowance for impairment of our trade receivables was approximately RMB5.9 million, RMB6.3 million and RMB8.9 million, as of December 31, 2020, 2021 and 2022. The movements in provision for expected credit losses of our trade receivables due from the independent third parties are as follows:

	As of December 31,		
	2020	**2021**	**2022**
		(RMB'000)	
As of the beginning of the year	3,446	5,946	6,279
Charged for the year	2,500	333	2,660
As of the end of the year	**5,946**	**6,279**	**8,939**

In determining the impairment for trade receivables, we primarily take into account the aging of trade receivables, subsequent settlement status and historical collection rate. We use a provision matrix to calculate expected credit losses for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on our historical observed default rates. We will calibrate the matrix to adjust the historical credit loss experience with forward-looking estimates, such as forecast economic conditions.

The following table sets forth the expected loss rates adopted and movement of the gross carrying amount of and loss allowance provision for our trade receivables from third parties, respectively, as of the dates indicated:

	As of December 31, 2020				
	Current	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected loss rate	6.83%	12.50%	24.37%	100.00%	10.63%
Gross carrying amount *(RMB'000)*	36,330	11,069	8,504	9	55,912
Loss allowance provision *(RMB'000)*	2,481	1,384	2,072	9	5,946

	As of December 31, 2021				
	Current	1 to 2 years	2-3 years	Over 3 years	Total
Expected loss rate	6.61%	12.02%	25.40%	100.00%	9.98%
Gross carrying amount *(RMB'000)*	52,338	6,655	2,520	1,378	62,891
Loss allowance provision *(RMB'000)*	3,461	800	640	1,378	6,279

	As of December 31, 2022				
	Current	1 to 2 years	2-3 years	Over 3 years	Total
Expected loss rate	6.95%	12.55%	25.55%	100.00%	9.09%
Gross carrying amount *(RMB'000)*	87,747	7,551	1,538	1,500	98,336
Loss allowance provision *(RMB'000)*	6,098	948	393	1,500	8,939

We generally bill property management fees on a semi-annual or annual basis, depending on the terms of our property management service agreements. The fees for property management services are typically due for payment by property owners and tenants upon our issuance of bills and we generally grant a credit period between six months to one year.

We adopt various measures to expedite the recovery of trade receivables, such as establishing an internal collection system and updating the payment status. See "Business—Property Management Services—Payment and Credit Terms" in this document for more information on measures that we adopt to expedite the recovery of our trade receivables.

The following is an aging analysis of our trade receivables (net of loss allowance for impairment) as of the dates indicated, based on the invoice date:

	As of December 31,		
	2020	2021	2022
		(RMB'000)	
Within 180 days	21,286	39,102	58,332
181 to 365 days	12,563	9,775	23,317
One year to two years	9,685	5,855	6,603
Two to three years	6,432	1,880	1,145
Total trade receivables	**49,966**	**56,612**	**89,397**

As of the Latest Practicable Date, approximately RMB60.7 million, or 67.9% of our trade receivables due from third parties as of December 31, 2022 were subsequently settled.

Subsequent settlement for trade receivables due from third parties aged over 1 year

As of the Latest Practicable Date, the subsequent settlement for trade receivables due from third parties aged over 1 year is approximately RMB7.3 million, representing a recoverability of approximately 94.2%.

The Directors consider there is no recoverability issue for trade receivables due from third parties aged over 1 year and there is a sufficient provision given:

(i) the amount of provision on trade receivables is measured by applying a scientific assessment model, in which various considerations have been included under the ECL model, such as the future economic forecasts, credit risk of debtors, historical data, impact of the COVID-19 coronavirus outbreak that is available at the assessment date and inflation rate. The Directors consider the assessment model has provided a concrete basis to formulate the amount of provision; and

(ii) we have been exerting additional efforts in settling trade receivables due from third parties aged over 1 year, in particular, we have been increasing our magnitude to remind our third party customers for due payment through various channels such as phone calls, WeChat message, text messages and emails on a more frequent basis; we have designated a particular team to closely monitor the status of collection; and considering to appoint debt collector or collection expert to take proactive measures to ask our third party customers to settle long-term uncollected receivable in a timely manner.

Trade receivables due from related parties

Our trade-related receivables due from related parties were recorded under amounts due from related companies, the relevant balances were arising from our provision of property management services, value-added services mainly to property developers and community value-added services. As of December 31, 2020, 2021 and 2022, the relevant receivables were approximately RMB16.2 million, RMB3.9 million and RMB10.2 million and were aged within one year, respectively. The amounts decreased significantly from 2020 to 2021 as the Remaining Zhong An Group and CNC Group expedited to settle their outstanding trade balances with us. The amount increased as of December 31, 2022 as our property management services income increased during 2022 and property owners habitually settle their outstanding trade balances in the second half of the year. See note 24(2) to the Accountants' Report in Appendix I to this document for further details.

As of the Latest Practicable Date, approximately RMB10.0 million, or 98.2% of our trade-related receivables due from related parties as of December 31, 2022 were subsequently settled.

As of December 31, 2020, 2021 and 2022, we have assessed that the expected loss rate for trade receivables from related parties was immaterial considering the good finance position and credit history of the Remaining Zhong An Group and CNC Group. Thus, no loss allowance provision for trade receivables from related parties was recognized during the Track Record Period.

Amount and percentage of subsequent settlement for overall trade receivables

As of December 31, 2022, the relevant trade receivables (before loss allowance impairment) due from third parties and trade-related receivables due from related parties were approximately RMB98.3 million and RMB10.2 million. As of the Latest Practicable Date, approximately RMB60.7 million of trade receivables due from third parties and RMB10.0 million of trade-related receivables due from related parties were subsequently settled, representing an overall recoverability of approximately 71.0%.

Average Turnover Days of Trade Receivables

Average trade receivables turnover days indicate the average time required for us to collect cash payments from provision of services. The following table sets forth the average turnover days of our trade receivables for the years indicated:

	Year ended December 31,		
	2020	2021	2022
Average turnover days of trade receivables			
– Overall[(1)]	109	78	91
– Related parties [(2)]	134	35	23
– Independent third parties [(3)]	98	101	127

(1) Average overall trade receivables turnover days for a year equals the average of the opening and closing overall trade receivables divided by total revenue for the relevant year and multiplied by 365 days for the years ended 31 December 2020, 2021 and 2022. (i.e. trade receivables from related parties and independent third parties).

(2) Average trade receivables turnover days for related parties for a year equals the average of the opening and closing trade receivables from related parties (recorded under amounts due from related companies) divided by revenue from related parties for the relevant year and multiplied by 365 days for the years ended 31 December 2020, 2021 and 2022.

(3) Average trade receivables turnover days for third parties for a year equals the average of the opening and closing trade receivables from independent third parties divided by revenue from independent third parties for the relevant year and multiplied by 365 days for the years ended 31 December 2020, 2021 and 2022.

In 2020, 2021 and 2022, our average overall trade receivable turnover days were, 109 days, 78 days and 91 days, which are mostly within our credit period between six months to one year.

During 2020, our average trade receivables turnover days of related parties were generally longer than those of Independent Third Parties, notwithstanding the above, we consider the risk of default of our related parties was relatively lower. We, having considered the creditworthiness and past collection history of the related parties, consider that the relatively longer average trade receivables turnover days of related parties did not and would not expose us to significant credit risk. During the Track Record Period, we did not experience any difficulties in collecting trade receivables from our related parties.

For 2020, the average turnover days of our overall trade receivables decreased from 109 days in 2020 to 78 days in 2021 and further increased to 91 days in 2022, which was primarily due to the significant decrease in the average turnover days of our trade receivables due from related parties, as we have encouraged our related parties to settle the relevant receivables. During the same period, the average turnover days of our trade receivables due from independent third parties increased from 98 days in 2020 to 101 days in 2021 and further increased to 127 days in 2022. For 2020 and 2021, the increase in the average turnover days due from independent third parties were mainly attributable to the increase in the total GFA under management as well as our business expansion. For 2022, the increase in the average turnover days due from independent third parties were primarily due to low settlement activities from property owners and residents during the relevant year as they tend to make settlement in the second half of the year.

We have been exerting more efforts in settling related party receivables so as to narrow down the gap between the average trade receivables turnover days of related parties and those of Independent Third Parties. The measures we formulated and implemented include:

(i) sending reminders through various channels such as phone calls, text messages and emails on a more frequent basis;

(ii) designating relevant personnel to closely monitor the related party receivables collection; and

(iii) taking initiative to communicate with the related parties to settle the long-term uncollected accounts receivable, issuing the invoice and reconciliation letter to the related parties on a regular basis, and communicating about the accounts receivable overdue or approaching payment day in a timely manner.

We have reached a specific settlement plan with our related parties to ensure that most of the trade receivables due from the related parties will be settled prior to the **[REDACTED]**. We expect that the average trade receivables turnover days of related parties will be shortened, and better collection will be achieved in the forthcoming years after our continuous efforts.

Going forward, our related parties will generally settle the trade receivables in accordance with the credit terms granted, which are compared to the credit pledge granted to our Independent Third Party customers.

During the Track Record Period, our average trade receivable turnover days of related parties were generally longer than those of third parties, primarily because of our long-term business relationship with the Remaining Group and in light of the Remaining Group's good credit history, we consider credit risk related to trade receivables due from related parties is low.

Prepayments, Deposits and Other Receivables

The following table sets forth a breakdown of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,					
	2020		2021		2022	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
Prepayments on behalf of customers to utility suppliers	4,632	37.1	7,940	34.5	29,732	63.6
Advance to staff	3,030	24.3	3,657	15.9	4,610	9.9
Deposits	2,897	23.2	7,354	32.0	8,708	18.6
Other prepayments	1,032	8.3	2,728	11.9	2,438	5.2
Others	884	7.1	1,305	5.7	1,273	2.7
Total	**12,475**	**100.0**	**22,984**	**100.0**	**46,761**	**100.0**

Prepayments on behalf of customers to utility suppliers we made during the Track Record Period mainly represent prepayments to suppliers for water and other utilities. Our prepayments on behalf of customers to utility suppliers increased by approximately 71.4% from approximately RMB4.6 million as of December 31, 2020 to RMB7.9 million as of December 31, 2021, due to the increase in prepayments to suppliers for utilities resulting from the increase in number of properties under our management. For the same reason, the relevant amounts increased to approximately RMB29.7 million as of December 31, 2022 as newly added projects during 2022 were mostly residential projects. For residential projects, as the owner's utility bill was mostly paid by the Group in advance, and subsequently settled by the owner. The temporary difference between the settlement by the owner and the payment made by us resulted to an increase of prepayment on behalf of customers to utility suppliers.

Deposits mainly represent security deposits with local authorities for providing property management services under local law requirements. The increase of deposits in 2021 were mainly attributable to the increase in the total GFA under management as a result of business expansion and the increased number of projects delivered to us for management. As of December 31, 2022, as it is estimated that the maintenance fees for some residential projects will be increased, the relevant deposit required with local authorities for providing property management services have been increased.

As of December 31, 2020, 2021 and 2022, other prepayment mainly represents biding deposits in relation to the public bidding (where applicable), the amount of biding deposits would depend on various factors such as the scale of the project, the type of the project and the specific requirement of the tender. As of December 31, 2022, in addition to the biding deposits, the relevant amount also included deposits to a number of decoration and maintenance companies for repair and maintenance services.

Advances to staff mainly represent our petty cash advance or disbursement to our employees for operational purpose. The increase was mainly due to the continuous increase in number of our employees in response to the business expansion during the Track Record Period.

Trade Payables

Our trade payables primarily represent our obligations to pay for services (such as charges for cleaning and gardening services) we acquired in the ordinary course of business from, suppliers and subcontractors. As of December 31, 2020, 2021 and 2022, our trade payables were approximately RMB1.3 million, RMB762,000 and RMB1.6 million, and there were no trade-related payables due to our related companies.

Our average trade payable turnover days indicate the average time we take to make payments to suppliers. The following table sets forth the average turnover days of our trade payables for the years indicated:

	For the year ended December 31,		
	2020	**2021**	**2022**
Average turnover days of trade payable[(1)]	3	2	2

(1) Average turnover days of trade payables for a year equals average trade payables divided by cost of sales for the year and multiplied by 365 days. Average trade payables are calculated as trade payables at the beginning of the year plus trade payables at the end of the year, divided by two.

Our average trade payable turnover days generally remained stable during the Track Record Period and within the typical credit terms granted to us. The following is an ageing analysis of our trade payables, based on the invoice date, as of the dates indicated:

	As of December 31,		
	2020	**2021**	**2022**
		(RMB'000)	
Within 3 months	1,323	739	1,568
3 to 12 months	26	23	33
Total	**1,349**	**762**	**1,601**

As of the Latest Practicable Date, approximately RMB1.6 million, or 98.4%, of our trade payables as of December 31, 2022 were subsequently settled.

Other Payables, Deposits Received and Accruals

Our other payables, deposits received and accruals mainly represent (i) deposits received such as retention deposits from property owners, decoration deposits and tender bond; (ii) payroll and welfare payable; and (iii) receipts on behalf of community residents for utility and other payables which represent the receipts from property owners which we collected on their behalf and were payable to relevant suppliers, for example, to settle utility and waste cleaning charges, or to relevant government authorities for application of house owner's certificate.

The following table sets forth a breakdown of our other payables as of the dates indicated:

	As of December 31,		
	2020	2021	2022
		(RMB'000)	
Deposits received	17,083	14,434	16,535
Payroll and welfare payable	11,861	8,668	5,432
Receipts on behalf of community residents for utilities	11,683	10,030	11,330
Business tax and surcharges	5,244	2,695	5,667
Others	2,399	2,142	3,548
Total	**48,270**	**37,969**	**42,512**

Our other payables, deposits received and accruals decreased from approximately RMB48.3 million as of December 31, 2020 to RMB38.0 million as of December 31, 2021. The decrease was primarily due to (i) decrease in the deposit received such as retention deposits from property owners, decoration deposits and tender bond, (ii) decrease in payroll payable to our employees and business tax and surcharges as we have settled the relevant amount before the year end date. As of December 31, 2022, our other payables, deposits received and accruals increased to RMB42.5 million primarily due to (i) an increase in deposits received as we have received decoration deposits for new residential projects; and (ii) an increase of business tax and surcharges along with the increase of our revenue.

Contract Liabilities

Our contract liabilities represents mainly the property management fees received upfront from property owners of our properties under management at the beginning of a billing cycle but not recognized as revenue. The property management fees received upfront will be recognised as our revenue once our property management services being provided.

The following table is an ageing analysis of contract liabilities as of the dates indicated, based on the date of advance payment made:

	As of December 31,		
	2020	**2021**	**2022**
		(RMB'000)	
Within one year	46,611	45,439	40,118

Our contract liabilities decreased by approximately 2.5% from RMB46.6 million as of December 31, 2020 to RMB45.4 million as of December 31, 2021 and decreased to RMB40.1 million as of December 31, 2022. The decrease in our contract liabilities as of December 31, 2021 and December 31, 2022 were mainly due to the decrease of short term advances received from customers in relation to the provision of property management services as of the end of the relevant year.

As of the Latest Practicable Date, approximately RMB26.6 million, or 66.4%, of our contract liabilities as of December 31, 2022 were subsequently recognized of revenue.

Tax Payable

Our tax payable decreased from approximately RMB15.4 million as of December 31, 2020 to RMB12.3 million as of December 31, 2021, increased to RMB20.5 million as of December 31, 2022.

The decrease in our tax payable as of December 31, 2021 was primarily due to the decrease in profit before tax from RMB47.0 million in 2020 to RMB41.8 million in 2021. The increase in our tax payable as of December 31, 2022 was because more income tax was accured due to the increase of profit before tax.

CURRENT ASSETS AND CURRENT LIABILITIES

The following table sets forth current assets and current liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2020	2021	2022	2023
	(RMB'000)			
				(unaudited)
Current assets				
Inventories	222	81	69	81
Trade receivables	49,966	56,612	89,397	75,135
Due from related companies	61,147	4,133	10,169	8,609
Prepayments, other receivables and other assets	12,475	22,984	46,761	46,431
Cash and cash equivalents	131,219	50,225	44,724	42,718
Total current assets	**255,029**	**134,035**	**191,120**	**172,980**
Current liabilities				
Trade payables	1,349	762	1,601	1,638
Other payables, deposits received and accruals	48,270	37,969	42,512	44,342
Contract liabilities	46,611	45,439	40,118	40,688
Due to related companies	1,005	1,857	–	–
Tax payable	15,351	12,308	20,535	18,594
Total current liabilities	**112,586**	**98,335**	**104,766**	**105,262**
Net current assets	**142,443**	**35,700**	**86,354**	**67,718**

Our net current assets decreased by approximately RMB106.7 million to approximately RMB35.7 million as of December 31, 2021, mainly due to (i) decrease in cash and cash equivalents by RMB81.0 million as we settled the consideration payment to acquire the entire equity interest of (a) Zhejiang Runzhou, Yuyao Zhongli and Hangzhou Zhonghong and (b) Zhong An Management as part of the Reorganization; (ii) decrease in amount due from related companies by RMB57.0 million as we have adopted measures to expedite the recovery of our receivables from our related companies, partially offset by (i) decrease other payables, deposits received and accruals by RMB10.3 million due to the return of decoration deposits and the decrease of bonus as decided by our management; (ii) increase in trade receivables by approximately RMB6.6 million, which was in line with our continuous expansion of our business scale; and (iii) increase in prepayment, other receivables and other assets by RMB10.5 million mainly due to the increase in prepayments to suppliers for utilities resulting from the increase in number of properties under our management.

Our net current assets increased by approximately RMB50.7 million to approximately RMB86.4 million as of December 31, 2022, mainly due to (i) the increase in trade receivables by RMB32.8 million contributed by our operation; (ii) increase in prepayment, other receivables and other assets by RMB23.8 million mainly due to the increase in prepayments to suppliers for utilities resulting from the increase in number of properties under our management, partially offset by (i) increase in tax payable of RMB8.2 million in connection with our operation; and (ii) an increase in other payables, deposits received and accruals of RMB4.5 million.

Our net current assets decreased by approximately RMB18.7 million to approximately RMB67.7 million as of Apirl 30, 2023, mainly due to (i) collection in trade receivables by approximately RMB14.3 million in relation with our operation, partially offset by (i) decrease in our tax payable by approximately RMB1.9 million, and (ii) increase in our other payables, deposits received and accruals by approximately RMB1.8 million.

Our Directors confirm that all loans, advances and balances of non-trade nature due to or from members of the Remaining Group and other related parties which were not arising out of the ordinary course of business will be offset or fully settled before **[REDACTED]**.

LIQUIDITY AND CAPITAL RESOURCES

Our principal use of cash has been for working capital. Our main source of liquidity has been generated from mainly from cash flow from operations. In the foreseeable future, we expect cash flow from operations to continue to be our principal source of liquidity and we may use a portion of the **[REDACTED]** 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 years indicated:

	For the year ended December 31,		
	2020	**2021**	**2022**
		(RMB'000)	
Operating cashflow before changes in working capital	66,353	57,579	71,804
– Movement in working capital	27,783	(11,559)	(65,341)
– PRC corporate income tax paid	(2,947)	(17,845)	(9,763)
Net cash flows from/(used in) operating activities	91,189	28,175	(3,300)
Net cash flows (used in)/from investing activities	(17,133)	41,948	(344)
Net cash flows used in financing activities	–	(151,117)	(1,857)
Net increase/(decrease) in cash and cash equivalents	74,056	(80,994)	(5,501)
Cash and cash equivalents as of the beginning of year	57,163	131,219	50,225
Cash and cash equivalents as of the end of year	131,219	50,225	44,724

Net Cash Flows From/(Used in) Operating Activities

Net cash flows from operating activities reflects (i) profit before taxation adjusted for non-cash and non-operating items, (ii) the effects of movements in working capital, and (iii) income tax paid.

In 2020, we had net cash flows generated from operating activities of approximately RMB91.2 million, which was the result of operating cashflow before changes in working capital of approximately RMB66.4 million and income tax payment of RMB2.9 million. The cash generated from operations of approximately RMB94.1 million was primarily consist of (i) increase in contract liabilities of approximately RMB26.9 million primarily due to the sharp increase of advance payments made by customers for our property management services for properties newly developed and delivered to us in the second half of 2020; (ii) increase in trade receivables of approximately RMB18.2 million, as a result of our business expansion given the increase in total GFA under our management reaching 10.8 million sq.m. as of December 31, 2020 as well as the number of projects under management increased from 59 to 73 during 2020; (iii) decrease in amounts due from related companies of approximately RMB18.1 million due to prompt settlement of trade debts by our related parties; and (iv) increase in other payables, deposits received and accruals of approximately RMB7.5 million mainly contributed by increase in payroll and welfare payable and deposits needed (such as retention deposits from property owners, decoration deposits and tender bond) as a result of continuous increase in number of properties under our management and the increase of our headcount.

In 2021, we had net cash flows generated from operating activities of approximately RMB28.2 million, which was the result of operating cashflow before changes in working capital of approximately RMB57.6 million, income tax payment of RMB17.8 million. The cash generated from operations of approximately RMB46.0 million was mainly the results of (i) our profits generated during the year of approximately RMB56.5 million and (ii) decrease in amounts due from related companies of RMB15.5 million due to our enhanced collection, partially offset by (i) increase in prepayments, other receivables and other assets by RMB10.5 million and increase in trade receivables of approximately RMB7.0million due to our business growth and (ii) decrease in other payables, deposits received and accruals by RMB10.3 million as we have returned the decoration deposits to the property owners for two residential projects.

In 2022, we had net cash flows used in operating activities of approximately RMB3.3 million, which was the result of operating cashflow before changes in working capital of approximately RMB71.8 million, income tax payment of RMB9.8 million. The cash used in operations of approximately RMB6.5 million was primarily consist of (i) increase in amounts due from related companies of approximately RMB6.3 million; (ii) increase in trade receivables of approximately RMB35.4 million, generated from our business operation; (iii) increase in prepayments, other receivables and other assets of approximately RMB23.8 million, mainly due to the increase in our advances to suppliers as a result of the projects delivered to us for management, partially offset by an increase in contract liabilities of approximately RMB5.3 million primarily due to increase in prepayment for our property management services by our customers.

The negative net cash flow from operating activities in 2022 was primarily attributable to (i) increase in trade receivables generated from our business operation; and (ii) increase in prepayments to suppliers for utilities resulting from the increase in number of properties under our management.

To avoid negative net cash flow from operating activities and to narrow down the gap between trade receivables and prepayments in the future, we will exert more efforts in asking the owner to prepay or settle in advance the relevant utilities payment. Further, we will enhance our internal credit risk management, including but not limited to increase our magnitude to remind our customers for due payment through various channels such as phone calls, WeChat message, text messages and emails on bi-weekly basis; closely monitor the status of collection on a monthly basis; and consider to appoint debt collector or collection expert to take proactive measures to ask our customers to settle long-term uncollected receivable that are past due for over six months to improve our cash flow position. We expect these measures will avoid negative net cash flow from operating activities in the forthcoming years.

Net Cash Flows (Used in)/From Investing Activities

In 2020, net cash flows used in investing activities was approximately RMB17.1 million, primarily due to advances to related parties in the amount of approximately RMB19.8 million partially offset by repayment of advance to related companies in the amount of approximately RMB4.3 million and purchases of items of property and equipment of RMB1.3 million.

In 2021, net cash flows generated from investing activities was approximately RMB41.9 million, primarily due to repayment of advance to related companies in the amount of approximately RMB177.2 million. Partially offset by advances to related parties in the amount of approximately RMB132.5 million.

In 2022, net cash used in investing activities was approximately RMB344,000, primarily due to purchases of items of property and equipment of approximately RMB580,000 partially offset by repayment of advance to related companies in the amount of approximately RMB236,000.

Net Cash Flows Used In Financing Activities

In 2020, we had no net cash flows generated from or used in financing activities.

In 2021, net cash flows used in financing activities was approximately RMB151.1 million primarily due to repayment of advances from related parties of approximately RMB58.3 million partially offset by advances from related parties in the amount of approximately RMB56.8 million, and the capital contribution from the then shareholders prior to the Reorganization in the amount of approximately RMB90.0 million, and payment for the consideration in relation to (i) the acquisition of Zhejiang Runzhou, Yuyao Zhongli and Hangzhou Zhonghong as part of the Reorganization of RMB104.7 million (ii) acquisition of Zhong An Management as part of the Reorganization of RMB100.0 million. For details, please refer to note 22 of the Accountants' Report set out in Appendix I to this document.

In 2022, net cash used in financing activities was approximately RMB1.9 million primarily due to repayment of advances from related parties of approximately RMB5.3 million, partially offset by advances from related parties in the amount of approximately RMB3.5 million.

Working Capital

Our Directors are of the opinion, and the Joint Sponsors concur with the view that, after taking into accounts the financial resources available to us including our internally generated funds and estimated **[REDACTED]** from the **[REDACTED]** (after a possible **[REDACTED]** setting the final **[REDACTED]** **[REDACTED]** below the bottom end of the indicative **[REDACTED]** range), 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

The following table sets out our indebtedness as at the dates indicated:

	As of December 31,			As of April 30,
	2020	2021	2022	2023
				(unaudited)
		(RMB'000)		
Bank borrowings	–	–	–	–
Amount due to related parties	1,005	1,857	–	–
Total	**1,005**	**1,857**	**–**	**–**

Bank Borrowings

As of December 31, 2020, 2021, December 31, 2022 and April 30, 2023, we did not have any bank borrowings balance.

Amount due to Related Parties

As of December 31, 2020, 2021, 2022 and April 30, 2023, the amounts due to related parties were approximately RMB1.0 million, RMB1.9 million, nil and nil, respectively.

Contingent Liabilities

As of the Latest Practicable Date, we did not have any outstanding material contingent liabilities.

Financial Guarantee

On 14 May 2020, Zhejiang Runzhou provided guarantee with a total amount of RMB350 million to Henlly Enterprise Management (Hangzhou) Co., Ltd. ("**Henlly**"), a subsidiary of CNC Group, which is engaged in the development and sales of commercial properties, in respect of the mortgage facilities of RMB350 million granted by a bank for construction of Henlly's properties. Pursuant to the relevant guarantee arrangement, CNC Group also provided guarantee with a total amount of RMB350 million to the same mortgage facilities. In the event of default on mortgage payments by Henlly, Zhejiang Runzhou may be responsible for repaying the outstanding mortgage facilities together with any accrued interest and penalty owed by Henlly. As of the Latest Practicable Date, we did not incur any material losses in connection with the relevant guarantee. The Directors consider the fair value of the financial guarantee as of the date of inception and the carrying amounts as of December 31, 2020 is minimal. The guarantee was provided before the Reorganization and has been released as of December 31, 2021. For more details, please refer to note 24(4) to the Accountants' Report in Appendix I to this document.

Save as disclosed herein, as of December 31, 2020, 2021, 2022 and April 30, 2023 we did not have any outstanding guarantees.

Except as disclosed herein and apart from intra-group liabilities, we did not have any 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 other material contingent liabilities outstanding or any covenant in connection therewith as of April 30, 2023, being the latest practicable 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 April 30, 2023, the latest date for liquidity disclosure, and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

Our capital expenditures represent additions to property and equipment. In 2020, our capital expenditure were approximately RMB1.3 million, primarily due to the purchase of office equipment of RMB677,000 in view of our business expansion. Our capital expenditure further increased to approximately RMB2.8 million in the year ended December 31, 2021, primarily due to the purchase of office equipment of approximately RMB762,000 and machinery (mainly cleaning robots) of RMB2.0 million. Our capital expenditure was approximately RMB580,000 in 2022, primarily due to the purchase of office equipment electronic and other devices of approximately RMB402,000.

The following table sets forth the amount of capital expenditure incurred during the Track Record Period:

	For the year ended December 31,		
	2020	2021	2022
		(RMB'000)	
Property and equipment	1,278	2,808	580

The total estimated capital expenditure to be incurred for 2023 is approximately RMB5.5 million, attributable to our purchase of office equipment, electronic devices, and motor vehicles. Our principal source of funds for the capital expenditure for 2023 is our operating cash flow. Our actual capital expenditures may differ from the estimated amounts due to various factors, including our future cash flows, results of operations and financial condition, economic conditions in the PRC, the availability of financing on terms acceptable to us, technical or other problems in obtaining or installing equipment, changes in the regulatory environment in the PRC and other factors.

OFF-BALANCE SHEET ARRANGEMENTS

We had no material off-balance sheet arrangements as of December 31, 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 dates indicated:

	As of or for the year ended December 31,		
	2020	2021	2022
Current ratio(1) *(times)*	2.27	1.36	1.82
Quick ratio(2) *(times)*	2.26	1.36	1.82
Return on total assets(3) *(%)*	21.9	20.9	30.1
Return on equity(4) *(%)*	38.1	44.2	75.1

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

(2) Quick ratio is calculated based on our total current assets less inventories and divided by our total current liabilities as of the same date.

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

(4) Return on equity is calculated based on our profit and total comprehensive income 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%.

Current Ratio and Quick Ratio

Our current ratio as of 31 December 2020, 2021 and 2022 was approximately 2.27, 1.36 and 1.82, and our quick ratio as of those dates was approximately 2.26, 1.36 and 1.82. Our quick ratio was very close to our current ratio as of the relevant dates, because we remained relatively small amount of inventories as of those dates.

The decrease in current ratio and quick ratio from December 31, 2020 to December 31, 2021 was primarily due to the significant decrease in our current assets. The decrease in our current assets was mainly due to the decrease in the amount of cash and cash equivalents and amount due from related companies as a result of their settlement.

The increase in current ratio and quick ratio from December 31, 2021 to December 31, 2022 was primarily due to the increase in our current assets, which outweighed the increase in our current liabilities. The increase in our current assets is mainly driven by the increase in our trade receivables in relation to the projects under our management.

Return on Total Assets

Our return on total assets in 2020, 2021 and 2022 was approximately 21.9%, 20.9% and 30.1%. Our return on total assets has generally increased during the Track Record Period, which was mainly due to the continuous improvement in our gross profit margin and the expansion of our business scale as a result of the continuous increase of total GFA under our management from approximately 10.8 million sq.m as of December 31, 2020, to 11.8 million sq.m. as of December 31, 2021 and further to 12.8 million sq.m. as of December 31, 2022; and broadening our services offering to property developers and property owners.

Return on Equity

Our return on equity in 2020, 2021 and 2022 was approximately 38.1%, 44.2% and 75.1%. The increase in return on equity during the Track Record Period was primarily due to the fact that the continuous improvement of our profit for the year as a result of the continuous increase of our total GFA under our management increased from approximately 10.8 million sq.m as of December 31, 2020 and to 11.8 million sq.m. as of December 31, 2021 and further to 12.8 million sq.m as of December 31, 2022 and our continue effort to broadening our services offering.

QUANTITATIVE AND QUALITATIVE ANALYSIS ABOUT MARKET RISK

The main risks arising from our financial instruments are credit risk and liquidity risk. For further details, see note 27 to the Accountants' Report in Appendix I to this document. Our exposure to these risks and the financial risk management policies and practices used by us to manage these risks are described below.

Credit Risk

We are exposed to credit risk in relation to cash and cash equivalents, trade receivables, financial assets included in prepayments, other receivables and other assets, and amounts due from related companies.

We expect that there is no significant credit risk associated with cash and cash equivalents at banks and financial institution since they are deposited in high-credit-quality financial institutions without significant credit risk. We do not expect that there will be any significant losses from non-performance by these financial institutions. We have a large number of customers and there was no concentration of credit risk. To mitigate risk arising from trade receivables, we have established policies to monitor the credit term grant to customers. We also have established procedures to monitor the collection of overdue receivables. In addition, we regularly review the recoverable amount of our trade receivables and make adequate impairment allowance for amounts irrecoverable.

We consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each Track Record Period. To assess whether there is a significant increase in credit risk we compare the risk of a default occurring on the asset as of the date of the end of each Track Record Period with the risk of default as of the date of initial recognition. We also consider available reasonable and supportive forwarding-looking information. We used the expected credit loss rate of 10.63%, 9.98% and 9.09%, as of December 31, 2020, 2021 and 2022, considering the default probability and recovery probability, to estimate the impairment of financial assets included in trade receivables.

Liquidity Risk

To manage the liquidity risk, we have built an appropriate liquidity risk management framework for the management of our short, medium and long term funding and liquidity management requirements, and we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows. Our objective is to maintain a balance between continuity of funding to finance our working capital needs as well as capital expenditure.

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 24 to the Accountants' Report in Appendix I to this document for a detailed discussion of related party transactions.

Transactions with related parties

The following table sets forth the significant related party transactions for the years indicated:

	For the year ended December 31,		
	2020	2021	2022
		(RMB'000)	
Property management income from related parties			
– Companies controlled by Mr. Shi	37,758	33,996	32,867
Value-added services mainly to property developers			
– Companies controlled by Mr. Shi	27,840	43,455	47,862
– Joint ventures of companies controlled by Mr. Shi	2,764	7,231	3,414
– Associates of companies controlled by Mr. Shi	1,426	2,010	2,543
	32,030	52,696	53,819
Community value-added services income from related parties			
– Companies controlled by Mr. Shi	3,208	17,212	23,132
Gardening services expenses from related party			
– A company controlled by Mr. Shi	2,363	2,490	–
Rental expenses from related parties:			
– Companies controlled by Mr. Shi	259	391	394

During the Track Record Period, we provided property management value-added services mainly to property developers and community value-added services to related parties. In 2020, 2021 and 2022, we recorded revenue from providing property management services to related parties in the amount of approximately RMB37.8 million, RMB34.0 million and RMB32.9 million, our revenue from providing related parties with value-added services mainly to property developers such as sales office management services and preliminary planning and design consultancy services amounted to approximately RMB32.0 million, RMB52.7 million and RMB53.8 million, and our revenue from providing related parties with community value-added services (such as car parking space sales agency services) amounted to approximately RMB3.2 million, RMB17.2 million and RMB23.1 million.

Outstanding balances with related parties

The following table sets forth the outstanding balances with related parties as of the dates indicated:

Amounts due from related companies:

Trade related

	As of 31 December,		
	2020	2021	2022
		(RMB'000)	
Companies controlled by Mr. Shi . .	12,164	1,365	7,139
Joint ventures of companies controlled by Mr. Shi	3,991	2,532	3,030
	16,155	3,897	10,169

As of December 31, 2020, 2021 and 2022, our trade related amounts due from related companies amounted to approximately RMB16.2 million, RMB3.9 million and RMB10.2 million. These trade related receivables mainly arose from the provision of property management services, value-added services mainly to property developers and community value-added services by us to related companies.

Non-trade related

	As of 31 December,		
	2020	2021	2022
		(RMB'000)	
Companies controlled by Mr. Shi	44,992	236	–

As of December 31, 2020, 2021 and 2022, our non-trade related amounts due from related companies amounted to approximately RMB45.0 million, RMB236,000 and nil, respectively. These non-trade related amounts due from related companies are interest-free, unsecured and repayable on demand, and will be settled prior to **[REDACTED]**.

Amounts due to related companies:

Non-trade related

	As of December 31,		
	2020	2021	2022
		(RMB'000)	
Companies controlled by Mr. Shi	1,005	1,857	–

As of December 31, 2020, 2021 and 2022, our non-trade amounts due to related companies amounted to approximately RMB1.0 million, RMB1.9 million and nil. These amounts due to related companies were all interest-free, unsecured and repayable on demand, and has been settled prior to **[REDACTED]**.

As confirmed by our Directors, the above-mentioned advances to related parties did not incur any interest income. As advised by our PRC legal advisors, given the advances did not incur any interest income, such advances to related parties are not subjected or contravened to General Lending Provisions (貸款通則) issued by the PBOC or 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).

Our Directors confirm that the related party transactions were conducted on normal commercial terms and were fair and reasonable and in the interest of our Company and our Shareholders as a whole. Our Directors further confirm that the related party transactions would not distort the results of operations for the Track Record Period or make the historical results not reflective of our future performance.

DIVIDEND POLICY AND DISTRIBUTABLE RESERVES

During the Track Record Period, Zhejiang Runzhou, Yuyao Zhongli and Hangzhou Zhonghong declared approximately RMB35.0 million dividends to their respective then shareholders prior to the completion of the Reorganization. For details, see note 10 to the Accountants' Report in Appendix I to this document. Our Company has not declared or paid any dividends since the date of incorporation. Our dividend policy, subject to compliance with the relevant laws of the Cayman Islands, is to distribute to our Shareholders no less than 25% of our distributable profits for any particular years after the **[REDACTED]**. Our Board has absolute discretion in determining whether to recommend a declaration of any dividend for any period, and the amount of dividend to be paid. In determining any dividend payment, our Board will evaluate our Company's earnings, cash flow, financial condition, capital requirements, prevailing economic conditions and any other factors that the Directors deem relevant. There can be no assurance that dividends will be paid in any amount in the future, or at all.

Our Company had no reserve available for distribution to the Shareholders as of December 31, 2022.

DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

Save as disclosed in paragraphs headed "—Indebtedness and Contingent Liabilities—Financial Guarantee" and "—Related Party Transactions and Balance—Outstanding Balance with Related Parties" above in this section, we confirm that, as of the Latest Practicable Date, we were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

[REDACTED]

The total **[REDACTED]** (including **[REDACTED]** commissions) for the **[REDACTED]** of the Shares are estimated to be approximately RMB**[REDACTED]**, representing **[REDACTED]**% of the **[REDACTED]** from the **[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, being the mid-point of the indicative **[REDACTED]** Range and assuming the **[REDACTED]** is not exercised), among which, approximately RMB**[REDACTED]** is directly attributable to the issuance of Shares and will be charged to equity upon completion of the **[REDACTED]**, approximately RMB**[REDACTED]** was charged to our consolidated statements of profit or loss and other comprehensive income for the year ended December 31, 2020, approximately RMB**[REDACTED]** was charged to our consolidated statements of profit or loss and other comprehensive income for the year ended December 31, 2021, and approximately RMB**[REDACTED]** was charged to our consolidated statements of profit or loss and other comprehensive income for of the year ended December 31, 2022 and approximately RMB**[REDACTED]** will be charged to our consolidated statements of profit or loss and other comprehensive income for the year ending December 31, 2023. The **[REDACTED]** for 2023 above are the latest practicable estimates and are provided for reference only and actual amounts may differ. Our Directors do not expect such expenses will have a material adverse impact on our financial results for the year ending December 31, 2023.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited **[REDACTED]** adjusted consolidated net tangible assets prepared in accordance with Rule of the Listing Rules are set out to illustrate the effect of the **[REDACTED]** on the consolidated net tangible assets of our Group attributable to the owners of our Company as of December 31, 2022 as if the **[REDACTED]** had taken place on that date.

The unaudited **[REDACTED]** adjusted consolidated net tangible assets have been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the consolidated net tangible assets of our Group had the **[REDACTED]** been completed as of December 31, 2022 or at any future dates. It is prepared based on the consolidated net assets of our Group as of December 31, 2022 as set out in the Accountants' Report of our Company, the text of which is set out in Appendix I to this document, and adjusted as described below.

	Consolidated net tangible assets of our Group attributable to the owners of our Company as of December 31, 2022(1)	Estimated [REDACTED] from the [REDACTED](2)	Unaudited [REDACTED] adjusted consolidated net tangible assets of our Group attributable to the owners of our Company as of December 31, 2022	Unaudited [REDACTED] adjusted consolidated net tangible assets per Share(3)	
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB)*	*(HK$)*
Based on the **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, after **[REDACTED]** of **[REDACTED]** . . .	91,431	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Based on an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** . .	91,431	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Based on an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** . .	91,431	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

(1) The consolidated net tangible assets of our Group attributable to the owners of our Company as of December 31, 2022 is extracted from the Accountants' Report set out in Appendix I to this document, which is based on the audited consolidated net assets of our Group attributable to the owners of our Company as of December 31, 2022 of approximately RMB91,497,000 with adjustment for intangible assets as of December 31, 2022 of approximately RMB66,000.

(2) The estimated **[REDACTED]** from the **[REDACTED]** are based on the indicative **[REDACTED]** of HK$**[REDACTED]** and HK$**[REDACTED]** per Share, being the low and high end of the indicative **[REDACTED]** range, respectively, and also based on an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, after making a **[REDACTED]** of **[REDACTED]**, after deduction of the **[REDACTED]** fees and other related expenses paid/payable by our Company, and takes no account of any Shares which may be issued or repurchased by our Company and takes no account of any Shares which may be allotted and issued pursuant to the exercise of the **[REDACTED]** or any Shares which may be issued or repurchased by our Company pursuant to the general mandates given to our Directors for **[REDACTED]** and allotment of Shares as described in "Share Capital" in this document.

(3) The unaudited **[REDACTED]** consolidated net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraph and on the basis that **[REDACTED]** Shares were in issue, assuming that the **[REDACTED]** and **[REDACTED]** have been completed on December 31, 2022 but takes no account of any Shares which may be issued or repurchased by our Company pursuant to the general mandates given to our Directors for **[REDACTED]** and allotment of Shares as described in "Share Capital" in this document.

(4) No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to December 31, 2022.

DIRECTORS' CONFIRMATION ON NO MATERIAL ADVERSE CHANGE

After due and careful consideration, save as disclosed in "Business—Effects of the COVID-19 Outbreak" in this document, presenting, among others, 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 December 31, 2022 (being the date to which our Group's latest consolidated audited financial results were prepared), and there has been no event since December 31, 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

See "Business—Business Strategies" in this document for further information regarding our future plans.

[REDACTED]

We estimate that the aggregate **[REDACTED]** from the **[REDACTED]** (after deducting **[REDACTED]** fees and **[REDACTED]** and estimated expenses payable by us in connection with the **[REDACTED]**), assuming that the **[REDACTED]** is not exercised and assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the mid-point of the proposed **[REDACTED]** range, will be approximately HK$**[REDACTED]**. We currently intend to apply these **[REDACTED]** for the purposes and in the amount, set forth below:

Major Categories	% of [REDACTED]	Amount	Sub-categories	Specific Plans	% of [REDACTED]	Timeframe		
						2023	2024	2025
		(HK$ in millions)				*(HK$ in millions)*		
Strategic acquisitions and investments	[REDACTED]	[REDACTED]	–	We expect to further expand our business and diversify our property portfolio and further solidify our market position by acquiring or investing in other property management companies that focus on residential or non-residential properties.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Invest and upgrade in hardware and software for the development of communities across the projects we manage	[REDACTED]	[REDACTED]	(a) Develop or upgrade our intelligent patrol system, intelligent public facilities management system and power consumption system	We plan to develop or upgrade our intelligent patrol system, intelligent public facilities management system and power consumption system to facilitate centralized management, optimize operation efficiency and reduce labor costs.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Major Categories	% of [REDACTED]	Amount	Sub-categories	Specific Plans	% of [REDACTED]	Timeframe 2023	2024	2025
		(HK$ in millions)				*(HK$ in millions)*		
			(b) Upgrade our hardware for monitoring	We plan to upgrade our hardware for monitoring such as entrance gates, intelligent surveillance cameras, facial recognition cameras, intelligent anti-theft system, intelligent car park management system and monitoring sensors, to achieve intelligent control of entrance and ensure better security control of the communities we manage.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
			(c) Set up an integrated remote monitoring center	We plan to set up an integrated remote monitoring center to increase our overall management efficiency.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
			(d) Develop a brand new intelligent online platform to supplement our one-stop service mobile App to be launched	We plan to develop a brand new intelligent online platform to supplement our one-stop service mobile App to be launched, which can increase the interaction between property owners and us and expand our service offerings, support the operation of our business and enhance efficiency.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Major Categories	% of [REDACTED]	Amount	Sub-categories	Specific Plans	% of [REDACTED]	Timeframe		
						2023	2024	2025
		(HK$ in millions)				(HK$ in millions)		
			(e) Purchase more intelligent robots for usage	We plan to purchase more intelligent robots with artificial intelligent technologies for certain aspects such as security, gardening, cleaning and greeting services, so as to optimize operation efficiency and reduce labor costs.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Enrich the service offerings, scale and efficiency of our community value-added services.	[REDACTED]	[REDACTED]	–	We plan to diversify the service offerings of our community value-added services including but not limited to housekeeping services, maintenance services, real estate agency services, turnkey move-in services, community elderly and child care services, as well as community catering services, so as to satisfy the ever-changing needs of our customers, improve our brand recognition and competitiveness.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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 **[REDACTED]** received by our Company from the **[REDACTED]**. When determining the amount of approximately HK$**[REDACTED]**, or **[REDACTED]** of the **[REDACTED]**, allocated to potential acquisitions of and investments in other property management companies, assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the proposed **[REDACTED]** range per Share stated in this document), we have considered (i) the acquisition of or investment in majority equity interests of potential targets at a price-earnings ratios of approximately seven to 18 times; (ii) our goal to acquire or invest in around **[REDACTED]** potential targets; and (iii) our criteria for strategic acquisitions and investments as disclosed below. We do not plan to acquire or invest in minority equity interests of potential targets. The abovementioned considerations under the allocation of the **[REDACTED]** and allocation of **[REDACTED]** among different types of targets above may be subject to changes based on market conditions.

Although we had not identified any suitable targets as of the Latest Practicable Date, we have determined the criteria for evaluating potential targets. These efforts are based on the results of research, financial due diligence and preliminary assessments and feasibility studies undertaken during the Track Record Period and up to the Latest Practicable Date, as well as our experience in acquisition during the Track Record Period.

Criteria for Strategic Acquisitions and Investments

We plan to strategically acquire or invest majority interest in small- and medium-sized property management companies that focus on residential or non-residential properties, such as public facilities, education institutions or hospitals, with business operation in the Yangtze River Delta Region (particularly Zhejiang province) or other key cities across the PRC with high growth potential such as Fuzhou, Xiamen, Quanzhou and Nanchang in Eastern China region, Wuhan and Changsha in Central China region, and Chengdu in South Western China region. We plan to focus on suitable targets which: (i) have business operations that are compliant with all relevant PRC laws and regulations; (ii) have a total GFA under management of not less than 1.0 million sq.m.; (iii) have a total annual net profit of not less than RMB1.0 million for the most recent financial year; and (iv) have reputable brand and good corporate image without major negative news or reports on unsatisfactory property management services, negative credit records, debt disputes, administrative penalties or pending legal proceedings and disputes. Based on the abovementioned key criteria, we plan to acquire or invest in about **[REDACTED]** potential targets. With respect to the targets for our strategic acquisitions and investments, we will also consider other risk factors, including hidden liabilities, administrative penalties, outstanding legal proceedings and disputes. Accordingly, we expect to create synergy between the property projects of the acquired companies and our existing property projects and future property projects that we may obtain organically in the targeted regions or cities abovementioned, by (i) sharing business contacts, business opportunities and other local resources between different property projects, (ii) reducing costs and achieving economies of scales through centralized purchase and manpower coordination in the same region, and (iii) sharing experiences on local regulatory, cultural and business environment among our Group. Our Directors also expect that our strategic acquisitions and investments will enhance our market share in the PRC property management industry as a result of our enlarged portfolio of projects, which will bring positive impacts on our Group's results of operations and business growth.

Implementation of Acquisition Plan

We plan to acquire or invest in quality property management companies with the property portfolio that is in line with our plans. For more criteria for our potential targets, see "—Criteria for Strategic Acquisitions and Investments" in this section. CIA has identified increasing market concentration and selectivity in merger and acquisition activities are key trends in the highly competitive and fragmented PRC property management industry. See "Industry Overview—The PRC Property Management Industry" in this document for details. According to CIA, though over 70% of the 2021 Top 100 Property Management Companies were owned by or associated with property development companies, there were over 200,000 property management companies with a total market size of approximately RMB667.1 billion in the PRC as of December 31, 2021, as compared to around 100,000 property developers in the PRC. It means that many of the property management companies in the PRC are not owned by or associated with property developers.

Our Directors are aware that many of the PRC property management companies listed on the Stock Exchange have plans to use their net proceeds from their listing for strategic acquisitions and investments and have been trying to identify suitable targets in the market. As a result, we may not be able to materialize our plan to acquire or invest in other small- and medium-sized property management companies that focus on residential or non-residential properties in the PRC. See "Risk Factors—Risks Relating to Our Business and Industry—Our future acquisitions may not be successful or materialized, and we may face difficulties in integrating acquired operations with our existing operation" in this document for further discussion of the related risk. According to CIA, the property management industry in the PRC is characterized by a high level of fragmentation with an increasing trend of concentration and the number of property management companies in the industry is high with relatively smaller business scale. In addition, as of the Latest Practicable Date, there are around 300, 100, 100 and 100 property management companies in the Yangtze River Delta Region, Eastern China region (except areas covered in the Yangtze River Delta Region), Central China region and South Western China region, respectively, which can fulfill our acquisitions and investment criteria of having a total GFA under management of not less than 1.0 million sq.m. and a total annual net profit of not less than RMB1.0 million for the most recent financial year. As such, our Directors believe that, despite the competition we face from other market players for quality target companies, there are sufficient number of suitable target companies available in the market for our strategic acquisitions and investments plan. For example, we managed to acquire 80% equity interest in Zhejiang Chengcheng in 2018. If our future acquisition and investment plan cannot materialize, we will (i) continue identifying new acquisition or investment targets; (ii) continue obtaining engagements from new customers through improving our service quality and enhancing our brand recognition in order to expand our market share; (iii) continue maintaining our relationships with existing customers in order to secure new engagements; and (iv) procure to acquire new property management service agreements through participating in public tenders.

In addition, our investment development center is in charge of identifying potential acquisition targets or projects pursuant to the marketing and expansion management policy we devised. Our subsidiaries and branch offices are also responsible for implementing the marketing and expansion management policy under the supervision of our investment development center. Details of any potential acquisition or investment opportunities will be reported by the investment development center to the management for review and approval. Based on our successful historical strategic acquisition, the trend of industry consolidation, our market position and brand name, as well as the efforts of our investment development center, we believe that we will be able to implement our acquisition or investment plan successfully.

Based on the above, our Directors are of the view that our plan of allocating HK$ **[REDACTED]** for the acquisition of **[REDACTED]** potential targets is feasible and we can identify suitable investment or acquisition targets, having considered (i) our market research, financial due diligence and preliminary assessments and feasibility studies undertaken during the Track Record Period and up to the Latest Practicable Date with respect to strategic acquisitions and investments; (ii) our continuous efforts in implementing the acquisition and investment plans, including the work conducted by our investment development center, and our management and investment development center's capabilities and experience related to acquisitions and investments; (iii) our reputation in the industry and brand recognition in the Yangtze River Delta Region that may assist us with our acquisition and investment plans; and (iv) CIA's advice on the availability of potential targets in the PRC which are suitable for our consideration.

We believe that strategic acquisitions and investments will help reduce our reliance on the Remaining Group. With our service quality and diverse service offerings, we believe we can establish business relationships with the independent third-party property developers that developed the projects managed by the target property management companies we may acquire. Meanwhile, we will also understand the needs of these property developers better and be able to provide more suitable services such that our chances to be engaged by these property developers as the property management service provider for other property projects they develop will be higher. Leveraging our experience with these property developers, we believe we may also develop business relationships with other independent third-party property developers.

Valuation Basis

We determine the amount of consideration for a potential target primarily by referring to factors such as the price-earnings ratios of comparable companies and its net profit in the most recent financial year. According to CIA, price-earnings ratios used for listed property management companies' acquisitions and investments in other property management companies typically range from seven times to 18 times. Our final price range may be determined on the basis of, or adjusted depending on factors such as, the target's size, the qualifications that it possesses, its potential, location and quality of properties it managed, occupancy rate, and collection rate of property management fees. In the event that the **[REDACTED]** received by our Company from the **[REDACTED]** are less than the capital expenditure needed, we intend to use our internal funds.

Plans for Investment and Upgrade in Hardware and Software for the Development of Communities Across the Projects we Manage

Develop or Upgrade our Intelligent Patrol System, Intelligent Public Facilities Management System and Power Consumption System

Intelligent patrol system

We plan to use approximately HK$**[REDACTED]** to upgrade the intelligent patrol system. We believe such upgrade can improve our operation efficiency and response time to emergencies, centralize our security management and reduce labor costs. We estimate that it will cost on average HK$**[REDACTED]** to conduct such upgrade for each property project with reference to the price quote we obtained. As of December 31, 2022, none of our property projects were equipped with the upgraded intelligent patrol system. It is expected that 45 property projects will be fully equipped with the upgraded intelligent patrol system by the end of 2025.

Intelligent public facilities management system

We plan to use approximately HK$**[REDACTED]** to develop the intelligent public facilities management system with an automatic alarm function. We believe such development can facilitate and realize centralized management of intelligent facilities installed at the property projects we manage, improve our operation efficiency through identifying and resolving technical issues in an accurate and timely manner, reduce management risk and maintenance costs. We estimate that it will cost on average HK$**[REDACTED]** to conduct such development for each property project with reference to the price quote we obtained. As of December 31, 2022, none of our property projects were equipped with the new intelligent public facilities management system. It is expected that 40 property projects will be fully equipped with the new intelligent public facilities management system by the end of 2025.

Power consumption system

We plan to use approximately HK$**[REDACTED]** to develop the power consumption system. We believe such development can assist us in monitoring the water and electricity consumption at the properties we manage, identifying any abnormal usage which in turn will facilitate our cost management and reduce unnecessary damage to the environment. We estimate that it will cost on average HK$**[REDACTED]** to conduct such development for each property project with reference to the price quote we obtained. As of December 31, 2022, none of our property projects were equipped with the new power consumption system. It is expected that 41 property projects will be fully equipped with the new power consumption system by the end of 2025.

Upgrade our Hardware for Monitoring

We plan to use approximately HK$**[REDACTED]** to upgrade our hardware for monitoring such as entrance gates, intelligent surveillance cameras, facial recognition cameras, intelligent anti-theft system, intelligent car park management system and monitoring sensors. We believe such upgrade can achieve intelligent control of entrance and ensure better security control of the communities we manage. We estimate that it will cost on average HK$**[REDACTED]** to conduct such upgrade for each property project with reference to the price quote we obtained. As of December 31, 2022, no less than 30 of our property projects were equipped with at least one of the upgraded monitoring hardware. It is expected that a total of 43 property projects will be equipped with at least one of the upgraded entrance gates, intelligent surveillance cameras, facial recognition cameras, intelligent anti-theft system, intelligent car park management system and monitoring sensors by the end of 2025.

Set Up an Integrated Remote Monitoring Center

We plan to use approximately HK$**[REDACTED]** to set up an integrated remote monitoring center to increase our overall management efficiency. We expect our integrated remote monitoring center will serve as a centralized point to store, process and monitor data we collect from our intelligent patrol system, intelligent public facilities management system, power consumption system and other intelligent facilities we installed or to be installed at the properties we manage.

We intend to carry out the following implementation plan concerning the portion of **[REDACTED]** from the **[REDACTED]** allocated to the setting up of our integrated remote monitoring center during the years indicated below.

(i) For the year ending December 31, 2023, we intend to allocate approximately HK$ **[REDACTED]** to carry out renovation of the integrated remote monitoring center, procurement and installation of monitoring facilities and systems and commence trial operation of the center. We also intend to connect the intelligent systems and facilities installed at approximately half of our projects under management as of December 31, 2022 to the integrated remote monitoring center.

(ii) For the year ending December 31, 2024, we intend to allocate approximately HK$ **[REDACTED]** to finalize the installation and upgrade of the monitoring facilities and system, and complete the system connection process for the remaining projects under management as of December 31, 2022 to the integrated remote monitoring center.

(iii) For the year ending December 31, 2025, we intend to allocate approximately HK$ **[REDACTED]** to complete the system connection process for all other projects delivered or to be delivered for our management subsequent to December 31, 2022, thereby achieving full monitoring coverage across the properties we manage.

It is estimated that the total costs for setting up an integrated remote monitoring center is approximately HK$**[REDACTED]** and its breakdown is as follows: (i) approximately **[REDACTED]**% will be used to procure centralized monitoring facilities and system to be installed at the integrated remote monitoring center; (ii) approximately **[REDACTED]**% will be used to procure monitoring facilities and system to be installed at the projects we manage; and (iii) approximately **[REDACTED]**% will be used for installation and trial operation.

Develop a Brand New Intelligent Online Platform to Supplement our One-stop Service Mobile App to be Launched

We plan to use approximately HK$**[REDACTED]** to build a brand new intelligent online platform, which will link our consumer-front mobile App to additional supporting functions such as property information dissipation, repair and maintenance reporting and follow-up, centralized collection and monitoring of property management fees, customer feedback and complaints collection, as well as provision of various community online services including recreational facilities booking, health-care services, educational services and intelligent logistics services, which can increase the interaction between property owners and us and facilitate the expansion of our service offerings, support the operation of our business and enhance efficiency. The new intelligent online platform is expected to be available for use by the end of 2025.

Purchase More Intelligent Robots for Usage

We plan to use approximately HK$**[REDACTED]** to purchase around 119 intelligent robots with artificial intelligent technologies to provide security, gardening, cleaning and greeting services to optimize operation efficiency and reduce labor costs. Such intelligent robots are expected to be fully deployed to 34 property projects by the end of December 31, 2024. Based on the quotations we obtained, we estimate that on average it will cost approximately HK$**[REDACTED]** for the purchase of one intelligent robot. Our Directors expect that our planned deployment of one intelligent robot for each aspect, including security, gardening, cleaning and greeting, will allow us to reduce on average three, one, three and three personnel per property project for each aspect, respectively. For illustration purpose, based on a property project with GFA under management of approximately 200,000 sq.m., upon the full deployment of such intelligent robots, we expect we will be able to save approximately RMB**[REDACTED]** labor costs (including salary and benefits) per project per year.

Plan for Enrichment of the Service Offerings, Scale and Efficiency of our Community Value-added Services

We plan to use approximately HK$**[REDACTED]** to diversify the service offerings of our community value-added services including but not limited to housekeeping services, maintenance services, real estate agency services, turnkey move-in services, community elderly and child care services, as well as community catering services, so as to satisfy the ever-changing needs of our customers, improve our brand recognition and competitiveness.

We intend to carry out the following implementation plan concerning the portion of **[REDACTED]** from the **[REDACTED]** allocated to enrich the service offerings, scale and efficiency of our community value-added services during the years indicated below.

(i) For the year ending December 31, 2023, we intend to allocate HK$**[REDACTED]** to extend housekeeping services, maintenance services, real estate agency services and turnkey move-in services to nine of our residential properties under management as of December 31, 2022; and community elderly and child care services as well as community catering services to five of our residential properties under management as of December 31, 2022.

(ii) For the year ending December 31, 2024, we intend to allocate approximately HK$ **[REDACTED]** to fund the provision of housekeeping services, maintenance services, real estate agency services and turnkey move-in services to the aforesaid nine residential properties under management as of December 31, 2022; and to fund the provision of community elderly and child care services as well as community catering services to the aforesaid five residential properties under management as of December 31, 2022.

(iii) For the year ending December 31, 2025, we intend to allocate approximately HK$ **[REDACTED]** to fund the provision of housekeeping services, maintenance services, real estate agency services and turnkey move-in services to the aforesaid nine residential properties and extend such services to an additional five residential properties under management as of December 31, 2022; and to fund the provision of community elderly and child care services as well as community catering services to the aforesaid five residential properties and extend such services to an additional three residential properties under management as of December 31, 2022.

To facilitate our expansion plan for community value-added services, we plan to (i) hire 45 housekeeping personnel possessing at least a secondary qualification with three years of relevant working experience, 35 maintenance personnel possessing at least a college degree with three years of relevant working experience, 30 real estate agents possessing at least a secondary qualification with three years of relevant working experience, 10 customer services personnel possessing at least a secondary qualification with three years of relevant working experience, 10 elderly carers possessing at least a secondary qualification with relevant working experience, 10 child carers possessing at least a college degree with relevant working experience at kindergarten preferred, and 10 catering personnel possessing at least a secondary qualification with one year of relevant working experience to provide the respective community value-added services at our planned property projects; and (ii) organize various on-the-job trainings such as induction trainings, relevant vocational trainings, customer services and management trainings and business development trainings to cultivate and equip our existing employees with the relevant skills and knowledge to provide our planned community value-added services.

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 "Structure of the **[REDACTED]**" in this document;
- there will be no material changes in existing accounting policies from those stated in the audited consolidated financial statements of our Group for the Track Record Period;
- our operations including our future plans will not be interrupted by any *force majeure*, unforeseeable factors, extraordinary items or economic changes in respect of inflation, interest rate and tax rate in the PRC 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 "Risk Factors" in this document;
- we will continue with 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 **[REDACTED]** from the **[REDACTED]** will be adjusted on a pro rata basis in the event that the **[REDACTED]** is fixed at a higher or lower level compared to the mid-point of the proposed **[REDACTED]** range or the **[REDACTED]** is exercised.

If the **[REDACTED]** is fixed at HK$**[REDACTED]** per **[REDACTED]** (being the high-end of the **[REDACTED]** range stated in this document and assuming the **[REDACTED]** is not exercised), the **[REDACTED]** we receive will be approximately HK$**[REDACTED]**, after deduction of **[REDACTED]** fees and **[REDACTED]** and estimated expenses payable by us in connection with the **[REDACTED]**.

If the **[REDACTED]** is fixed at HK$**[REDACTED]** per **[REDACTED]** (being the low-end of the **[REDACTED]** range stated in this document and assuming the **[REDACTED]** is not exercised), the **[REDACTED]** we receive will be approximately HK$**[REDACTED]**, after deduction of **[REDACTED]** fees and **[REDACTED]** and estimated expenses payable by us in connection with the **[REDACTED]**.

If the **[REDACTED]** is fixed at HK$**[REDACTED]** per **[REDACTED]** in the event that we make a **[REDACTED]**, the **[REDACTED]** we receive will be approximately HK$**[REDACTED]**, after deduction of **[REDACTED]** fees and **[REDACTED]** and estimated expenses payable by us in connection with the **[REDACTED]**.

In the event that the **[REDACTED]** is exercised in full, we will receive additional **[REDACTED]** ranging from approximately HK$[•] million (assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the low-end of the proposed **[REDACTED]** range) to HK$[•] million (assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the high-end of the proposed **[REDACTED]** Range), after deduction of **[REDACTED]** fees and **[REDACTED]** and estimated expenses payable by us in connection with the **[REDACTED]**.

To the extent that the **[REDACTED]** are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we will hold such funds in short-term deposits with licensed banks or authorized financial institutions as defined under the Securities and Futures Ordinance or the applicable laws in the relevant jurisdiction for non-Hong Kong based deposits. We will make an appropriate announcement if there is any change to the above proposed use of **[REDACTED]** or if any amount of the **[REDACTED]** will be used for general corporate purpose.

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The following is the text of a report on Zhong An Intelligent Living Service Limited, prepared for the purpose of incorporation in this document received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ZHONG AN INTELLIGENT LIVING SERVICE LIMITED, CHINA MERCHANTS SECURITIES (HK) CO., LIMITED AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Zhong An Intelligent Living Service Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-64, which comprises 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 each of the years ended 31 December 2020, 2021 and 2022 (the "Relevant Periods"), and the consolidated statements of financial position of the Group as of 31 December 2020, 2021 and 2022 and the statements of financial position of the Company as of 31 December 2020, 2021 and 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 I-4 to I-64 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated **[REDACTED]** (the "Document") in connection with the **[REDACTED]** of 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 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 ("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 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 financial position of the Group as of 31 December 2020, 2021 and 2022 and of the financial position of the Company as of 31 December 2020, 2021 and 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 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 Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 10 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As of the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

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 financial statements 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 issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
		2020	2021	2022
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
REVENUE	5	230,695	295,694	319,735
Cost of sales		(143,894)	(184,589)	(203,397)
GROSS PROFIT		86,801	111,105	116,338
Other income	5	5,390	1,810	2,155
Administrative expenses		(26,498)	(56,072)	(47,573)
Impairment losses on financial assets, net		(2,500)	(333)	(2,660)
PROFIT BEFORE TAX	6	63,193	56,510	68,260
Income tax expenses	9	(16,144)	(14,720)	(17,325)
PROFIT FOR THE YEAR		47,049	41,790	50,935
Profit attributable to:				
Owners of the parent		36,535	38,991	50,817
Non-controlling interests		10,514	2,799	118
		47,049	41,790	50,935
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted	11	N/A	N/A	N/A
TOTAL COMPREHENSIVE INCOME, NET OF TAX, FOR THE YEAR		47,049	41,790	50,935
Total comprehensive income attributable to:				
Owners of the parent		36,535	38,991	50,817
Non-controlling interests		10,514	2,799	118
		47,049	41,790	50,935

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		31 December		
		2020	2021	2022
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property and equipment	12	2,863	4,965	4,611
Intangible assets		126	96	66
Deferred tax assets	13	1,487	1,570	2,235
Total non-current assets		4,476	6,631	6,912
CURRENT ASSETS				
Inventories	14	222	81	69
Trade receivables	15	49,966	56,612	89,397
Due from related companies	24	61,147	4,133	10,169
Prepayments, other receivables and other assets	16	12,475	22,984	46,761
Cash and cash equivalents	17	131,219	50,225	44,724
Total current assets		255,029	134,035	191,120
CURRENT LIABILITIES				
Trade payables	18	1,349	762	1,601
Other payables, deposits received and accruals	19	48,270	37,969	42,512
Contract liabilities	20	46,611	45,439	40,118
Due to related companies	24	1,005	1,857	–
Tax payable	9	15,351	12,308	20,535
Total current liabilities		112,586	98,335	104,766
NET CURRENT ASSETS		142,443	35,700	86,354
TOTAL ASSETS LESS CURRENT LIABILITIES		146,919	42,331	93,266
NET ASSETS		146,919	42,331	93,266
EQUITY				
Equity attributable to owners of the parent				
Share capital	21	–	–	–
Reserves	22	118,084	40,680	91,497
		118,084	40,680	91,497
Non-controlling interests		28,835	1,651	1,769
TOTAL EQUITY		146,919	42,331	93,266

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent							
	Share capital	Merger reserve *	Capital reserve*	Statutory reserve *	Retained earnings *	Total	Non-controlling interests	Total equity
	RMB'000 *(Note 21)*	*RMB'000* *(Note 22)*	*RMB'000* *(Note 22)*	*RMB'000* *(Note 22)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2020	–	19,613	–	3,804	58,132	81,549	18,321	99,870
Profit for the year and total comprehensive income for the year	–	–	–	–	36,535	36,535	10,514	47,049
Transfer from retained earnings	–	–	–	3,948	(3,948)	–	–	–
As of 31 December 2020 and 1 January 2021	–	19,613	–	7,752	90,719	118,084	28,835	146,919
Profit for the year and total comprehensive income for the year	–	–	–	–	38,991	38,991	2,799	41,790
Capital contribution from the then shareholder of a company now comprising the Group	–	90,000	–	–	–	90,000	–	90,000
Dividends declared by companies now comprising the Group to their then shareholders	–	–	–	–	(34,959)	(34,959)	–	(34,959)
Deemed distribution arising from Reorganization *(Note 22)*	–	(109,613)	(61,823)	–	–	(171,436)	(29,983)	(201,419)
Transfer from retained earnings	–	–	–	2,286	(2,286)	–	–	–
As of 31 December 2021 and 1 January 2022	–	–	(61,823)	10,038	92,465	40,680	1,651	42,331
Profit for the year and total comprehensive income for the year	–	–	–	–	50,817	50,817	118	50,935
Transfer from retained earnings	–	–	–	4,104	(4,104)	–	–	–
As of 31 December 2022	–	–	(61,823)	14,142	139,178	91,497	1,769	93,266

* These reserve accounts comprise the total consolidated reserves of RMB118,084,000, RMB40,680,000 and RMB91,497,000 in the consolidated statements of financial position as of 31 December 2020, 2021 and 2022, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
		2020	2021	2022
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		63,193	56,510	68,260
Adjustments for:				
Depreciation of items of property and equipment	6	630	706	934
Amortisation of intangible assets	6	30	30	30
Impairment of trade receivables	6	2,500	333	2,660
		66,353	57,579	71,884
Decrease in inventories		57	141	12
Increase in trade receivables		(18,180)	(6,979)	(35,445)
Increase in prepayments, other receivables and other assets		(5,081)	(10,509)	(23,777)
Decrease/(increase) in amounts due from related companies		18,078	15,492	(6,272)
Increase/(decrease) in trade payables		57	(587)	839
Increase/(decrease) in other payables, deposits received and accruals		7,502	(10,301)	4,543
Increase/(decrease) in contract liabilities		26,935	(1,172)	(5,321)
(Decrease) /increase in amounts due to related companies		(1,585)	2,356	–
Cash generated from operations		94,136	46,020	6,463
Income tax paid		(2,947)	(17,845)	(9,763)
Net cash flows from/(used in) operating activities		91,189	28,175	(3,300)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property and equipment		(1,278)	(2,808)	(580)
Advance to related companies	24	(19,755)	(132,450)	–
Receipt of advances to related companies	24	4,280	177,206	236
Acquisition of a subsidiary		(380)	–	–
Net cash flows (used in)/from investing activities		(17,133)	41,948	(344)

		Year ended 31 December		
		2020	**2021**	**2022**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital contribution from the then shareholder of a company now comprising the Group		–	90,000	–
Advances from related companies	24	–	56,830	3,492
Repayment of advances from related companies	24	–	(58,334)	(5,349)
Dividends paid by companies now comprising the Group to their then shareholders		–	(34,959)	–
Acquisition of subsidiaries as part of the Reorganization	22	–	(204,654)	–
Net cash flows used in financing activities		–	(151,117)	(1,857)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		74,056	(80,994)	(5,501)
Cash and cash equivalents at beginning of year		57,163	131,219	50,225
CASH AND CASH EQUIVALENTS AT END OF YEAR		131,219	50,225	44,724
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	17	131,219	50,255	44,724
Cash and cash equivalents as stated in the consolidated statements of cash flows and consolidated statements of financial position		131,219	50,225	44,724

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		Year ended 31 December		
		2020	2021	2022
	Note	*RMB'000*	*RMB'000*	*RMB'000*
CURRENT ASSETS				
Cash and cash equivalents		–*	–*	35
TOTAL CURRENT ASSETS		–*	–*	35
CURRENT LIABILITIES				
Due to related companies**		–*	(969)	(3,925)
TOTAL CURRENT LIABILITIES		–*	(969)	(3,925)
NET CURRENT LIABILITIES		–*	(969)	(3,890)
TOTAL ASSETS LESS CURRENT LIABILITIES		–*	(969)	(3,890)
NET LIABILITIES		–*	(969)	(3,890)
DEFICIENCY IN ASSETS				
Deficiency in assets attributable to owners of the parent				
Share capital	21	–*	–*	–*
Accumulated losses		–*	(969)	(3,890)
DEFICIENCY IN ASSETS		–*	(969)	(3,890)

* The amount is less than RMB1,000.

** As at 31 December 2020, 2021 and 2022, the balances of the Company's due to related companies were as follows:

	Year ended 31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Due to subsidiaries	–*	(969)	(3,925)

Amounts due to subsidiaries are unsecured, interest-free and repayable on demand

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is an exempted company incorporated in the Cayman Islands on 16 November 2020. The registered office address of the Company is Offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1025 Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the Company's subsidiaries were involved in the provision of property management services, value-added services mainly to property developers and community value-added services in the People's Republic of China (the "PRC").

In the opinion of the Company's directors, the ultimate holding company of the Company is Whole Good Management Limited (the "Ultimate Holding Company"), which was incorporated in the British Virgin Islands ("BVI") and is wholly owned by Mr. Shi Zhongan (alias Shi Kancheng) (the "Controlling Shareholder"), who is the sole director and the sole shareholder of the Ultimate Holding Company. The Ultimate Holding Company is the ultimate holding company of Zhong An Group Limited ("Zhong An"), a company established in the Cayman Islands with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company and its subsidiaries now comprising the Group underwent the Reorganization as set out in the paragraph headed "History, Reorganization and Corporate Structure" in the Document. The Reorganization was completed on 4 June 2021. Apart from the Reorganization, the Company has not commenced any business or operation since its incorporation.

Certain commercial property management and operational services are operated by the business units of certain subsidiaries of Zhong An not comprising the Group (the "Commercial Business Units"). These Commercial Business Units did not exist as a legal or statutory entity. As of the date of this report, the commercial property management and operation business of the Commercial Business Units had been transferred to the Group (the "Business Transfer").

As of the date of this report, the Company had direct or indirect 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 which are set out below:

Information about subsidiaries

As of the date of this report, particulars of the Company's principal subsidiaries are as follows:

Name	Notes	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Throng Unity Service Limited	(1)	BVI 13 November 2020	US$1	100%	Investment holding
Zhong An Management Limited	(5)	Hong Kong 16 November 2020	HK$1	100%	Investment holding
Zhejiang Zhong An Property Management Co., Ltd.	(2)	PRC/ Mainland China 18 November 1998	RMB100,000,000	100%	Property management
Anhui Zhong An Property Management Co., Ltd.	(4)	PRC/ Mainland China 24 November 2003	RMB3,000,000	100%	Property management
Hefei Green Harbor Property Management Co., Ltd.	(2)	PRC/ Mainland China 1 August 2007	RMB500,000	100%	Property management
Zhejiang Chengcheng Property Service Co., Ltd.	(2)	PRC/ Mainland China 14 January 2009	RMB10,000,000	80%	Property management
Huaibei Zhonghong Property Service Co., Ltd.	(4)	PRC/ Mainland China 30 March 2020	RMB1,000,000	90%	Property management
Zhejiang Runzhou Property Services Co., Ltd.	(2)	PRC/ Mainland China 27 November 2014	RMB13,080,000	100%	Property management
Hangzhou Zhonghong Property Service Co., Ltd.	(3)	PRC/ Mainland China 18 November 2020	RMB1,000,000	100%	Property management
Yuyao Zhongli Property Management Co., Ltd.	(3)	PRC/ Mainland China 24 November 2020	RMB5,000,000	100%	Property management
Ningbo Zhong An Property Management Co., Ltd.	(6)	PRC/ Mainland China 3 November 2021	RMB1,000,000	100%	Property management
Shaoxing Zhong Ming Property Service Co., Ltd.	(7)	PRC/ Mainland China 20 July 2022	RMB500,000	57%	Property management

The English names of the companies registered in the PRC represent the best efforts made by the management of the Company to translate the Chinese names of these companies as they do not have official English names.

(1) No audited financial statements have been prepared and issued for this entity as it is not subject to any statutory audit requirement under the relevant rules and regulations in its jurisdiction of incorporation.

(2) The statutory financial statements for the years ended 31 December 2020, 2021 and 2022 prepared in accordance with PRC generally accepted accounting principles and regulations have been audited by Hangzhou Xiaoran Certified Public Accountants Co., Ltd, a certified public accounting firm registered in the PRC.

(3) The statutory financial statements for the years ended 31 December 2021 and 2022 prepared in accordance with PRC generally accepted accounting principles and regulations have been audited by Hangzhou Xiaoran Certified Public Accountants Co., Ltd, a certified public accounting firm registered in the PRC. No statutory audited financial statements of the entities have been prepared for the year ended 31 December 2020.

(4) The statutory financial statements for the years ended 31 December 2020, 2021 and 2022 prepared in accordance with PRC generally accepted accounting principles and regulations have been audited by Anhui Zhilian Certified Public Accountants, a certified public accounting firm registered in the PRC.

(5) The entity was established in 2020 and the statutory audited financial statements of the entity for the year ended 31 December 2021 prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants have been audited by Ascenda Cachet CPA Limited, a certified public accounting firm registered in Hong Kong. No statutory audited financial statements of the entity have been prepared for the year ended 31 December 2022.

(6) The entity was established in 2021 and no statutory audited financial statements of the entity have been prepared for the years ended 31 December 2021 and 2022.

(7) The entity was established in 2022 and no statutory audited financial statements have been prepared since its incorporation or establishment.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganization, as more fully explained in the paragraph headed "Reorganization" in the section headed "History, Reorganization and Corporate Structure" in the Document, the Company became the holding company of the companies now comprising the Group on 4 June 2021. The companies now comprising the Group and the Commercial Business Units were under the common control of the Ultimate Holding Company before and after the Reorganization. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganization and Business Transfer 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 now comprising the Group and the Commercial Business Units from the earliest date presented or since the date when the subsidiaries and the Commercial Business Units first came under the common control of the Ultimate Holding Company, where this is a shorter period. The consolidated statements of financial position of the Group as of 31 December 2020, 2021 and 2022 have been prepared to present the assets and liabilities of the subsidiaries and the Commercial Business Units using the existing book values from the Ultimate Holding Company's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganization and Business Transfer.

Equity interests in subsidiaries and/or business held by parties other than the Ultimate Holding Company, and changes therein, prior to the Reorganization are presented as non-controlling interests in equity in applying the principles of merger accounting.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group transactions and balances have been eliminated on consolidation in full.

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 (the "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.

The Historical Financial Information has been prepared under the historical cost convention.

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 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[2]
IFRS 17	*Insurance Contract*[1]
Amendments to IFRS 17	*Insurance Contracts*[1,5]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[6]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[2,4]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[2]
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 Effective for annual periods beginning on or after 1 January 2024

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024

5 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

6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that, these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 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 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 above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Business combinations other than those under common control and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as of 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

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 financial statements 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 financial statements 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 reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, and financial assets), 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.

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 reporting period 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.

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 and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property 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 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 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 and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Machinery	10%
Motor vehicles	20%
Office equipment, electronic and other devices	20%

Where parts of an item of property 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 method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property 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 reporting period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of the acquisition. The useful lives of intangible assets are assessed to be finite or indefinite. 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

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of 10 years, which is the license period of the software.

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

Short-term leases and leases of low-value assets

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). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets that are not capitalised are recognised as an expense on a straight-line basis over the lease term.

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. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

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.

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 of the reporting date with the risk of a default occurring on the financial instrument as of 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 that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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 payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables, accruals and amounts due to related companies.

Subsequent measurement

After initial recognition, financial liabilities at amortised cost (payables) 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.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expired.

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 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. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to disposal.

Cash and cash equivalents

For the purpose of the consolidated statements 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, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks 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 the 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 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 the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the 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 goodwill or 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 the reporting period.

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.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of services or goods is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services or goods.

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) Property management services income

For property management services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

The Group charged property management fees in respect of the property management services on a lump sum basis. The Group acts as principal and is primarily responsible for providing the property management services to the property owners. The Group recognises the fee received or receivable from property owners as its revenue and all related property management costs as its cost of services.

(b) Value-added services mainly to property developers

Value-added services mainly to property developers mainly include cleaning, security and maintenance services for pre-sale display units and sales offices of property developers at the pre-delivery stage.

The Group agrees the price for each service with the property developers upfront, issues the monthly bill to the property developers which varies based on the actual level of service completed in that month, and recognises revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

Value-added services mainly to property developers also include preliminary planning and design consultancy services and pre-delivery inspection services to property developers, which is recognised as revenue over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation.

(c) Community value-added services

The Group provides community value-added services mainly including advertising spaces and common area of commercial and residential properties management services. Revenue from community value-added services is recognised when the related services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group.

The Group's community value-added services revenue also includes income from the provision of assistance in sales of car parking spaces to third parties, which is recognised when the car parking spaces are transferred to the buyers of car parking spaces.

(d) 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 goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Other staff costs

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. The subsidiaries operating in Mainland China are required to contribute a certain percentage of their 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.

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. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared, and the distribution is no longer at the discretion of the Company.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency because the Group's principal operations are carried out in the PRC. 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 of the Relevant Periods. 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.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As of the end of each of the Relevant Periods, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the Relevant Periods and their profits or losses are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENT 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.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, 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 are expected to deteriorate over the next year which can lead to an increased number of default, the historical default rates are adjusted. At each reporting date, 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 and amounts due from related companies is disclosed in note 15 and note 24.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial 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.

4. OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company. During the Relevant Periods, the Group is principally engaged in the provision of property management services, value-added services mainly to property developers and community value-added services to customers. Management reviews the operating results of the Group's business as one operating segment for the purpose of making decisions about resource allocation and performance assessment. Therefore, the chief operating decision maker of the Company regards that there is only one segment which is used to make strategic decisions.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

For the years ended 31 December 2020, 2021 and 2022, revenue from Zhong An and its subsidiaries other than the Group (collectively "Zhong An Group") contributed 29.83%, 32.01%, and 32.48%, to the Group's revenue, respectively. Other than the revenue from Zhong An Group, no revenue derived from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for each of the Relevant Periods.

5. REVENUE AND OTHER INCOME

Revenue represents income from property management services, value-added services mainly to property developers and community value-added services during the Relevant Periods.

An analysis of revenue is as follows:

	Year ended 31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers			
Property management services	183,231	205,190	223,593
Value-added services mainly to property developers	33,286	59,193	60,729
Community value-added services	14,178	31,311	35,413
Total	**230,695**	**295,694**	**319,735**

Revenue from contracts with customers

(a) Disaggregated revenue information

Types of services	Property management services	Value-added services mainly to property developers	Community value-added services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2020				
Geographical market				
Mainland China	183,231	33,286	14,178	230,695
Timing of revenue recognition				
Revenue recognised over time	183,231	33,286	10,970	227,487
Revenue recognised at a point in time	–	–	3,208	3,208
	183,231	33,286	14,178	230,695

Types of services	Property management services	Value-added services mainly to property developers	Community value-added services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2021				
Geographical market				
Mainland China	205,190	59,193	31,311	295,694
Timing of revenue recognition				
Revenue recognised over time	205,190	59,193	14,099	278,482
Revenue recognised at a point in time	–	–	17,212	17,212
	205,190	59,193	31,311	295,694

Types of services	Property management services	Value-added services mainly to property developers	Community value-added services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2022				
Geographical market				
Mainland China	223,593	60,729	35,413	319,735
Timing of revenue recognition				
Revenue recognised over time	223,593	60,729	12,281	296,603
Revenue recognised at a point in time	–	–	23,132	23,132
	223,593	60,729	35,413	319,735

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	Year ended 31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Property management services	18,450	44,747	43,115

(b) Performance obligations

For property management services, value-added services mainly to property developers and community value-added services, the Group recognises revenue in the amount that equals to the rights to invoices which corresponds directly with the value to the customers of the Group's performance to date. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts because for property management services and certain value-added services mainly to property developers, the Group recognises revenue in the amount that equals the right to invoice which corresponds directly with the value to the customer of the Group's performance to date on a monthly basis. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed. For community value-added services, they are rendered in a short period of time, which is generally less than a year, and there was no unsatisfied performance obligation at the end of the respective periods.

	Year ended 31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Interest income	140	284	151
Government grants *	4,636	707	928
Others	614	819	1,076
Total	**5,390**	**1,810**	**2,155**

* The government grants are related to expense and recognised in profit or loss upon receipt of these grants. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

		Year ended 31 December		
		2020	2021	2022
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Cost of services provided *		143,894	184,589	203,397
Impairment of trade receivables	15	2,500	333	2,660
Depreciation of items of property and equipment	12	630	706	934
Amortisation of intangible assets		30	30	30
[REDACTED]		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Auditor's remuneration		279	251	146
Staff cost (excluding directors' and chief executive's remuneration):				
Wages and salaries		113,777	137,359	152,984
Pension scheme contributions and social welfare **		8,872	21,797	24,185

* Amounts of RMB111,859,000, RMB138,081,000 and RMB153,192,000 of staff costs were included in "Cost of services provided" in profit or loss during the years ended 31 December 2020, 2021 and 2022, respectively.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

On 4 June 2021, Mr. Shi Zhongan was appointed as executive director and the chairman of the board of directors of the Company and Mr. Sun Zhihua, Mr. Lu Jianguo, and Ms. Xu Jianying were appointed as executive directors of the Company.

Certain of the directors received remuneration from the subsidiaries now comprising the Group prior to their appointment as the directors of the Company. Details of the remuneration received or receivable by the directors from the group entities are as follows:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Fees:			
Directors	–	39	90
Other emoluments:			
Salaries, allowances and benefits in kind	1,083	1,589	1,777
Performance related bonuses	370	690	–
Pension scheme contributions	61	50	75
	1,514	2,329	1,852

(a) Independent non-executive directors

On 14 December 2021, Mr. Chung Chong Sun, Mr. Liang Xinjun and Mr. Chiu Ngam were appointed as independent non-executive directors of the Company. Emolument received or receivable by the independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Fees:			
Mr. Chung Chong Sun	–	13	30
Mr. Liang Xinjun	–	13	30
Mr. Chiu Ngam	–	13	30
	–	39	90

(b) Executive directors and the chief executive

Year ended 31 December 2020

	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*
Executive directors:					
Sun Zhihua	–	–	–	–	–
Lu Jianguo	–	781	270	50	1,101
Xu Jianying	–	302	100	11	413
Chief executive and executive director:					
Shi Zhongan	–	–	–	–	–
	–	1,083	370	61	1,514

Year ended 31 December 2021

	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*
Executive directors:					
Sun Zhihua	–	510	300	8	818
Lu Jianguo.	–	753	270	29	1,052
Xu Jianying	–	326	120	13	459
Chief executive and executive director:.					
Shi Zhongan	–	–	–	–	–
	–	1,589	690	50	2,329

Year ended 31 December 2022

	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*
Executive directors:					
Sun Zhihua	–	871	–	39	910
Lu Jianguo.	–	595	–	–	595
Xu Jianying	–	311	–	36	347
Chief executive and executive director:.					
Shi Zhongan	–	–	–	–	–
	–	1,777	–	75	1,852

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2020, 2021 and 2022 included two executive directors, three executive directors and three executive directors, respectively. Details of those directors' remuneration are set out in note 7 above. Details of the remuneration for the remaining three, two and two highest paid employees who are neither a director nor chief executive of the Company for the years ended 31 December 2020, 2021 and 2022, respectively, are as follows:

	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2022
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	1,286	1,047	1,375
Performance related bonuses	330	100	–
Pension scheme contributions and social welfare	29	24	30
	1,645	1,171	1,405

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees		
	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2022
Nil to HK$500,000	1	–	1
HK$500,001 to HK$1,000,000 .	2	2	1
Total	3	2	2

9. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and BVI, the Company and the Group's subsidiary incorporated in BVI are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong was not liable for income tax as it did not have any assessable profits arising in Hong Kong during the Relevant Periods.

PRC corporate income tax has been provided at the rate of 25% on the taxable profits of the Group's PRC subsidiaries for the Relevant Periods.

	Year ended 31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Current tax:			
PRC corporate income tax	16,769	14,803	17,990
Deferred tax *(note 13)*	(625)	(83)	(665)
Total tax charge for the year	16,144	14,720	17,325

A reconciliation of tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and its subsidiaries are domiciled to the income tax expense at the effective income tax rate for each of the Relevant Periods is as follows:

	Year ended 31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	63,193	56,510	68,260
Tax at the statutory tax rate	15,798	14,128	17,065
Expenses not deductible for tax	346	592	260
Tax charge at the Group's effective income tax rate	16,144	14,720	17,325

Tax payable in the consolidated statements of financial position represents:

	Year ended 31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
PRC corporate income tax payable	15,351	12,308	20,535

10. DIVIDENDS

No dividend has been paid or declared by the Company during the Relevant Periods. Details of dividends declared by companies now comprising the Group to their then shareholders during the Relevant Periods are as follows:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Dividends declared by companies now comprising the Group to their then shareholders.	–	34,959	–

The rates for dividend and the number of shares ranking for dividend is not disclosed as such information is not considered meaningful for the purpose of this report.

The dividends had been paid in December 2021 to the then shareholders of the Company.

11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the basis of presentation of the results of the Group for the Relevant Periods as disclosed in note 2.1 to the Historical Financial Information.

12. PROPERTY AND EQUIPMENT

	Office equipment, electronic and other devices	Machinery	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2020				
At 1 January 2020:				
Cost	2,726	1,548	673	4,947
Accumulated depreciation	(1,677)	(647)	(408)	(2,732)
Net carrying amount	1,049	901	265	2,215
At 1 January 2020, net of accumulated depreciation	1,049	901	265	2,215
Additions	677	552	49	1,278
Depreciation provided during the year	(410)	(182)	(38)	(630)
At 31 December 2020, net of accumulated depreciation	1,316	1,271	276	2,863
At 31 December 2020:				
Cost	3,403	2,100	722	6,225
Accumulated depreciation	(2,087)	(829)	(446)	(3,362)
Net carrying amount	1,316	1,271	276	2,863
31 December 2021				
At 1 January 2021:				
Cost	3,403	2,100	722	6,225
Accumulated depreciation	(2,087)	(829)	(446)	(3,362)
Net carrying amount	1,316	1,271	276	2,863
At 1 January 2021, net of accumulated depreciation	1,316	1,271	276	2,863
Additions	762	1,972	74	2,808
Depreciation provided during the year	(374)	(245)	(87)	(706)
At 31 December 2021, net of accumulated depreciation	1,704	2,998	263	4,965
At 31 December 2021:				
Cost	4,165	4,072	796	9,033
Accumulated depreciation	(2,461)	(1,074)	(533)	(4,068)
Net carrying amount	1,704	2,998	263	4,965

	Office equipment, electronic and other devices	Machinery	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022				
At 1 January 2022:				
Cost	4,165	4,072	796	9,033
Accumulated depreciation	(2,461)	(1,074)	(533)	(4,068)
Net carrying amount	1,704	2,998	263	4,965
At 1 January 2022, net of accumulated depreciation	1,704	2,998	263	4,965
Additions	402	164	14	580
Depreciation provided during the year	(563)	(319)	(52)	(934)
At 31 December 2022, net of accumulated depreciation	1,543	2,843	225	4,611
31 December 2022:				
Cost	4,567	4,236	810	9,613
Accumulated depreciation	(3,024)	(1,393)	(585)	(5,002)
Net carrying amount	1,543	2,843	225	4,611

13. DEFERRED TAX ASSETS

The movements in deferred tax assets during the Relevant Periods are as follows:

	Impairment of financial assets
	RMB'000
At 1 January 2020	862
Deferred tax credited to profit or loss during the year *(note 9)*	625
At 31 December 2020 and 1 January 2021	1,487
Deferred tax credited to profit or loss during the year *(note 9)*	83
At 31 December 2021 and 1 January 2022	1,570
Deferred tax credited to profit or loss during the year *(note 9)*	665
At 31 December 2022	2,235

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets recognised in the consolidated statements of financial position	1,487	1,570	2,235

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2020, 2021 and 2022, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

The Group did not have any tax losses as of 31 December 2020, 2021 and 2022.

14. INVENTORIES

	31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Consumables	222	81	69

15. TRADE RECEIVABLES

	31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	55,912	62,891	98,336
Impairment	(5,946)	(6,279)	(8,939)
	49,966	56,612	89,397

Trade receivables mainly arise from property management services income. The Group's trading terms with its customers are mainly on credit and the credit period is generally between six months to one year, except for new customers, where payment in advance in normally required. 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 as of the end of each of the Relevant Periods, based on the date of revenue recognition and net of loss allowance for impairment, is as follows:

	31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Within 6 months	21,286	39,102	58,332
Over 6 months and within 1 year	12,563	9,775	23,317
Over 1 year and within 2 years	9,685	5,855	6,603
Over 2 years and within 3 years	6,432	1,880	1,145
	49,966	56,612	89,397

The movements in the loss allowance for impairment of trade receivables are as follows:

	31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	3,446	5,946	6,279
Impairment losses recognised	2,500	333	2,660
At the end of the year	5,946	6,279	8,939

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 patterns (i.e., by customer type and service type). 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.

The Group writes off trade receivables when there is information indicating that the counterparty is in severe financial difficulties and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner, also taking into account legal advice where appropriate.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

31 December 2020

	Current	Past due 1 to 2 years	Past due 2 to 3 years	Past due Over 3 years	Total
Expected credit loss rate	6.83%	12.50%	24.37%	100.00%	10.63%
Gross carrying amount *(RMB'000)*	36,330	11,069	8,504	9	55,912
Expected credit losses *(RMB'000)*	2,481	1,384	2,072	9	5,946

31 December 2021

	Current	Past due 1 to 2 years	Past due 2 to 3 years	Past due Over 3 years	Total
Expected credit loss rate	6.61%	12.02%	25.40%	100.00%	9.98%
Gross carrying amount *(RMB'000)*	52,338	6,655	2,520	1,378	62,891
Expected credit losses *(RMB'000)*	3,461	800	640	1,378	6,279

31 December 2022

	Current	Past due 1 to 2 years	Past due 2 to 3 years	Past due Over 3 years	Total
Expected credit loss rate	6.95%	12.55%	25.55%	100.00%	9.09%
Gross carrying amount *(RMB'000)*	87,747	7,551	1,538	1,500	98,336
Expected credit losses *(RMB'000)*	6,098	948	393	1,500	8,939

In the opinion of the Company's directors, the business and customer risk portfolio of the Group remained stable and there were no significant fluctuations in the historical credit loss incurred. In addition, there is no significant change with regard to economic indicators based on an assessment of forward-looking information. Therefore, there is no significant change in the expected credit loss rates throughout the Relevant Periods.

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Payments on behalf of customers to utility suppliers	4,632	7,940	29,732
Other prepayments	1,032	2,728	2,438
Deposits	2,897	7,354	8,708
Advance to staff	3,030	3,657	4,610
Others	884	1,305	1,273
	12,475	22,984	46,761

Financial assets included in prepayments, other receivables and other assets are unsecured, non-interest-bearing and repayable on demand. The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As of 31 December 2020, 2021 and 2022, the loss allowance was assessed to be minimal.

17. CASH AND CASH EQUIVALENTS

	31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	131,219	50,225	44,724
Denominated in:			
RMB	131,219	50,225	44,689
HKD	–	–	35
	131,219	50,225	44,724

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances 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.

18. TRADE PAYABLES

An ageing analysis of the trade payables as of the end of each of the Relevant Periods, based on the invoice date, is as follows:

	31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	1,323	739	1,568
3 to 12 months	26	23	33
	1,349	762	1,601

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

As of 31 December 2020, 2021 and 2022, the carrying amounts of trade payables approximated to their fair values.

19. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Receipts on behalf of community residents for utilities	11,683	10,030	11,330
Deposits received	17,083	14,434	16,535
Business tax and surcharges	5,244	2,695	5,667
Payroll and welfare payable	11,861	8,668	5,432
Others	2,399	2,142	3,548
	48,270	37,969	42,512

Other payables are unsecured and repayable on demand. The fair values of other payables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts.

20. CONTRACT LIABILITIES

	1 January	31 December		
	2020	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities	19,676	46,611	45,439	40,118

Contract liabilities of the Group mainly arise from the advance payments received from customers for services yet to be provided. The increase in contract liabilities as of 31 December 2020 and the decrease in contract liabilities as of 31 December 2021 and 2022 were mainly due to the increase or decrease of short-term advances received from customers in relation to the provision of property management services at the end of that year.

The expected timing of recognition of revenue at the end of each of the Relevant Periods is as follows:

	31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	46,611	45,439	40,118

21. SHARE CAPITAL

	As of 31 December		
	2020	2021	2022
Authorized:			
1,000,000,000 ordinary shares of HK$0.01 each (31 December 2020 and 2021: 38,000,000 ordinary shares of HK$0.01 each)	HK$380,000	HK$380,000	HK$10,000,000
	RMB	*RMB*	*RMB*
Issued and fully paid:			
1 ordinary share of a par value of HK$0.01 each	–	–	–

The Company was incorporated in the Cayman Islands on 16 November 2020 with an authorised share capital of HK$380,000 divided in 38,000,000 shares of HK$0.01 par value each. On the date of the Company's incorporation, one ordinary share was allotted and issued to the initial subscriber, an independent third party which was transferred to Zhong An on the same day. On 3 December 2020, Zhong An transferred one ordinary share to Zhong An Service Holding Limited, a direct wholly-owned subsidiary of Zhong An, at nominal consideration. Upon completion of such share transfer, the Company was wholly-owned by Zhong An Service Holding Limited.

Pursuant to written resolutions passed on 19 April 2022, the authorized share capital of the Company was increased from HK$380,000 to HK$10,000,000 by the creation of additional 962,000,000 shares.

22. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2020, 2021 and 2022 are presented in the consolidated statements of changes in equity.

Merger reserve

As of 31 December 2020, 2021 and 2022, the merger reserve of the Group represents the consolidated issued capital of the subsidiaries now comprising the Group arising from the Reorganization as mentioned in note 2.1 to the Historical Financial Information.

On 3 February 2021, pursuant to an equity transfer agreement as part of the Reorganization, the Company had entered into an equity transfer agreement with China New City Commercial Development Limited ("CNC") , acquiring the entire equity interest in Zhejiang Runzhou Property Services Co., Ltd., Yuyao Zhongli Property Management Co., Ltd. and Hangzhou Zhonghong Property Service Co., Ltd., all of which are engaged in commercial property management business at an aggregate of consideration of RMB104.65 million (equivalent to approximately HK$125.58 million) ("Transfers"). The Transfers was fully completed on 13 April 2021. As of 31 December 2021, the consideration of the Transfers had been fully settled.

On 31 May 2021, as part of the Reorganization, Zhong An Group had entered into an equity transfer agreement with the Company to sell the entire equity interests in Zhejiang Zhong An Property Management Co., Ltd. and its subsidiaries to the Company at a consideration of RMB100 million ("Equity Transfer"). The Equity Transfer was completed on 4 June 2021. As of 31 December 2021, the consideration of the Equity Transfers had been fully settled.

Details of the movements in the merger reserve are set out in the consolidated statements of changes in equity.

Capital reserve

Capital reserve represents additional contribution made by the shareholders of the Company's subsidiaries.

Statutory reserves

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to allocate 10% of its net profit after tax, as determined under the Chinese Accounting Standards, to the statutory surplus funds 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 these subsidiaries, the statutory surplus funds may be used either to offset losses, or to be converted to increase the share capital of the subsidiaries provided that the balance after such conversion is not less than 25% of the registered capital of them. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

23. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Changes in liabilities arising from financing activities

	Due to related companies
	RMB'000
At 1 January 2020	2,590
Cash flows from operating activities	(1,585)
At 31 December 2020 and 1 January 2021	1,005
Cash flows from operating activities	2,356
Cash flows from financing activities	(1,504)
At 31 December 2021 and 1 January 2022	1,857
Cash flows from financing activities	(1,857)
At 31 December 2022	–

24. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

The Group had the following material transactions carried out with related parties during the Relevant Periods:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Advances to related parties			
Companies controlled by the Ultimate Holding Company	19,755	132,450	–
Receipt of advances to related parties			
Companies controlled by the Ultimate Holding Company	4,280	177,206	236
Advances from related parties			
Companies controlled by the Ultimate Holding Company	–	56,830	3,492
Repayment of advances from related parties			
Companies controlled by the Ultimate Holding Company	–	58,334	5,349
Property management income from related parties			
Companies controlled by the Ultimate Holding Company (i)	37,758	33,996	32,867
Value-added services mainly to property developers income from related parties			
Companies controlled by the Ultimate Holding Company (i)	27,840	43,455	47,862
Joint ventures of companies controlled by the Ultimate Holding Company (i)	2,764	7,231	3,414
Associates of companies controlled by the Ultimate Holding Company (i)	1,426	2,010	2,543
	32,030	52,696	53,819

	Year ended 31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Community value-added services income from related parties			
Companies controlled by the Ultimate Holding Company (i)	3,208	17,212	23,132
Provision of gardening services by related parties			
A company controlled by the Ultimate Holding Company (i)	2,363	2,490	–
Rental expenses			
Companies controlled by the Ultimate Holding Company (i)	259	391	394

Notes:

(i) The prices for the above services fees were determined in accordance with the terms and conditions mutually agreed by the contracting parties.

(ii) The Group has been licensed by Zhong An Group to use its certain trademarks for operation on a non-exclusive, non-transferable and royalty-free basis for a perpetual term.

(2) Outstanding balances with related parties

Amounts due from related parties:

	31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Trade related:			
Companies controlled by the Ultimate Holding Company	12,164	1,365	7,139
Joint ventures of companies controlled by the Ultimate Holding Company	3,991	2,532	3,030
	16,155	3,897	10,169
Non-trade related:			
Companies controlled by the Ultimate Holding Company	44,992	236	–
Total	**61,147**	**4,133**	**10,169**

Amounts due to related parties:

	31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Non-trade related:			
Companies controlled by the Ultimate Holding Company	1,005	1,857	–

The trade-related receivables from related parties arose from the provision of property management services and value-added services to the related parties. The receivables amounting to RMB16,155,000, RMB3,897,000 and RMB10,169,000 were aged within one year as of 31 December 2020, 2021 and 2022, respectively, based on the date of revenue recognition.

Trade related amounts due from related parties are with credit terms of three months, and non-trade related amounts due from/to related parties are interest-free, unsecured and repayable on demand. The Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition and measured the impairment of trade related amounts due from related parties under the simplified approach based on lifetime expected credit losses and of non-trade related amounts due from related parties under the general approach based on 12-month expected credit losses and has assessed that the expected credit losses are immaterial.

All the above related party balances which are non-trade in nature have been settled as at 31 December 2022.

(3) Compensation of key management personnel of the Group:

Compensation of key management personnel of the Group, which comprises the remuneration of the directors, is disclosed in note 7 to the Historical Financial Information.

(4) Financial guarantee provided to related parties:

On 14 May 2020, Zhejiang Runzhou Property Services Co., Ltd. provided guarantee with a total amount of RMB350,000,000 to Henlly Enterprise Management (Hangzhou) Co., Ltd. ("Henlly"), a subsidiary of CNC, which is engaged in development and sales of commercial properties, in respect of the mortgage facilities of RMB350,000,000 granted by a bank for construction of Henlly's properties. The guarantee period commenced on 14 May 2020 and will be expiring on 13 May 2030, which is in line with the repayment period of mortgage facilities. CNC also provided guarantee with a total amount of RMB350,000,000 to the above-mentioned mortgage facilities.

The guarantee was provided before the equity interest of Zhejiang Runzhou Property Services Co., Ltd. was acquired by the Group, and had been fully released as of 31 December 2021.

Pursuant to the terms of the guarantee arrangement, in case of default on mortgage payments by Henlly, Zhejiang Runzhou Property Services Co., Ltd. may be responsible for repaying the outstanding mortgage facilities together with any accrued interest and penalty owed by Henlly to the bank, depending on whether the bank decides to demand compensation from Zhejiang Runzhou Property Services Co., Ltd., CNC or transfer the legal title of a property of Henlly which had been pledged to the bank with fair value of RMB350,000,000.

The Group did not incur any material losses during the Relevant Periods in respect of the guarantee provided for the mortgage facilities granted to Henlly. The directors consider that the fair value of the financial guarantee as at the date of inception and the carrying amounts as of 31 December 2020 are minimal.

(5) Share and equity transfer under the Reorganisation:

As disclosed in note 21 and note 22, the Company had undertaken a series of share transfer and equity transfer agreements with Zhong An Group and CNC to complete the Reorganisation.

25. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as of the end of each of the Relevant Periods are as follows:

	31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets—financial assets at amortised cost			
Trade receivables *(note 15)*	49,966	56,612	89,397
Financial assets included in prepayments, deposits and other receivables	8,413	16,599	39,713
Due from related companies *(note 24)*	61,147	4,133	10,169
Cash and cash equivalents *(note 17)*	131,219	50,225	44,724
	250,745	127,569	184,003

	31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities—financial liabilities at amortised cost			
Trade payables *(note 18)*	1,349	762	1,601
Financial liabilities included in other payables, deposits received and accruals	31,165	26,606	31,413
Due to related companies *(note 24)*	1,005	1,857	–
	33,519	29,225	33,014

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, amounts due from related companies, amounts due to related companies, financial assets included in prepayments, other receivables and other assets, and financial liabilities included in other payables, deposits received and accrual, approximate to their carrying amounts largely due to the short-term maturities of these instruments.

Fair value hierarchy

The Group did not hold any financial assets and liabilities measured at fair value as of 31 December 2020, 2021 and 2022.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and cash equivalents, trade and other receivables, trade payables and other payables, which arise directly from its operations. The Group has other financial assets and liabilities such as amounts due to related companies and amounts due from related companies. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Credit risk

The carrying amounts of cash and cash equivalents, trade receivables, financial assets included in prepayments, other receivables and other assets, and amounts due from related companies included in the consolidated statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets as of 31 December 2020, 2021 and 2022. The Group classifies financial instruments on the basis of shared credit risk characteristics, such as instrument types and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment.

Cash and cash equivalents

As of 31 December 2020, 2021 and 2022, all cash and cash equivalents were deposited in high-credit-quality financial institutions without significant credit risk. These financial assets were not yet past due and their credit exposure is classified as stage 1.

Trade receivables

To manage the risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the Group's counterparties. The credit period granted to the customers is generally six months to one year and the credit quality of these customers is assessed, taking into account their financial position, past experience and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews regularly the recoverable amount of trade receivables to ensure that adequate impairment losses are made.

The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

The Group applies the simplified approach to provide for ECLs prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and trade related amounts due from related companies. The expected credit losses also incorporate forward-looking information based on key economic variables such as inflation rate. The Group expects that the credit risk associated with trade related amounts due from related companies is considered to be low, since the related parties have a strong capacity to meet contractual cash flow obligation in the near term. As of the end of each of the Relevant Periods, the loss allowance was assessed to be minimal.

Management makes periodic collective assessments for financial assets included in prepayments, other receivables and other assets as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Group has classified financial assets included in prepayments, other receivables and other assets in stage 1 because there was no recent history of default. Management continuously monitors their credit risk. As of 31 December 2020, 2021 and 2022, the loss allowance was assessed to be minimal.

For non-trade related amounts due from related companies, the Group expected the associated credit risk to be low since the related companies have a strong capacity to repay the amounts in the near term. The Group has assessed the ECL rate for the non-trade related amounts due from the related companies and considered it is low and thus the loss allowance was assessed to be minimal.

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 staging classification as of 31 December 2020, 2021 and 2022. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As of 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*	–	–	–	55,912	55,912
Financial assets included in prepayments, other receivables and other assets—Normal**	8,413	–	–	–	8,413
Amounts due from related companies	44,992	–	–	16,155	61,147
Cash and cash equivalents—Not yet past due	131,219	–	–	–	131,219
Guarantee provided to a bank in connection with facilities granted to and drawn by a related party—Not yet past due	338,000	–	–	–	338,000
	522,624	–	–	72,067	594,691

As of 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*	–	–	–	62,891	62,891
Financial assets included in prepayments, other receivables and other assets—Normal**	16,599	–	–	–	16,599
Amounts due from related companies	236	–	–	3,897	4,133
Cash and cash equivalents—Not yet past due	50,225	–	–	–	50,225
	67,060	–	–	66,788	133,848

As at 31 December 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*	–	–	–	98,336	98,336
Financial assets included in prepayments, other receivables and other assets—Normal**	39,713	–	–	–	39,713
Amounts due from related companies	–	–	–	10,169	10,169
Cash and cash equivalents—Not yet past due	44,724	–	–	–	44,724
	84,437	–	–	108,505	192,942

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 15 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".

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding to finance its working capital needs as well as capital expenditure.

The maturity profile of the Group's financial liabilities as of the end of each of the Relevant Periods, based on contractual undiscounted payments, is as follows:

	Less than 3 months or on demand	3 to 12 months	1 to 10 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2020				
Trade payables	1,323	26	–	1,349
Financial liabilities included in other payables, deposits received and accruals	31,165	–	–	31,165
Due to related companies	1,005	–	–	1,005
Guarantee given to a bank in connection with facilities granted to and drawn by a related party	–	28,000	310,000	338,000
	33,493	28,026	310,000	371,519
31 December 2021				
Trade payables	739	23	–	762
Financial liabilities included in other payables, deposits received and accruals	26,606	–	–	26,606
Due to related companies	1,857	–	–	1,857
	29,202	23	–	29,225
31 December 2022				
Trade payables	1,568	33	–	1,601
Financial liabilities included in other payables, deposits received and accruals	31,413	–	–	31,413
	32,981	33	–	33,014

(c) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain 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 and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirement. No change was made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a current ratio, which is total current assets divided by total current liabilities, and a liabilities to assets ratio, which is total liabilities divided by total assets. The current ratios and liabilities to assets ratios at the end of each of the Relevant Periods are as follows:

	31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Total current assets	255,029	134,035	191,120
Total current liabilities	112,586	98,335	104,766
Total assets	259,505	140,666	198,032
Total liabilities	112,586	98,335	104,766
Current ratio	2.27	1.36	1.82
Liabilities to assets ratio	0.43	0.70	0.53

28. CONTINGENT LIABILITIES

As of the end of each of the Relevant Periods, the Group did not have any material contingent liabilities.

29. EVENTS AFTER THE RELEVANT PERIODS

There are no material subsequent events undertaken by the Company or by the Group after 31 December 2022.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies comprising the Group in respect of any period subsequent to 31 December 2022.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on December 14, 2021 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is on display on the websites of the Stock Exchange and the Company as specified in Appendix V in the section headed "Documents on display."

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on December 14, 2021 and include provisions to the following effect:

2.1 Directors

(a) Power to allot and issue Shares

Subject to the provisions in the Memorandum of Association (and to any direction that may be given by the Company in general meeting) and without prejudice to any rights attached to any existing shares, the Directors may allot, issue, grant options over or otherwise dispose of shares with or without preferred, deferred or other rights or restrictions, whether in regard to dividend or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as the Directors think proper.

(b) Power to dispose of the assets of the Company or any subsidiary

Subject to the provisions of the Companies Act, the Memorandum and Articles of Association and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum and Articles of Association and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given.

(c) Compensation or payment for loss of office

There are no provisions in the Articles of Association relating to compensation or payment for loss of office of a Director.

(d) Loans to Directors

There are no provisions in the Articles of Association relating to making of loans to Directors.

(e) Financial assistance to purchase Shares

There are no provisions in the Articles of Association relating to the giving of financial assistance by the Company to purchase shares in the Company or its subsidiaries.

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding office or of the fiduciary relationship thereby established, provided that the nature of the interest of any Director or any alternate Director in any such contract or transaction shall be disclosed by them at or prior to its consideration and any vote thereon.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of their interest in shares or debentures or other securities of the Company.

(g) Remuneration

The remuneration to be paid to the Directors, if any, shall be such remuneration as the Directors shall determine. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors, or general meetings of the Company, or separate meetings of the holders of any class of shares or debentures of the Company, or otherwise in connection with the business of the Company or the discharge of their duties as a Director, or to receive a fixed allowance in respect thereof as may be determined by the Directors, or a combination partly of one such method and partly the other.

The Directors may approve additional remuneration to any Director for any services which in the opinion of the Directors go beyond that Director's ordinary routine work as a Director. Any fees paid to a Director who is also counsel, attorney or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to their remuneration as a Director.

(h) Retirement, appointment and removal

The Company may by ordinary resolution appoint any person to be a Director, either to fill a vacancy or as an additional Director.

The Company may by ordinary resolution remove any Director (including a managing or other executive Director) before the expiration of such Director's term of office, notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director, and may by ordinary resolution elect another person in their stead. Nothing shall be taken as depriving a Director so removed of compensation or damages payable to such Director in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director.

The Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles of Association as the maximum number of Directors. Any Director so appointed shall hold office only until the first annual general meeting of the Company after such Director's appointment and shall then be eligible for re-election at that meeting.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated if:

(i) the Director gives notice in writing to the Company that he resigns the office of Director;

(ii) the Director is absent (for the avoidance of doubt, without being represented by proxy or an alternate Director appointed by him) for a continuous period of 12 months without special leave of absence from the Directors, and the Directors pass a resolution that he has by reason of such absence vacated office;

(iii) the Director dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;

(iv) the Director is found to be or becomes of unsound mind; or

(v) the Director is removed from office by notice in writing served upon such Director signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors then in office (including such Director).

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election at such meeting. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof and to issue debenture, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

2.2 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.3 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class for the time being issued (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied only with the consent in writing of the holders of not less than three-fourths of the voting rights of the issued shares of that class, or with the approval of a resolution passed by a majority of not less than three-fourths of the votes cast at a separate meeting of the holders of the shares of that class. To any such meeting all the provisions of the Articles of Association relating to general meetings shall apply *mutatis mutandis*, except that the necessary quorum shall be one or more persons holding or representing by proxy or duly authorized representative at least one-third of the voting rights of the issued shares of that class.

The rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.4 Alteration of capital

The Company may by ordinary resolution:

(a) increase its share capital by such sum as the ordinary resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;

(b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchasers thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(c) by subdivision of its existing shares or any of them divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum of Association or into shares without par value; and

(d) cancel any shares that at the date of the passing of the ordinary resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

The Company may by special resolution reduce its share capital or any capital redemption reserve fund, subject to the provisions of the Companies Act.

2.5 *Special resolution—majority required*

A "special resolution" is defined in the Articles of Association to have the same meaning as in the Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.6 *Voting rights*

Subject to any rights or restrictions attached to any shares, at any general meeting (a) every member of the Company present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have the right to speak; (b) on a show of hands every member present in any such manner shall have one vote; and (c) on a poll every member present in such manner shall have one vote for every share of which he is the holder.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint holders the vote of the senior holder who tenders a vote, whether in person or by proxy (or in the case of a corporation or other non-natural person, by its duly authorised representative or proxy) shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by their committee, receiver, curator bonis, or other person on such member's behalf appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy.

No person shall be counted in a quorum or be entitled to vote at any general meeting unless he is registered as a member on the record date for such meeting, nor unless all calls or other monies then payable by him in respect of shares have been paid.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairperson of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

Any corporation or other non-natural person which is a member of the Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members, and the person so authorised shall be entitled to exercise the same powers as the corporation could exercise if it were an individual member.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company, provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which that person represents as that recognised clearing house (or its nominee(s)) could exercise as if such person were an individual member of the Company holding the number and class of shares specified in such authorization, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.7 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting in each financial year other than the financial year of the Company's adoption of the Articles of Association. The annual general meeting shall be specified as such in the notices calling it.

The Directors may call general meetings, and they shall on a members' requisition forthwith proceed to convene an extraordinary general meeting of the Company. A members' requisition is a requisition of one or more members holding at the date of deposit of the requisition not less than 10% of the voting rights, on a one vote per share basis, of the issued shares which as at that date carry the right to vote at general meetings of the Company. The members' requisition must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists and deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists. If there are no Directors as at the date of the deposit of the members' requisition or if the Directors do not within 21 days from the date of the deposit of the members' requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionists, or any of them representing more than one-half of the total voting rights of all the requisitionists, may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21 day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

2.8 Accounts and audit

The Directors shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Such books of account must be retained for a minimum period of five years from the date on which they are prepared. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

The Directors shall determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members of the Company not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Companies Act or authorized by the Directors or by the Company in general meeting.

The Directors shall cause to be prepared and to be laid before the Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up, a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditors' report on such accounts and such other reports and accounts as may be required by law.

2.9 Auditors

The Company shall at every annual general meeting by ordinary resolution appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The Company may be ordinary resolution remove an auditor before the expiration of his period of office. No person may be appointed as an auditor of the Company unless such person is independent of the Company. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed by ordinary resolution, or in the manner specified in such resolution.

2.10 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice and any extraordinary general meeting shall be called by not less than 14 days' notice, which shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution.

Every notice shall specify the place, the day and the hour of the meeting, particulars of the resolutions and the general nature of the business to be conducted at the meeting. Notwithstanding the foregoing, a general meeting of the Company shall, whether or not the notice specified has been given and whether or not the provisions of the Articles of Association regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:

(a) in the case of an annual general meeting, by all members of the Company entitled to attend and vote at the meeting; and

(b) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting, together holding not less than 95% in par value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, they may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

(a) the Company shall endeavour to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning or black rainstorm warning being in force on the day of the general meeting;

(b) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(c) only the business set out in the notice of the original meeting shall be transacted at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be transacted at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be transacted at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles of Association.

2.11 Transfer of shares

Transfers of shares may be effected by an instrument of transfer, which shall be in writing and in any standard for of transfer as prescribed by the Stock Exchange or such other form as the Directors may approve. The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company.

The Directors may decline to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favour of the Company; and

(f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall notify the transferor and the transferee within two months of such refusal.

The registration of transfers shall be suspended during such periods as the register of members of the Company is closed. The Directors may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may from time to time determine, provided that the register of members shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

2.12 Power of the Company to purchase its own shares

Subject to the provisions of the Companies Act, the Company may purchase its own shares provided that (a) the manner of purchase has first been authorised by the members of the Company by ordinary resolution, and (b) any such purchase shall only be made in accordance with any relevant code, rules or regulations issued by the Stock Exchange or the Securities and Futures Commission of Hong Kong from time to time in force.

2.13 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 Dividends and other methods of distribution

Subject to the Companies Act and the Articles of Association, the Company may by ordinary resolution resolve to pay dividends and other distributions on shares in issue and authorise payment of the dividends or other distributions out of the funds of the Company lawfully available therefor, provided no dividends shall exceed the amount recommended by the Directors. No dividend or other distribution shall be paid except out of the realised or unreleased profits of the Company, out of the share premium account or as otherwise permitted by law.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may in addition from time to time declare and pay special dividends on shares of such amounts and on such dates as they think fit.

Except as otherwise provided by the rights attached to any shares, all dividends and other distributions shall be paid according to the amounts paid up on the shares that a member holds during any portion or portions of the period in respect of which the dividend is paid. For this purpose no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may deduct from any dividends or other distribution payable to any member of the Company all sums of money (if any) then payable by the member to the Company on account of calls or otherwise. The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividend shall carry interest against the Company. Except as otherwise provided by the rights attached to any shares, dividends and other distributions may be paid in any currency.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other monies payable in cash in respect of shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the register of members of the Company or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, other distributions, bonuses, or other monies payable in respect of the shares held by them as joint holders.

Any dividend or other distribution which remains unclaimed after a period of six years from the date on which such dividend or distribution becomes payable shall be forfeited and shall revert to the Company.

The Directors, with the sanction of the members of the Company by ordinary resolution, may resolve that any dividend or other distribution be paid wholly or partly by the distribution of specific assets, and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways, and where any difficulty arises in regard to such distribution, the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets any part thereof and may determine that cash payments shall be made to any members of the Company upon the basis of the value so fixed in order to adjust the rights of all members, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 Proxies

A member of the Company entitled to attend and vote at a general meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. Votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting or at any one class meeting.

The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his attorney duly authorized in writing, or, if the appointor is a corporation or other non-natural person, under the hand of its duly authorized representative.

The Directors shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner by which the instrument appointing a proxy shall be deposited and the place and the time (being not later than the time appointed for the commencement of the meeting or adjourned meeting to which the proxy relates) at which the instrument appointing a proxy shall be deposited.

The instrument appointing a proxy may be in any usual or common form (or such other form as the Directors may approve) and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked.

2.16 Calls on shares and forfeiture of shares

Subject to the terms of the allotment and issue of any shares, the Directors may make calls upon the members of the Company in respect of any monies unpaid on their shares (whether in respect of par value or premium), and each member of the Company shall (subject to receiving at least 14 clear days' notice specifying the times or times of payment) pay to the Company at the time or times so specified the amount called on his shares. A call may be revoked or postponed, in whole or in part, as the Directors may determine. A call may be required to be paid by instalments. A person upon whom a call is made shall remain liable for calls made upon him, notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share.

If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Directors may determine (and in addition all expenses that have been incurred by the Company by reason of such non-payment), but the Directors may waive payment of the interest or expenses wholly or in part.

If any call or instalment of a call remains unpaid after it has become due and payable, the Directors may give to the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment. The notice shall specify where payment is to be made and shall state if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all dividends, other distributions or other monies payable in respect of the forfeited shares and not paid before the forfeiture.

A forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit.

A person any of whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares and shall surrender to the Company for cancellation the certificate for the shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with interest at such rate as the Directors may determine, but that person's liability shall cease if and when the Company shall have received payment in full of all monies due and payable by them in respect of those shares.

2.17 Inspection of register of members

The Company shall maintain or cause to be maintained the register of members of the Company in accordance with the Companies Act. The Directors may, on giving 10 business days' notice (or 6 business days' notice in the case of a rights issue) by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may determine, either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Except when the register is closed, the register of members shall during business hours be kept open for inspection by any member of the Company without charge.

2.18 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present. Two members of the Company present in person or by proxy, or if a corporation or other non-natural person by its duly authorised representative or proxy, shall be a quorum unless the Company has only one member entitled to vote at such general meeting in which case the quorum shall be that one member present in person or by proxy, or in the case of a corporation or other non-natural person by its duly authorised representative or proxy.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.3 above.

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 Procedure on liquidation

Subject to the Companies Act, the Company may by special resolution resolve that the Company be wound up voluntarily.

Subject to the rights attaching to any shares, in a winding up:

(a) if the assets available for distribution amongst the members of the Company shall be insufficient to repay the whole of the Company's paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, on the shares held by them at the commencement of the winding up;

(b) if the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the Company's paid up capital at the commencement of the winding up, the surplus shall be distributed amongst the members of the Company in proportion to the capital paid up on the shares held by them at the commencement of the winding up.

If the Company shall be wound up, the liquidator may with the approval of a special resolution of the Company and any other approval required by the Companies Act, divide amongst the members of the Company in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like approval, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like approval, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12-year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12-year period, the Company has caused an advertisement to be published in the newspapers or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, given notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

3 Introduction

The Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

4 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on November 16, 2020 under the Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorized share capital.

5 Share Capital

The Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account." At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Act provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorized either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

6 Dividends and Distributions

With the exception of section 34 of the Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

7 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

8 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

9 Disposal of Assets

The Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

10 Accounting and Auditing Requirements

The Companies Act requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

11 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

12 Inspection of Books and Records

Members of a company will have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

13 Special Resolutions

The Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorized by the articles of association of the company.

14 Subsidiary Owning Shares in Parent

The Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

15 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of each constituent company and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

16 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by (a) 75% in value of shareholders, or (b) a majority in number representing 75% in value of creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

17 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

18 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

19 Restructuring

A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

(a) is or is likely to become unable to pay its debts; and

(b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

20 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

21 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

22 Taxation

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

(i) on or in respect of the shares, debentures or other obligations of the Company; or

(ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

23 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

24 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is on display on the websites as referred to in the section headed "Documents on display" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on November 16, 2020. Our Company has established its principal place in Hong Kong at Room 4009, 40/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on August 4, 2021. Our Company has appointed Mr. Yeung Man Simon (楊敏) as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

Since our Company was incorporated in the Cayman Islands, its operations are subject to the Cayman Companies Act and its constitution comprising the Memorandum and the Articles. A summary of various provisions of our Company's constitution and certain relevant aspects of the Cayman Companies Act is set out in "Appendix III—Summary of the Constitution of our Company and Cayman Islands Companies Act" to this document.

2. Changes in Share Capital of Our Company

As of the date of incorporation of our Company on November 16, 2020, its authorized share capital was HK$380,000.00 divided into 38,000,000 Shares of HK$0.01 each. On the date of its incorporation, one Share was allotted and issued to the initial subscriber, an Independent Third Party which was transferred to Zhong An on the same day.

Pursuant to the Reorganization, on December 3, 2020, Zhong An transferred one Share to Zhong An BVI at nominal consideration. Upon completion of such share transfer, our Company was wholly-owned by Zhong An BVI.

Pursuant to the written resolutions of our sole Shareholder passed on April 19, 2022, the authorized share capital of our Company was increased from HK$380,000 to HK$10,000,000 by the creation of additional 962,000,000 Shares.

Immediately following completion of the **[REDACTED]** and the **[REDACTED]** and without taking into account any Shares which may be issued upon the exercise of the **[REDACTED]**, the issued share capital of our Company will be HK$**[REDACTED]** divided into **[REDACTED]** Shares, all fully paid or credited as fully paid, and **[REDACTED]** Shares will remain unissued.

Save as disclosed herein and in paragraph headed "—A. Further Information about our Company—5. Reorganization" below in this section, there has been no alteration in the share capital of our Company since its incorporation.

3. Changes in the share capital of our subsidiaries

Our subsidiaries are set out in the Accountants' Report, the text of which is set out in Appendix I to this document. Save for the subsidiaries mentioned in the Accountants' Report and in "History, Reorganization and Corporate Structure", our Company has no other subsidiaries.

On April 9, 2021, the denomination of the registered capital of Zhejiang Runzhou was changed to RMB, following which the registered capital of Zhejiang Runzhou became RMB13.08 million.

Save as disclosed above, there has been no alteration in the share capital or registered capital of our subsidiaries within the two years immediately preceding the date of this document.

4. Written Resolutions of our sole Shareholder

Pursuant to the written resolutions passed by our sole Shareholder on April 19, 2022 and December 19, 2022, among other matters:

(a) we approved and adopted the amended and restated Memorandum of Association with immediate effect;

(b) we approved and conditionally adopted the amended and restated Articles of Association which will become effective upon **[REDACTED]**;

(c) the authorized share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$10,000,000 divided into 1,000,000,000 Shares by the creation of an additional 962,000,000 Shares ranking pari passu in all respects with the existing Shares of our Company with immediate effect;

(d) conditional on (aa) the Listing Committee granting the approval for the **[REDACTED]** of, and permission to deal in, the Shares in issue and Shares to be issued and allotted pursuant to the **[REDACTED]** and the **[REDACTED]** and as mentioned in this document including the Shares which may be issued and allotted pursuant to the exercise of the **[REDACTED]**; (bb) the **[REDACTED]** having been duly determined; and (cc) the obligations of the **[REDACTED]** under the **[REDACTED]** becoming unconditional and not being terminated in accordance with the terms of such agreement (or any conditions as specified in this document), in each case on or before the dates and times specified in the **[REDACTED]**;

(i) the **[REDACTED]** was approved and our Directors were authorized to issue and allot the **[REDACTED]** pursuant to the **[REDACTED]**;

(ii) the **[REDACTED]** was approved and our Directors were authorized to issue and allot the Shares upon the exercise of the **[REDACTED]**;

(iii) conditional on the share premium account of our Company being credited as a result of the **[REDACTED]**, our Directors were authorized to capitalize HK$**[REDACTED]** standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par **[REDACTED]** Shares **[REDACTED]** and allotment to holder of Shares whose name appears on the register of members of our Company on the date of passing this resolution;

(iv) a general unconditional mandate was given to our Directors to issue, allot and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be issued and allotted), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the issue and allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to a specific authority granted by the Shareholders in general meeting, unissued Shares not exceeding the aggregate of 20% of the number of issued Shares immediately following the completion of the **[REDACTED]** and the **[REDACTED]** (but taking no account of any Shares which may be issued and allotted pursuant to the exercise of the **[REDACTED]**), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first;

(v) a general unconditional mandate was given to our Directors authorizing them to exercise all powers of our Company to buy back on the Stock Exchange or any other approved stock exchange on which the securities of our Company may be **[REDACTED]** and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares as may represent up to 10% of the number of issued Shares immediately following the completion of the **[REDACTED]** and the **[REDACTED]** (but taking no account of any Shares which may be issued and allotted pursuant to the exercise of the **[REDACTED]**), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first; and

(vi) the general unconditional mandate mentioned in paragraph (iv) above was extended by the addition to the number of issued Shares which may be issued and allotted or agreed conditionally or unconditionally to be issued and allotted by our Directors pursuant to such general mandate of such number of Shares representing the total number of issued Shares bought back by our Company pursuant to the mandate to buy back Shares referred to in paragraph (v) above.

5. Reorganization

In preparation for the **[REDACTED]**, the companies comprising our Group underwent the Reorganization to rationalize the corporate structure of our Group. For further details, see "History, Reorganization and Corporate Structure—Reorganization" in this document.

6. Particulars of our Subsidiaries

Particulars of our subsidiaries are set forth in the Accountants' Report, the text of which is set forth in Appendix I to this document.

7. Buyback by our Company of its own securities

This section includes information required by the Stock Exchange to be included in this document concerning the buyback by our Company of its own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their shares on the Stock Exchange subject to certain restrictions:

(i) Shareholders' approval

The Listing Rules provide that all proposed buybacks of shares (which must be fully paid in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of its shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

(ii) Source of funds

Buybacks must be funded out of funds legally available for the purpose in accordance with the Articles and the Cayman Companies Act. A listed company may not buyback its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(iii) Core connected persons

The Listing Rules prohibit our Company from knowingly buying back the Shares on the Stock Exchange from a "core connected person," which includes, a Director, chief executive of our Company or substantial Shareholder or any of the subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell Shares to our Company.

(b) Reasons of buybacks

Our Directors believe that it is in the best interests of our Company and our Shareholders as a whole for our Directors to have a general authority from our Shareholders to enable our Company to buy back Shares in the market. Such buybacks may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of our Group's net asset value per Share and/or earnings per Share and will only be made when our Directors believe that such buybacks will benefit our Company and our Shareholders.

(c) Funding of buybacks

In buying back securities, our Company may only apply funds legally available for such purpose in accordance with our Articles, the Listing Rules and the applicable laws of the Cayman Islands.

It is presently proposed that any buyback of Shares will be made out of the profits of our Company, the share premium amount of our Company or the proceeds of a fresh issue of Shares made for the purpose of the buyback and, in the case of any premium payable on the purchase over the par value of the Shares to be bought back must be provided for, out of either or both of the profits of our Company or from sums standing to the credit of the share premium account of our Company. Subject to the Cayman Companies Act, any buyback of Shares may also be paid out of capital.

On the basis of the current financial position of our Group as disclosed in this document and taking into account the current working capital position of our Company, our Directors consider that, if the Buyback Mandate were to be exercised

Note: Pursuant to the written resolutions passed by our sole Shareholder on December 19, 2022, a general unconditional mandate (the "**Buyback Mandate**") was granted to our Directors authorizing the buyback of Shares by our Company on the Stock Exchange, or any other stock exchange on which the securities of our Company may be **[REDACTED]** and which is recognized by the SFC and the Stock Exchange for this purpose, with the total number of Shares not exceeding 10% of the total number of Shares in issue and to be issued as mentioned herein, at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by an applicable law or the Articles to be held or when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever is the earliest.

in full, it might not have a material adverse effect on the working capital and/or the gearing position of our Group as compared to the position disclosed in this document. However, our Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Group which, in the opinion of our Directors are from time to time appropriate for our Group.

(d) Share capital

The exercise in full of the Buyback Mandate, on the basis of **[REDACTED]** Shares in issue immediately after the **[REDACTED]** (but not taking into account of our Shares which may be issued pursuant to the exercise of the **[REDACTED]**), would result in up to **[REDACTED]** Shares being bought back by our Company during the period until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held; or

(iii) the date on which the Buyback Mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting, whichever occurs first.

(e) General

None of our Directors nor, to the best of their knowledge, information and belief and having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), has any present intention if the Buyback Mandate is exercised to sell any Share(s) to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If as a result of a buyback of Shares pursuant to the Buyback Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Our Directors are not aware of any other consequences that would arise under the Takeovers Code if the Buyback Mandate is exercised.

If the Buyback Mandate is fully exercised immediately following completion of the **[REDACTED]** and the **[REDACTED]** (but not taking into account our Shares which may be issued pursuant to the exercise of the **[REDACTED]**), the total number of Shares which will be bought back pursuant to the Buyback Mandate will be **[REDACTED]** Shares, being 10% of the total number of Shares based on the aforesaid assumptions. Any buyback of Shares which results in the number of Shares held by the public being reduced to less than the prescribed minimum percentage of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the Buyback Mandate to such an extent as would result in an insufficient public float as prescribed under the Listing Rules. Our Directors will not exercise the Buyback Mandate if the buyback would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No core connected person of our Company has notified our Group that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Buyback Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts in the ordinary course of business of our Group) have been entered into by members of our Group within the two years preceding the date of this document and are or may be material:

(a) the equity transfer agreement (股權轉讓協議) dated May 31, 2021 entered into between Zhong An Service Holding (as transferor) and WFOE (as transferee) and Zhong An Management (as target company), pursuant to which WFOE acquired the entire equity interest of Zhong An Management from Zhong An Service Holding at a consideration of RMB100 million;

(b) the Deed of Indemnity;

(c) the Deed of Non-Competition; and

(d) the **[REDACTED]**.

2. Intellectual Property of our Group

(a) Trademarks

(i) Trademarks registered

As of the Latest Practicable Date, we have registered the following trademarks which are material to our business:

No.	Trademark	Registration number	Class	Name of registered proprietor	Place of registration	Date of registration	Expiry date
1.	众安智慧生活 ZHONG AN INTELLIGENT LIVING	55315072	31	WFOE	PRC	February 7, 2022	February 6, 2032
2.	众安智慧生活 ZHONG AN INTELLIGENT LIVING	55316214	30	WFOE	PRC	February 14, 2022	February 13, 2032
3.	众安智慧生活 ZHONG AN INTELLIGENT LIVING	55317279	45	WFOE	PRC	February 21, 2022	February 20, 2032
4.	众安智慧生活 ZHONG AN INTELLIGENT LIVING	55318517	37	WFOE	PRC	January 28, 2022	January 27, 2032
5.	众安智慧生活 ZHONG AN INTELLIGENT LIVING	55316252	11	WFOE	PRC	March 28, 2022	March 27, 2032
6.	众安智慧生活 ZHONG AN INTELLIGENT LIVING	55316657	7	WFOE	PRC	April 7, 2022	April 6, 2032
7.	众安智慧生活 ZHONG AN INTELLIGENT LIVING	55319692	20	WFOE	PRC	April 7, 2022	April 6, 2032
8.	众安智慧生活 ZHONG AN INTELLIGENT LIVING	55322076	29	WFOE	PRC	March 14, 2022	March 13, 2032
9.	众安智慧生活 ZHONG AN INTELLIGENT LIVING	55322156	6	WFOE	PRC	March 7, 2022	March 6, 2032
10.	众安智慧生活 ZHONG AN INTELLIGENT LIVING	55323112	40	WFOE	PRC	March 7, 2022	March 6, 2032
11.	众安智慧生活 ZHONG AN INTELLIGENT LIVING	55321015	39	WFOE	PRC	November 21, 2022	November 20, 2032
12.		55974212	35	WFOE	PRC	February 7, 2022	February 6, 2032
13.		55964325	41	WFOE	PRC	February 7, 2022	February 6, 2032

No.	Trademark	Registration number	Class	Name of registered proprietor	Place of registration	Date of registration	Expiry date
14.		55954458	39	WFOE	PRC	February 7, 2022	February 6, 2032
15.		55949596	42	WFOE	PRC	February 7, 2022	February 6, 2032
16.		55943038	37	WFOE	PRC	February 7, 2022	February 6, 2032
17.		55953998	45	WFOE	PRC	April 7, 2022	April 6, 2032
18.		55949536	36	WFOE	PRC	May 28, 2022	May 27, 2032
19.	众安智慧生活 ZHONG AN INTELLIGENT LIVING	55320355	35	WFOE	PRC	January 28, 2022	January 27, 2032
20.	众安智慧生活 ZHONG AN INTELLIGENT LIVING	55320842	9	WFOE	PRC	March 28, 2022	March 27, 2032

(ii) Trademarks applications pending

As of the Latest Practicable Date, we have applied for the following trademarks which are material to our business:

No.	Trademark	Application number	Class	Name of applicant	Place of application	Date of application
1.	众安智慧生活 ZHONG AN INTELLIGENT LIVING	55319174	21	WFOE	PRC	April 17, 2021
2.	众安智慧生活 ZHONG AN INTELLIGENT LIVING	55316191	36	WFOE	PRC	April 17, 2021
3.	众安智慧生活 ZHONG AN INTELLIGENT LIVING	55317781	44	WFOE	PRC	April 17, 2021
4.	众安智慧生活 ZHONG AN INTELLIGENT LIVING	55326472	42	WFOE	PRC	April 17, 2021

(b) Trademarks licensed

Pursuant to the trademark licensing agreement entered into with Zhejiang Zhong An dated December 14, 2021, we are entitled to use the following trademarks. For details of the trademark licensing agreement, see "Connected Transactions" in this document.

No.	Trademark	Registration number	Class	Name of registered proprietor	Place of registration	Date of registration	Expiry date
1.		13281600	29	Zhejiang Zhong An	PRC	January 21, 2015	January 20, 2025
2.		13281713	30	Zhejiang Zhong An	PRC	March 28, 2015	March 27, 2025
3.		13281768	31	Zhejiang Zhong An	PRC	March 28, 2015	March 27, 2025
4.		13281968	36	Zhejiang Zhong An	PRC	January 28, 2015	January 27, 2025
5.		13282322	44	Zhejiang Zhong An	PRC	January 7, 2015	January 6, 2025
6.	众安 ZHONG AN	13352711	20	Zhejiang Zhong An	PRC	January 21, 2015	January 20, 2025
7.	众安 ZHONG AN	13352943	21	Zhejiang Zhong An	PRC	January 28, 2015	January 27, 2025
8.	众安 ZHONG AN	13353017	21	Zhejiang Zhong An	PRC	February 7, 2015	February 6, 2025
9.	众安 ZHONG AN	13353824	21	Zhejiang Zhong An	PRC	January 14, 2015	January 13, 2025
10.	众安 ZHONG AN	13361054	29	Zhejiang Zhong An	PRC	March 7, 2015	March 6, 2025
11.	众安 ZHONG AN	13361080	30	Zhejiang Zhong An	PRC	March 7, 2015	March 6, 2025
12.	众安 ZHONG AN	13361102	30	Zhejiang Zhong An	PRC	March 7, 2015	March 6, 2025
13.	众安 ZHONG AN	13361128	30	Zhejiang Zhong An	PRC	February 7, 2015	February 6, 2025
14.	众安 ZHONG AN	13361163	30	Zhejiang Zhong An	PRC	February 14, 2015	February 13, 2025
15.	众安 ZHONG AN	13366769	37	Zhejiang Zhong An	PRC	January 14, 2015	January 13, 2025

No.	Trademark	Registration number	Class	Name of registered proprietor	Place of registration	Date of registration	Expiry date
16.	众安 ZHONG AN	13367748	40	Zhejiang Zhong An	PRC	January 14, 2015	January 13, 2025
17.	众安 ZHONG AN	13367914	40	Zhejiang Zhong An	PRC	January 14, 2015	January 13, 2025

(c) Domain Names

As of the Latest Practicable Date, we were the registered proprietor of the following domain names:

No.	Registrant	Domain Name	Date of Registration	Expiry Date
1.	WFOE	zazhsh.com	April 2, 2021	April 2, 2024
2.	WFOE	众安智慧生活.com	April 2, 2021	April 2, 2024
3.	WFOE	众安智慧生活服务.com	April 2, 2021	April 2, 2024

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) Disclosure of Interests—Interests and short positions of the Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations

Immediately following completion of the **[REDACTED]** and the **[REDACTED]** and assuming that the **[REDACTED]** is not exercised, the interests or short positions of our Directors or chief executives of our Company in the shares, underlying shares and debentures of our Company and its associated corporations of our Company (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to our Company and the Stock Exchange, once our Shares are **[REDACTED]** will be as follows:

(i) Interest in our Company

Name of Director	Nature of Interest	Number of Shares held [(1)]	Approximate percentage of shareholding
Mr. Shi Zhongan (alias Shi Kancheng)	Interest in controlled corporation [(2)]	**[REDACTED]**(L)	**[REDACTED]**

Notes:

(1) The letter "L" denotes the person's long position in our Shares.

(2) These Shares are held by Zhong An BVI which is wholly-owned by Zhong An. Zhong An is owned as to approximately 57.89% by Whole Good, which is directly wholly-owned by Mr. Shi. By virtue of the SFO, Mr. Shi is deemed to be interested in the Shares in which Zhong An BVI is interested.

(ii) Interest in associated corporation of our Company

			As of Latest Practicable Date	
Name of Director	**Name of associated corporation**	**Nature of Interest**	**Number of share(s) held [(1)]**	**Approximate percentage of shareholding**
Mr. Shi Zhongan (alias Shi Kancheng)	Zhong An	Interest in controlled corporation [(2)]	3,262,411,200(L)	57.89%
	China New City	Interest in controlled corporation [(3)]	1,358,859,594(L)	67.58%
	Whole Good	Beneficial owner	1(L)	100%

Notes:

(1) The letter "L" denotes the person's long position in the shares.

(2) These shares are held by Whole Good. By virtue of the SFO, Mr. Shi is deemed to be interested in the shares of Zhong An in which Whole Good is interested.

(3) Among these 1,358,859,594 shares of China New City, 1,327,556,000 shares are held by Ideal World, which is wholly-owned by Zhong An. Zhong An is owned as to approximately 57.89% by Whole Good, which is directly wholly-owned by Mr. Shi. In addition, 31,303,594 Shares are held by Whole Good. By virtue of the SFO, Mr. Shi is deemed to be interested in the shares in which each of Ideal World and Whole Good is interested.

(b) Particulars of service agreements and letters of appointment

Each of our executive Directors has entered into a service agreement with our Company for a term of three years commencing from the **[REDACTED]**, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of our independent non-executive Directors has entered into a letter of appointment with our Company for a term of three years commencing from the **[REDACTED]**, which may be terminated by not less than one month's notice in writing served by either party on the other.

(c) Directors' remuneration

Each of our executive Directors is entitled to a remuneration and shall be paid on the basis of a twelve-month year. The aggregate remuneration (including salaries, allowances, benefits in kinds, performance related bonuses and pension scheme contributions) paid by our Group to our Directors in respect of the three years ended December 31, 2022 were approximately RMB1.5 million, RMB2.4 million and RMB1.9 million, respectively. For details, please refer to note 7 of the Accountants' Report set out in Appendix I to this document.

Each of our independent non-executive Directors has been appointed for a term of three years. We intend to pay a director's fee of RMB300,000 per annum to each of Mr. Chung Chong Sun, Mr. Liang Xinjun and Mr. Chiu Ngam. Save for Directors' fees, none of our independent non-executive Directors is expected to receive any other remuneration for holding their office as independent non-executive Directors.

Under the arrangement currently in force, the aggregate remuneration, excluding performance related bonus, payable to our Directors for the year ending December 31, 2023 is estimated to be around RMB3.0 million.

2. Substantial shareholders

(a) Interests of the substantial Shareholders in the Shares

Saved as disclosed in "Substantial Shareholders" in this document, so far as our Directors are aware, immediately following the completion of the **[REDACTED]** and the **[REDACTED]** assuming that the **[REDACTED]** is not exercised, no person (other than our Directors and chief executives of our Company) will have an interest and/or short position in our Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or are directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Company.

(b) Interests of the substantial shareholders of other members of our Group

As of the Latest Practicable Date, so far as our Directors are aware, the following persons (other than our Directors or chief executive of our Company) were interested in 10% or more of the issued voting shares of other members of our Group:

Name of members of our Group	Name of Shareholder	Approximate percentage of interest
Zhejiang Chengcheng	Ms. Bao Liyun (包利雲) (Note)	20%
Huaibei Zhonghong	Huaibei Hongqiao Property Service Co., Ltd. (淮北宏橋物業服務有限公司)	10%
Shaoxing Zhongming	Zhejiang Minglan Property Co., Ltd. (浙江明瀾物業有限公司)	43%

Note: Ms. Bao held such 20% equity interests on behalf of her husband, Mr. Xu Qunfeng (徐群峰).

3. Agency fees or commissions received

Save as disclosed in this document, no commissions, discounts, brokerages or other special terms were granted in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this document.

4. Disclaimers

Save as disclosed in this document:

(a) none of our Directors or chief executives of our Company has any interest or short position in our shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once our Shares are **[REDACTED]**;

(b) none of our Directors or experts referred to "—D. Other Information—7. Qualifications of experts" in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;

(d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(e) so far as is known to our Directors, no person (other than our Directors or chief executive of our Company) will, immediately following completion of the **[REDACTED]**, have an interest or short position in our Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group; and

(f) so far as is known to our Directors, as of the Latest Practicable Date, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

D. OTHER INFORMATION

1. Tax and Other Indemnities

Our Controlling Shareholders have entered into the Deed of Indemnity with and in favour of our Company (for ourselves and as trustee for each of our subsidiaries) to provide indemnities on a joint and several basis in respect of, among other matters, (i) any liability for estate duty under the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong), or legislation similar thereto in Hong Kong or any jurisdictions outside Hong Kong which might be incurred by any member of our Group on or before the **[REDACTED]**; (ii) any additional demand, late charges or penalties incurred after the **[REDACTED]** arising from any unreported tax, outstanding tax payment and any other tax liabilities resulting from any breach of applicable laws or regulations in the relevant jurisdiction by any member of our Group on or before the **[REDACTED]**; and (iii) any claims, penalties or other indebtedness resulting from incidents of non-compliance in relation to, among others, any insufficient contribution to social insurance and housing provident funds during the Track Record Period as disclosed in "Business—Employees—Social Insurance and Housing Provident Fund Contributions" in this document. Zhong An has also undertaken to us that it will indemnify and keep us fully indemnified from any losses arising from or in connection with such remaining liabilities in the event that Yuyao Zhong An and Hangzhou Zhongan Henglong and their relevant immediate holding companies fail to repay such remaining liabilities as disclosed in "History, Reorganization and Corporate Structure—Reorganization—6. Demerger of two members of the CNC Group" in this document.

2. Litigation

As of the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group, that would have a material adverse effect on the results of operations or financial condition of the Group.

3. Joint Sponsors

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. The Joint Sponsors will receive an aggregate fee of HK$**[REDACTED]** for acting as the sponsors for the **[REDACTED]**.

The Joint Sponsors have made an application on our Company's behalf to the Listing Committee for the **[REDACTED]** of, and **[REDACTED]** to deal in, all the Shares in issue and to be issued as mentioned in this document.

All necessary arrangements have been made for the Shares to be admitted into **[REDACTED]**.

4. Preliminary Expenses

The preliminary expenses by our Company in relation to the incorporation of our Company were approximately US$3,270.

5. Promoters

Our Company has no promoter for the purpose of the Listing Rules. 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.

6. Taxation of holders of Shares

(a) Hong Kong

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.13%. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. Estate duty has been abolished in Hong Kong by The Revenue (Abolition of Estate Duty) Ordinance 2005 which came into effect on 11 February 2006.

(b) Cayman Islands

Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfer of Shares.

(c) Consultation with professional advisors

Intending holders of the Shares are recommended to consult their professional advisors if they are in doubt as to the taxation implications of holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the **[REDACTED]** can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

7. Qualifications of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this document:

Name	Qualification
China Merchants Securities (HK) Co., Limited	Licensed corporation to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) of the regulated activities under the SFO
Huatai Financial Holdings (Hong Kong) Limited	Licensed corporation to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) of the regulated activities under SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Maples and Calder (Hong Kong) LLP	Cayman Islands attorneys-at-law
Jingtian & Gongcheng	Legal advisor to our Company as to the PRC law
China Index Academy	Industry consultant

8. Consents of Experts

Each of the experts above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report and/or letter and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears. Each of the experts' statements has been made on the date of this document and was made by such expert for incorporation in this document.

9. Interests of Experts in Our Company

None of the persons named in "—D. Other Information—7. Qualification of Experts" above is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group.

10. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

11. Miscellaneous

(a) Save as disclosed in this document, 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 its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no share or loan capital of our Company or any of its 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 its 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 its subsidiaries.

(b) no founders, management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued.

(c) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document.

(d) the principal register of members of our Company will be maintained in the Cayman Islands by the **[REDACTED]** and a branch register of members of our Company will be maintained in Hong Kong by the **[REDACTED]**. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share register in Hong Kong and may not be lodged in the Cayman Islands.

(e) no company within our Group is presently listed on any stock exchange or traded on any trading system.

(f) our Directors have been advised that, under the Cayman Companies Act, the use of a Chinese name by the Company in conjunction with its English name does not contravene the Cayman Companies Act.

(g) our Company has no outstanding convertible debt securities or debentures.

(h) there are no arrangements in existence under which future dividends are to be or agreed to be waived.

(i) there is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

12. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided under Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and Chinese language version of this document, the English language version shall prevail.

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of **[REDACTED]** and **[REDACTED]**;

(b) the written consents referred to in "Appendix IV—Statutory and General Information—D. Other Information—8. Consents of Experts" to this document; and

(c) a copy of each of the material contracts referred to in "Appendix IV—Statutory and General Information—B. Further Information about our Business—1. Summary of Material Contracts" to this document.

B. DOCUMENTS ON DISPLAY

The following documents will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our website at **www.zazhsh.com** up to and including the date which is 14 days from the date of this document:

(a) the Memorandum of Association and the Articles of Association;

(b) the Accountants' 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 **[REDACTED]** financial information, the text of which is set out in Section B of Appendix II to this document;

(d) the audited consolidated financial statements of our Group for the three years ended December 31, 2022;

(e) the legal opinions dated the document date issued by Jingtian & Gongcheng, our PRC Legal Advisor, in respect of business operations and general corporate matters of our Group;

(f) the letter of advice issued by Maples and Calder (Hong Kong) LLP, our legal advisor as to Cayman Islands law, summarizing certain aspects of the company law of the Cayman Islands referred to in Appendix III to this document;

(g) the CIA Report;

(h) the Cayman Companies Act;

(i) copies of the material contracts referred to in "Appendix IV—Statutory and General Information—B. Further Information about our Business—1. Summary of Material Contracts" to this document;

(j) the service agreements and letters of appointment entered into between our Company and each of the Directors (as applicable); and

(k) the written consents referred to in "Appendix IV—Statutory and General Information—D. Other Information—8. Consents of Experts" to this document.