ROISERV 荣万家

榮萬家生活服務股份有限公司
Roiserv Lifestyle Services Co., Ltd.

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

Stock Code : 2146

Global Offering

Sole Sponsor

华泰国际 HUATAI INTERNATIONAL

Sole Global Coordinator and Joint Bookrunner

华泰国际 HUATAI INTERNATIONAL

Joint Bookrunners

海通國際 HAITONG | 東吳證券(國際) SOOCHOW SECURITIES (INTERNATIONAL) | UOBKayHian | 富元證券 FUYUAN SECURITIES | ICBC 工银国际 | 建银国际 CCB International | 招银国际 CMB INTERNATIONAL | 中信建投國際 CHINA SECURITIES INTERNATIONAL | 國泰君安國際 GUOTAI JUNAN INTERNATIONAL | 偉祿亞太證券 REALORD ASIA PACIFIC SECURITIES | 交銀國際 BOCOM International | 越秀証券 YUEXIU SECURITIES | 阿尔法国际证券 ALPHA INTERNATIONAL SECURITIES | ZJSC 張金證券 ZJKF SECURITIES INVESTMENT (HONG KONG) LIMITED

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

Roiserv Lifestyle Services Co., Ltd.
榮萬家生活服務股份有限公司

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GLOBAL OFFERING

Number of Offer Shares	:	**94,000,000 H Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**9,400,000 H Shares (subject to adjustment)**
Number of International Offer Shares	:	**84,600,000 H Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	:	**HK$18.36 per H Share, plus brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.0027%, payable in full on application subject to refund on final pricing**
Nominal Value	:	**RMB1.00 per H Share**
Stock Code	:	**2146**

Sole Sponsor

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

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

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or about Friday, January 8, 2021 and, in any event, not later than Sunday, January 10, 2021. The Offer Price will be not more than HK$18.36 and is currently expected to be not less than HK$13.46. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum offer price of HK$18.36 for each Hong Kong Offer Share together with brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price should be lower than HK$18.36. If, for any reason, the Sole Global Coordinator (on behalf of the Underwriters) and us are unable to reach an agreement on the Offer Price, the Global Offering will not proceed and will lapse.

The Sole Global Coordinator (on behalf of the Underwriters, and with our consent) may reduce the number of Offer Shares and/or the indicative Offer Price range as stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, a notice of the reduction in the number of Offer Shares and/or the indicative Offer Price range will be published on our website at **www.roiserv.com** and on the website of the Stock Exchange at **www.hkexnews.hk** not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set forth in "Structure of the Global Offering—Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, then such applications can be subsequently withdrawn if the number of Offer Shares and/or the indicative Offer Price range is so reduced.

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

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Offer Shares, are subject to termination by the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the day that trading in the H Shares commences on the Stock Exchange. Such grounds are set out in "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination" in this prospectus. It is important that you refer to that section for further details.

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

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred 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 Offer Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

December 31, 2020

Time[1]

	Time
Hong Kong Public Offering commence and **WHITE** and **YELLOW** Application Forms available from	9:00 a.m. on Thursday, December 31, 2020
Latest time for completing electronic applications under the **HK eIPO White Form** service through one of the below ways[2]: (1) the **IPO App**, which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp** (2) the designated website **www.hkeipo.hk**	11:30 a.m. on Friday, January 8, 2021
Application lists open[3]	11:45 a.m. on Friday, January 8, 2021
Latest time for lodging **WHITE** and **YELLOW** Application Forms	12:00 noon on Friday, January 8, 2021
Latest time for completing payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Friday, January 8, 2021
Latest time for giving **electronic application instructions** to HKSCC[4]	12:00 noon on Friday, January 8, 2021
Application lists close[3]	12:00 noon on Friday, January 8, 2021
Expected Price Determination Date[5]	Friday, January 8, 2021
Announcement of the Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares to be published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.roiserv.com**[6][8]	Thursday, January 14, 2021
Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document or business registration numbers, where appropriate) to be available through a variety of channels, including the website of the Stock Exchange at **www.hkexnews.hk**, the website of our Company at **www.roiserv.com**, the Hong Kong Public Offering allocation results telephone enquiry line and the special allocation results booklets as described in the paragraph headed "11. Publication of results" under the section headed "How to apply for Hong Kong Offer Shares" in this prospectus[8]	Thursday, January 14, 2021

Results of allocations in the Hong Kong Public Offering will be available from the "IPO Results" function in the **IPO App** or at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** with a "search by ID or Business Registration Number" function from(8) . . . . Thursday, January 14, 2021

H Share certificates (if applicable) in respect of wholly or partially successful applications to be despatched or deposited into CCASS on or before(7)(8). . . . . Thursday, January 14, 2021

Despatch of refund cheques/**HK eIPO White Form** e-Auto Refund payment instructions in respect of wholly successful (where applicable) or wholly or partially successful applications will be despatched on or before(6)(8) . . . . .Thursday, January 14, 2021

Dealings in the H Shares on the Stock Exchange to commence at(8) . . . . .9:00 a.m. on Friday, January 15, 2021

The application for the Hong Kong Public Offering will commence on Thursday, December 31, 2020 through Friday, January 8, 2021. Such time period is longer than the normal market practice of four days. The application monies (including brokerage fees, SFC transaction levy and Stock Exchange trading fee) will be held by the receiving bank on behalf of our Company and the refund monies, if any, will be returned to the applicant(s) without interest on Thursday, January 14, 2021. Investors should be aware that the dealing in the H Shares on the Stock Exchange are expected to commence on Friday, January 15, 2021.

Notes:

(1) All times refer to Hong Kong local time, except as otherwise stated.

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

(3) If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, January 8, 2021, the application lists will not open or close on that day. Further information is set out in the paragraph headed "10. Effect of bad weather and/or Extreme Conditions on the opening of the application lists" under the section headed "How to apply for Hong Kong Offer Shares" in this prospectus. If the application lists do not open and close on Friday, January 8, 2021, the dates mentioned in "Expected timetable" may be affected. An announcement will be made by us in such event.

(4) Applicants who apply for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the paragraph headed "6. Applying by giving electronic application instructions to HKSCC via CCASS" under the section headed "How to apply for Hong Kong Offer Shares" in this prospectus.

(5) The Price Determination Date is expected to be on or around Friday, January 8, 2021 and, in any event, not later than Sunday, January 10, 2021. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us by Sunday, January 10, 2021, the Global Offering will not proceed and will lapse.

(6) **HK eIPO White Form** e-Auto Refund payment instruction/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the Offer Price is less than the price payable per Hong Kong Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may lead to delays in encashment of, or may invalidate, the refund cheque.

(7) Applicants who apply for 1,000,000 Hong Kong Offer Shares or more under the Hong Kong Public Offering and have provided all required information may collect any refund cheque(s) (if applicable) and/or H Share certificate(s) (if applicable) in person from our H Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, January 14, 2021 or such other date as notified by us. Applicants being individuals who are eligible for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who are eligible for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporations stamped with the corporations' chop. Identification and (where applicable) authorisation documents acceptable to our H Share Registrar, Tricor Investor Services Limited, must be produced at the time of collection. Uncollected H Share certificates and/or refund cheque(s) will be despatched by ordinary post at the applicants' own risk to the addresses specified on the relevant Application Forms. Further details are set out in the paragraphs headed "Dispatch/collection of H Share certificates and refund monies" in the section headed "How to Apply for Hong Kong Offer Shares".

(8) In case a typhoon warning signal no.8 or above, a black rainstorm warning signal and/or Extreme Conditions is/are in force in any days between Thursday, December 31, 2020 to Friday, January 15, 2021, then the day of (i) announcement of results of allocations in the Hong Kong Public Offering; (ii) despatch of H Share certificates and refund cheques/**HK eIPO White Form** e-Auto Refund payment instructions; and (iii) dealings in the Shares on the Stock Exchange may be postponed and an announcement may be made in such event.

H Share certificates for the Hong Kong Offer Shares are expected to be issued on Thursday, January 14, 2021, but will only become valid certificates of title at 8:00 a.m. on the Listing Date, provided that (1) the Global Offering has become unconditional in all respects, and (2) the right of termination as described in the section headed "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Hong Kong Underwriting Arrangement—Grounds for Termination" has not been exercised. Investors who trade H Shares on the basis of publicly available allocation details before the receipt of H Share certificates and before they become valid do so entirely at their own risk.

The above expected timetable is a summary only. You should refer to the sections headed "Structure of the Global Offering" and "How to apply for Hong Kong Offer Shares" in this prospectus for details of the structure of the Global Offering, including the conditions of the Global Offering and the procedures for application for the Hong Kong Offer Shares.

IMPORTANT NOTICE TO INVESTORS

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

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

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

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

OVERVIEW

We are a comprehensive property management service provider deeply rooted in the Bohai Economic Rim with a service network across China strategically covering core geographical areas such as the Yangtze River Delta region and the Greater Bay Area. As of June 30, 2020, we had a total of 272 property management projects under management with an aggregate GFA under management of 52.4 million sq.m., covering 30 cities across 14 provinces, municipalities and autonomous regions in China. As of June 30, 2020, we were contracted to manage 380 property management projects with an aggregate contracted GFA of 80.6 million sq.m., covering 53 cities across 19 provinces, municipalities and autonomous regions in China. According to CIA, we had a market share of 0.2% in the overall PRC property management industry as measured by GFA under management as of December 31, 2019.

We provide diversified services through three business lines, namely, property management services, value-added services to non-property owners and community value-added services. Our portfolio of managed properties comprises (i) residential properties and (ii) non-residential properties, including (a) commercial properties, such as shopping malls, office buildings and serviced apartments, and (b) public and other properties, such as industry parks, schools, factories and parks.

We have maintained a long-standing strategic business relationship with RiseSun Development Group, a leading property developer in China. We have been contracted to manage the properties developed by RiseSun Development Group since 2000. During the Track Record Period, we were initially engaged to provide property management services to all of the properties developed by RiseSun Development Group. As of the Latest Practicable Date, except for certain holiday resort properties as detailed in "Relationship with Controlling Shareholders" section, we were managing 99.8% of the properties developed by RiseSun Development Group during the Track Record Period. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our revenue derived from services provided to RiseSun Development Group and its associates amounted to RMB220.5 million, RMB280.0 million, RMB498.7 million, RMB181.0 million and RMB304.0 million, respectively, accounting for approximately 30.1%, 31.1%, 38.9%, 32.5% and 39.8%, respectively, of our total revenue. During the Track Record Period, a significant portion of our revenue from property management services was derived from properties developed by RiseSun Development Group, which accounted for 100.0%, 99.9%, 99.8%, 99.9% and 99.3%, respectively, of our revenue from property management services in 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020. The growth in our GFA under management during the years and periods comprising the Track Record Period was substantially in line with the GFA completed and delivered by RiseSun Development Group during the respective years or periods. In 2018, in order to diversify our customer base, we began to expand our business to manage properties developed by Independent Third Party property developers by leveraging our well-established market position and brand awareness.

Our long-term cooperation relationship with RiseSun Development Group has enabled us to reduce communication costs and build mutual trust with RiseSun Development Group. Over years of cooperation, we have developed an in-depth understanding of RiseSun Development Group's stringent demands and requirements for property management services, allowing us to constantly provide high quality services to property owners and residents, which in turn add value to the marketability of the properties developed by RiseSun Development Group. Considering that we have been managing substantially all of the properties developed by RiseSun Development Group and the amount of time and efforts required to identify and engage a new service provider with comparable experience and ability to provide services of comparable standard and scope, our Directors are of the view that our mutually beneficial and complementary relationship with RiseSun Development Group will continue to enable us to secure future engagements from RiseSun Development Group, and it would be difficult for RiseSun Development Group to select and engage a new service provider to replace us. Going forward, while we expect that the business relationship between our Group and RiseSun Development Group will continue to be mutually beneficial and complementary and in turn, is unlikely to be terminated or materially or adversely changed, and properties developed by RiseSun Development Group will remain a primary source of our property management portfolio, we believe that we will be able to expand our cooperation with Independent Third Party property developers, which would reduce our reliance on RiseSun Development Group and diversify our customer base. Please refer to "Business—Our Strategic Business Relationship with and Reliance on RiseSun Development Group" and "Relationship with Controlling Shareholders" for details.

We achieved robust growth during the Track Record Period in terms of business scale and financial performance. Our GFA under management grew from 36.2 million sq.m. as of December 31, 2017 to 41.6 million sq.m. as of December 31, 2018, and further to 50.3 million sq.m. as of December 31, 2019, representing a CAGR of 17.9% from 2017 to 2019. As of June 30, 2020, our GFA under management further grew to 52.4 million sq.m. Our contracted GFA grew from 56.8 million sq.m. as of December 31, 2017 to 63.4 million sq.m. as of December 31, 2018, and further to 77.4 million sq.m. as of December 31, 2019, representing a CAGR of 16.7% from 2017 to 2019. As of June 30, 2020, our contracted GFA further grew to 80.6 million sq.m. Our revenue increased from RMB732.0 million in 2017 to RMB901.9 million in 2018, and further to RMB1,282.0 million in 2019, representing a CAGR of 32.3% from 2017 to 2019. Our revenue increased by 37.4% from RMB556.6 million for the six months ended June 30, 2019 to RMB764.9 million for the same period in 2020. Our profit and total comprehensive income increased from RMB38.3 million in 2017 to RMB72.3 million in 2018, and further to RMB113.2 million in 2019, representing a CAGR of 71.8% from 2017 to 2019. Our profit and total comprehensive income increased by 98.1% from RMB52.9 million for the six months ended June 30, 2019 to RMB104.8 million for the same period in 2020.

The Listing will constitute a spin-off from RiseSun Real Estate Development, one of our Controlling Shareholders and a joint stock company with limited liability listed on the Shenzhen Stock Exchange.

OUR BUSINESS MODEL

During the Track Record Period, we generated revenue from three business lines:

Property management services . . We provide property developers, property owners and residents with a wide range of property management services, primarily including security, cleaning, greening and gardening, and repair and maintenance services. Our portfolio of managed properties comprises (i) residential properties and (ii) non-residential properties, including (a) commercial properties, such as shopping malls, office buildings and serviced apartments, and (b) public and other properties, such as industry parks, schools, factories and parks. During the Track Record Period, all of our property management fees were charged on a lump sum basis.

Value-added services to non-property owners . . . . We offer a comprehensive range of value-added services to non-property owners, primarily property developers. These services primarily comprise (i) property engineering services; (ii) sales assistance services and (iii) other services which primarily include preliminary planning and design consultancy services, property delivery services and after-sales services.

Community value-added services . . . . We provide community value-added services to property owners and residents. We categorize these services into two types: (i) home-living services which primarily include community retail and commercial procurement services and home repairs, maintenance and housekeeping services and (ii) property space management services which primarily include turnkey furnishing services and property brokerage services.

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

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Property management services	458,502	62.7	552,739	61.3	703,218	54.8	329,077	59.1	444,202	58.0
Value-added services to non-property owners . . .	198,633	27.1	267,555	29.7	431,769	33.7	166,498	29.9	250,598	32.8
Community value-added services	74,837	10.2	81,596	9.0	147,052	11.5	61,069	11.0	70,110	9.2
Total	**731,972**	**100.0**	**901,890**	**100.0**	**1,282,039**	**100.0**	**556,644**	**100.0**	**764,910**	**100.0**

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

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Property management services	70,988	15.5	97,744	17.7	131,501	18.7	65,118	19.8	144,415	32.5
Value-added services to non-property owners	19,709	9.9	25,633	9.6	54,505	12.6	33,184	19.9	52,030	20.8
Community value-added services	26,555	35.5	27,004	33.1	47,770	32.5	14,859	24.3	22,109	31.5
Total/Overall	**117,252**	**16.0**	**150,381**	**16.7**	**233,776**	**18.2**	**113,161**	**20.3**	**218,554**	**28.6**

Our overall gross profit margin increased from 16.0% in 2017 to 16.7% in 2018, primarily due to an increase in the gross profit margin of our property management services, which was driven by an increase in our average property management fees. Our overall gross profit margin increased from 16.7% in 2018 to 18.2% in 2019, primarily due to an increase in the gross profit margin of our value-added services to non-property owners, which was driven by increased contribution from higher-margin services such as property delivery services, and preliminary design and consultancy services. Our overall gross profit margin increased from 20.3% for the six months ended June 30, 2019 to 28.6% for the same period in 2020, primarily due to the increases in the gross profit margins of (i) our property management services from 19.8% to 32.5%, which was in turn primarily attributable to a RMB63.7 million, or 34.4%, decrease in employee benefit expenses for the property management services segment driven by (a) our one-off cost-saving strategies during the COVID-19 outbreak such as a decrease in the number of onsite service staff providing property management services by approximately 1,220, or 13.9%, primarily due to the COVID-19 prevention requirements; (b) the one-off social insurance contribution exemption of RMB12.0 million granted by central and local government authorities in China as COVID-19 relief measures between February 2020 and June 2020; and (c) our enlarged outsourcing scale for property management services; and (ii) our community value-added services from 24.3% to 31.5%, which was in turn primarily attributable to a decrease in employee benefit expenses as a percentage of revenue for this segment from 20.4% to 17.6%, driven by (a) our revenue growth for this segment; (b) the one-off social insurance contribution exemption of RMB0.3 million granted by the central and local governmental authorities in China as COVID-19 relief measures between February and June 2020 and (c) our one-off cost-saving strategies during the COVID-19 outbreak such as a decrease in the number of onsite service staff for this segment by approximately 20, or 12.8%, primarily due to the COVID-19 prevention requirements. Please refer to "Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Gross Profit and Gross Profit Margin" for further details.

The tables below set forth a breakdown of our revenue generated from property management services, GFA under management and number of projects under management by geographic region for the periods or as of the dates indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Revenue		Revenue		Revenue		Revenue		Revenue	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Bohai Economic Rim(1)	292,800	63.8	336,742	60.9	426,169	60.6	198,466	60.3	261,714	58.8
Yangtze River Delta region(2)	112,641	24.6	145,264	26.3	187,815	26.7	88,058	26.8	124,180	28.0
Greater Bay Area and surrounding regions(3)	18,253	4.0	29,213	5.3	36,747	5.2	18,230	5.5	21,103	4.8
Central and Western China(4)	34,808	7.6	41,520	7.5	52,487	7.5	24,323	7.4	37,205	8.4
Total	**458,502**	**100.0**	**552,739**	**100.0**	**703,218**	**100.0**	**329,077**	**100.0**	**444,202**	**100.0**

	As of December 31,									As of June 30,					
	2017			2018			2019			2019			2020		
	GFA under management		Number of projects under management	GFA under management		Number of projects under management	GFA under management		Number of projects under management	GFA under management		Number of projects under management	GFA under management		Number of projects under management
	'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%	
Bohai Economic Rim(1)	21,460	59.3	111	24,217	58.2	128	28,663	57.0	153	25,012	56.4	133	30,594	58.4	163
Yangtze River Delta region(2)	8,703	24.0	39	10,264	24.7	44	13,298	26.4	60	12,004	27.1	54	13,607	26.0	64
Greater Bay Area and surrounding regions(3)	1,566	4.3	7	1,566	3.8	7	1,964	3.9	11	1,627	3.7	8	1,801	3.4	9
Central and Western China(4)	4,479	12.4	20	5,529	13.3	26	6,380	12.7	37	5,669	12.8	28	6,403	12.2	36
Total	**36,208**	**100.0**	**177**	**41,576**	**100.0**	**205**	**50,305**	**100.0**	**261**	**44,312**	**100.0**	**223**	**52,405**	**100.0**	**272**

Notes:

(1) In this region, we provided property management services to projects located in Hebei, Liaoning, Inner Mongolia and Shandong.

(2) In this region, we provided property management services to projects located in Shanghai, Jiangsu and Zhejiang.

(3) In these regions, we provided property management services to projects located in Huizhou in the Greater Bay Area and other cities in Guangdong.

(4) In this region, we provided property management services to projects located in Guizhou, Henan, Hunan, Sichuan, Anhui and Chongqing.

The tables below set forth a breakdown of our revenue generated from property management services, GFA under management, contracted GFA, and number of projects under management and contracted to manage by source of projects for the periods or as of the dates indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Properties developed by RiseSun Development Group[(1)]	458,502	100.0	552,456	99.9	701,678	99.8	328,874	99.9	440,899	99.3
Properties developed by Independent Third Party property developers	–	–	283	0.1	1,540	0.2	203	0.1	3,303	0.7
Total	**458,502**	**100.0**	**552,739**	**100.0**	**703,218**	**100.0**	**329,077**	**100.0**	**444,202**	**100.0**

	As of December 31,									As of June 30,					
	2017			2018			2019			2019			2020		
	GFA under management		Number of properties	GFA under management		Number of properties	GFA under management		Number of properties	GFA under management		Number of properties	GFA under management		Number of properties
	'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%	
Properties developed by RiseSun Development Group[(1)]	36,208	100.0	177	41,570	100.0	204	50,051	99.5	253	44,279	99.9	221	51,649	98.6	261
Properties developed by Independent Third Party property developers	–	–	–	6	0.0	1	254	0.5	8	33	0.1	2	756	1.4	11
Total	**36,208**	**100.0**	**177**	**41,576**	**100.0**	**205**	**50,305**	**100.0**	**261**	**44,312**	**100.0**	**223**	**52,405**	**100.0**	**272**

	As of December 31,									As of June 30,		
	2017			2018			2019			2020		
	Contracted GFA		Number of properties	Contracted GFA		Number of properties	Contracted GFA		Number of properties	Contracted GFA		Number of properties
	'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%	
Properties developed by RiseSun Development Group[(1)]	56,839	100.0	253	63,222	99.7	282	74,756	96.5	341	76,835	95.4	351
Properties developed by Independent Third Party property developers	–	–	–	213	0.3	1	2,684	3.5	20	3,738	4.6	29
Total	**56,839**	**100.0**	**253**	**63,435**	**100.0**	**283**	**77,440**	**100.0**	**361**	**80,573**	**100.0**	**380**

Note:

(1) Refers to properties solely developed by RiseSun Development Group and properties that RiseSun Development Group jointly developed with other property developers in which RiseSun Development Group held a controlling interest.

The table below sets forth a breakdown of our GFA under management and number of projects under management by type of properties as of the dates indicated:

	As of December 31,									As of June 30,					
	2017			2018			2019			2019			2020		
	GFA under management		Number of projects under management	GFA under management		Number of projects under management	GFA under management		Number of projects under management	GFA under management		Number of projects under management	GFA under management		Number of projects under management
	'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%	
Residential properties	34,998	96.7	159	40,195	96.7	182	46,188	91.8	222	42,881	96.8	197	47,444	90.5	229
Non-residential properties															
– Commercial properties	1,210	3.3	18	1,375	3.3	22	2,169	4.3	33	1,404	3.2	25	2,099	4.0	34
– Public and other properties	–	–	–	6	0.0	1	1,948	3.9	6	27	0.0	1	2,862	5.5	9
Subtotal	1,210	3.3	18	1,381	3.3	23	4,117	8.2	39	1,431	3.2	26	4,961	9.5	43
Total	**36,208**	**100.0**	**177**	**41,576**	**100.0**	**205**	**50,305**	**100.0**	**261**	**44,312**	**100.0**	**223**	**52,405**	**100.0**	**272**

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

	Year ended December 31,												Six months ended June 30,							
	2017				2018				2019				2019				2020			
	Revenue		Gross profit	Gross profit margin	Revenue		Gross profit	Gross profit margin	Revenue		Gross profit	Gross profit margin	Revenue		Gross profit	Gross profit margin	Revenue		Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
													(Unaudited)							
Residential properties	436,117	95.1	67,060	15.4	513,418	92.8	86,894	16.9	635,023	90.3	113,671	17.9	311,346	94.6	60,396	19.4	411,259	92.6	137,366	33.4
Non-residential properties																				
– Commercial properties	22,385	4.9	3,928	17.5	39,038	7.1	10,770	27.6	67,385	9.6	17,671	26.2	17,693	5.4	4,719	26.7	27,526	6.2	6,792	24.7
– Public and other properties	–	–	–	–	283	0.1	80	28.3	810	0.1	159	19.6	38	0.0	3	7.9	5,417	1.2	257	4.7
Subtotal	22,385	4.9	3,928	17.5	39,321	7.2	10,850	27.6	68,195	9.7	17,830	26.1	17,731	5.4	4,722	26.6	32,943	7.4	7,049	21.4
Total/Overall	**458,502**	**100.0**	**70,988**	**15.5**	**552,739**	**100.0**	**97,744**	**17.7**	**703,218**	**100.0**	**131,501**	**18.7**	**329,077**	**100.0**	**65,118**	**19.8**	**444,202**	**100.0**	**144,415**	**32.5**

The table below sets forth a breakdown of our average property management fee by source and type of projects for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB per sq.m. per month				
Residential properties	1.4	1.5	1.6	1.5	1.6
– Properties developed by RiseSun Development Group[(1)]	1.4	1.5	1.6	1.5	1.6
– Properties developed by Independent Third Party property developers	–	–	1.6	–	1.6
Overall	**1.4**	**1.5**	**1.6**	**1.5**	**1.6**

Notes:

(1) Refers to properties solely developed by RiseSun Development Group and properties that RiseSun Development Group jointly developed with other property developers in which RiseSun Development Group held a controlling interest.

(2) A number of the non-residential properties that were under our management during the Track Record Period, such as certain industry parks, were charged on a fixed annual contract amount. The property management fees charged under such agreements did not directly correspond to the actual GFA under our management, as they mainly reflected key factors such as the technical expertise required to service the property and service standards required for the type of property. Accordingly, the average property management fee for non-residential properties calculated as the relevant revenue divided by GFA under management would not accurately reflect the financial aspect of the property management services provided by us to non-residential properties during the Track Record Period and therefore is not presented herein.

The table below sets forth the expiration schedule of our property management service contracts for properties under our management as of June 30, 2020:

	GFA under management	Number of property management service contracts
	’000 sq.m.	
Property management service contracts without fixed terms[(1)]	44,790	234
Property management service contracts with fixed terms expiring in		
Year ending December 31, 2020	2,572	11
Year ending December 31, 2021	2,282	10
Year ending December 31, 2022	885	7
Year ending December 31, 2023 and beyond	1,876	10
Subtotal	7,615	38
Total	**52,405**	**272**

Note:

(1) Property management service contracts without fixed terms are generally preliminary management contracts entered into with property developers. They will terminate automatically when property owners’ associations are established and a new property management service contract is entered into and becomes effective.

In 2017, 2018 and 2019, our renewal rate for property management service contracts was 100%. During the six months ended June 30, 2020, only four property management service contracts expired, which were all entered into with property owners, and we voluntarily chose not to renew two of them due to their low profit margin; we successfully renewed the other two property management service contracts expired during this period.

The table below sets forth a breakdown of our revenue generated from property management services by type of customers for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Property developers	30,219	6.6	40,865	7.4	79,191	11.3	23,645	7.2	48,868	11.0
Property owners, owners' associations and tenants	428,283	93.4	511,874	92.6	624,027	88.7	305,432	92.8	395,334	89.0
Total	**458,502**	**100.0**	**552,739**	**100.0**	**703,218**	**100.0**	**329,077**	**100.0**	**444,202**	**100.0**

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

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Revenue		Revenue		Revenue		Revenue		Revenue	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
RiseSun Development Group and its associates	220,477	30.1	280,048	31.1	498,678	38.9	180,971	32.5	303,973	39.7
Independent Third Parties	511,495	69.9	621,842	68.9	783,361	61.1	375,673	67.5	460,937	60.3
Total	**731,972**	**100.0**	**901,890**	**100.0**	**1,282,039**	**100.0**	**556,644**	**100.0**	**764,910**	**100.0**

The table below sets forth our gross profit and gross profit margin by type of customers for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
RiseSun Development Group and its associates	19,355	8.8	41,778	14.9	58,958	11.9	32,454	17.9	86,800	28.6
Independent Third Parties	97,897	19.1	108,603	17.5	174,818	22.2	80,707	21.5	131,754	28.6
Total/Overall	**117,252**	**16.0**	**150,381**	**16.7**	**233,776**	**18.2**	**113,161**	**20.3**	**218,554**	**28.6**

During the Track Record Period, our gross profit margin for services provided to RiseSun Development Group and its associates was generally lower than that for Independent Third Parties, primarily because we provided a higher proportion of property engineering services to RiseSun Development Group and its associates as compared to Independent Third Parties, primarily due to the relatively higher demand for property engineering services from RiseSun Development Group, as a property developer, as compared to Independent Third Party customers which were primarily property owners and residents to which we provided property management services and community value-added services. Such property engineering services generally involved higher material costs and therefore had a lower gross profit margin as compared to property management services and community value-added services. Our gross profit margin for services provided to RiseSun Development Group and its associates increased from 11.9% for the year ended December 31, 2019 to 28.6% for the six months ended June 30, 2020, which increase was more significant than the increase in our overall gross profit margin from 18.2% for the year ended December 31, 2019 to 28.6% for the six months ended June 30, 2020, primarily due to (i) an increase in the gross profit margin of property engineering services provided to RiseSun Development Group from 4.7% for the year ended December 31, 2019 to 10.0% for the six months ended June 30, 2020, primarily due to a decrease in our employee benefit expenses driven by our one-off cost-saving strategies during the COVID-19 outbreak and the one-off social insurance contribution exemption granted by the central and local governmental authorities in China as COVID-19 relief measures between February 2020 and June 2020; (ii) an increase in the gross profit margin of preliminary planning and design consultancy services provided to RiseSun Development Group from 46.1% for the year ended December 31, 2019 to 79.1% for the six months ended June 30, 2020, primarily because we expanded our service scope in 2020 to cover smart community designing during the planning stage of property development, allowing us to charge higher fees, as well as a decrease in our employee benefit expenses as a percentage of revenue from such services, as detailed under "Financial Information—Value-added Services to Non-Property Owners"; and (iii) an increase in gross profit margin of our property delivery services provided to RiseSun Development Group from 39.7% for the year ended December 31, 2019 to 79.5% for the six months ended June 30, 2020, primarily due to a decrease in our employee benefit expenses and cost of consumables as a percentage of revenue from such services, as well as a change in service mix, as detailed under "Financial Information—Value-added Services to Non-Property Owners."

OUR CUSTOMERS AND SUPPLIERS

Our customers primarily consist of property developers, property owners and residents. In 2017, 2018 and 2019 and the six months ended June 30, 2020, revenue derived from sales to our five largest customers amounted to RMB224.2 million, RMB288.7 million, RMB508.3 million and RMB311.0 million, respectively, accounting for approximately 30.6%, 32.0%, 39.6% and 40.7%, respectively, of our total revenue. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, revenue derived from sales to our single largest customer, RiseSun Development Group and its associates, amounted to RMB220.5 million, RMB280.0 million, RMB498.7 million, RMB181.0 million and RMB304.0 million, respectively, accounting for approximately 30.1%, 31.1%, 38.9%, 32.5% and 39.8%, respectively, of our total revenue.

RiseSun Development Group and its associates were also one of our suppliers during the Track Record Period. In 2017, 2018 and 2019 and the six months ended June 30, 2020, we purchased products from a number of associates of RiseSun Development Group, primarily including construction materials for our property engineering services and other miscellaneous products for our operations. Such purchases amounted to RMB2.1 million, RMB3.8 million, RMB11.7 million and RMB6.4 million in 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively, accounting for approximately 0.3%, 0.5% 1.1% and 1.2%, respectively, of our total cost of sales. In 2019, we also purchased information technology services from another associate of RiseSun Development Group relating to the maintenance of our mobile applications, and we paid services fees of RMB5.3 million which were recorded as our administrative expenses. Please refer to "Business—Customers" for further details.

Our suppliers primarily include (i) sub-contractors providing engineering, cleaning, security, greening and gardening, and repair and maintenance services, (ii) vendors of materials needed for our daily operations and (iii) vendors of goods for our community retail and commercial procurement services. In 2017, 2018 and 2019 and the six months ended June 30, 2020, purchases from our five largest suppliers amounted to RMB25.6 million, RMB26.7 million, RMB51.5 million and RMB42.7 million, respectively, accounting for approximately 4.2%, 3.6%, 4.9% and 7.8%, respectively, of our total cost of sales. In 2017, 2018 and 2019 and the six months ended June 30, 2020, purchases from our single largest supplier amounted to RMB9.2 million, RMB6.1 million, RMB12.6 million and RMB10.9 million, respectively, accounting for approximately 1.5%, 0.8%, 1.2% and 2.0%, respectively, of our total cost of sales. Please refer to "Business—Suppliers" for further details.

COMPETITIVE STRENGTHS

We believe the following competitive strengths position us well in the property management industry of the PRC and differentiate us from our competitors: (i) a comprehensive property management service provider deeply rooted in the Bohai Economic Rim with a service network across China strategically covering core geographic areas such as the Yangtze River Delta region and the Greater Bay Area; (ii) strategic business relationship with RiseSun Development Group and fast-growing business development capabilities; (iii) a diversified portfolio of managed properties and services leading to diversified revenue streams; (iv) one-stop omni-channel service platform dedicated to satisfying customers' demands; (v) standardized operation system and advanced information technology; and (vi) visionary management team with extensive industry experience and knowledge.

BUSINESS STRATEGIES

We intend to implement the following business strategies: (i) continue to enhance brand value; (ii) further expand our business scale and market share; (iii) continue to enrich our community value-added services; (iv) further invest in technologies, develop and promote smart community management; and (v) continue to improve staff motivation mechanism to attract, cultivate and retain talents.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Selected Items of Consolidated Statements of Comprehensive Income

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Revenue	731,972	901,890	1,282,039	556,644	764,910
Gross profit	117,252	150,381	233,776	113,161	218,554
Profit before income tax	54,917	100,262	152,567	72,163	146,189
Profit and total comprehensive income/(loss) attributable to:					
– Owners of the Company	38,384	72,270	113,232	52,985	104,816
– Non-controlling interests	(54)	63	(74)	(98)	–
Profit and total comprehensive income for the year/period	38,330	72,333	113,158	52,887	104,816

Our revenue increased from RMB732.0 million in 2017 to RMB901.9 million in 2018 and further to RMB1,282.0 million in 2019. Our revenue increased from RMB556.6 million for the six months ended June 30, 2019 to RMB764.9 million for the same period in 2020. Our gross profit increased from RMB117.3 million in 2017 to RMB150.4 million in 2018 and further to RMB233.8 million in 2019. Our gross profit increased from RMB113.2 million for the six months ended June 30, 2019 to RMB218.6 million for the same period in 2020. The increases in our revenue and gross profit during the Track Record Period were primarily driven by our business expansion and cost-saving measures.

During the Track Record Period, other income and gains contributed to a sizeable percentage of our profit and total comprehensive income for the year/period. In 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, other income and gains in aggregate amounted to RMB4.4 million, RMB36.6 million, RMB40.7 million, RMB15.5 million and RMB20.9 million, respectively, accounting for 11.4%, 50.6%, 36.0%, 29.3% and 19.9%, of our profit and total comprehensive income for the year/period, respectively.

Our other income mainly includes interest income from loans due from related parties representing interest income derived from our non-ABS loans due from related parties, as detailed under "Financial Information—Description of Certain Consolidated Balance Sheet Items—Loans and Interest Receivables Due from Related Parties".

In November 2016, we entered into an ABS arrangement with a third-party asset management company in an aggregate principal amount of RMB1,050.0 million for the purposes of providing financing to RiseSun Development Group, as part of RiseSun Development Group's internal cash management at the time. The ABS was secured by a pledge of our right to receive property management fees relating to certain projects under our management. As part of this ABS arrangement, RiseSun Development Group provided loans to us in a total amount of RMB1,050.0 million, and then assigned such loans and interest receivables due from us to a third-party asset management company; we lent RMB1,000.0 million as inter-company loans to certain subsidiaries of RiseSun Real Estate Development for their operation needs. As of July 31, 2019, the principal amount and related interest of these loans had been fully settled, the ABS had been redeemed and the pledge provided by us under the ABS had been released.

As a result of the ABS arrangement, we derived an interest income of RMB52.4 million, RMB44.3 million and RMB17.8 million from providing the related party loans described above in 2017, 2018 and 2019, respectively. We incurred an interest expense of RMB53.6 million, RMB44.3 million and RMB19.8 million due to the third-party asset management company in 2017, 2018 and 2019, respectively. As of December 31, 2017 and 2018, we had borrowings from such third-party asset management company of RMB865.0 million and RMB665.0 million, and loans and interest receivables due from related parties related to the ABS of RMB829.6 million and RMB638.6 million, respectively. Such interest, income, interest expenses, borrowings and receivables are related to the ABS arrangement and are non-recurring in nature. We will not enter into similar ABS arrangements in the future. See "Financial Information—Description of Certain Consolidated Balance Sheet Items—Loans and Interest Receivables Due from Related Parties" and "Financial Information—Indebtedness" in this prospectus. We are exposed to certain risks as a result of providing loan financings as part of the ABS arrangement and other related party loans. For details, please refer to "Risk Factors—Risks Relating to Our Business and Industry—We may be subject to penalties from the PBOC or adverse judicial rulings as a result of providing loan financings."

NON-HKFRS MEASURES

To supplement our consolidated financial statements which are presented in accordance with HKFRSs, we also presented adjusted net profit, adjusted total equity and adjusted bank and other borrowings and lease liabilities as additional financial measures, which are not required by, nor presented in accordance with, HKFRSs. We believe that these non-HKFRS measures facilitate comparison of our financial performance and position by eliminating the impact of items that we do not consider indicative of the actual performance of our business.

We define adjusted net profit as profit and total comprehensive income for the year/period excluding income and costs related to borrowings and loans due from related parties. We define adjusted total equity as total equity excluding income and costs related to borrowings and loans due from related parties. We define adjusted bank and other borrowings and lease liabilities as sum of long-term and short-term interest-bearing bank and other borrowings and lease liabilities excluding borrowings related to ABS arrangement.

Adjusted net profit margin is calculated as adjusted net profit divided by revenue for the relevant period. Adjusted gearing ratio is calculated as adjusted bank and other borrowings and lease liabilities divided by adjusted total equity as of the respective dates.

These non-HKFRS measures eliminate the effect of borrowings and loans due from related parties and borrowings related to the ABS arrangement, which are not related to our ordinary course of business and are non-recurring in nature. We believe that these measures provide more useful information to investors and others in understanding and evaluating our consolidated results of operations and financial position in the same manner as our management. Our presentation of these non-HKFRS measures may not be comparable to similarly titled measures presented by other companies. The use of these measures has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under HKFRSs. Please refer to the section headed "Financial Information—Non-HKFRS Measures" in this prospectus for further details.

The following table reconciles our adjusted net profit in each period of the Track Record Period presented to the most directly comparable financial measure calculated and presented in accordance with HKFRSs:

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Reconciliation of profit and total comprehensive income for the year/period to adjusted net profit					
Profit and total comprehensive income for the year/period	38,330	72,333	113,158	52,887	104,816
Less:					
Other income related to borrowings and loans due from related parties	–	(2,791)	(22,865)	(7,041)	(16,919)
Finance income related to borrowings and loans due from related parties	(39,283)	(33,230)	(13,313)	(11,894)	–
Add:					
Finance costs related to borrowings and loans due from related parties	40,173	33,230	14,826	13,090	–
Adjusted net profit	**39,220**	**69,542**	**91,806**	**47,042**	**87,898**

Our adjusted net profit margin, defined as adjusted net profit divided by revenue for the relevant period, is 5.4%, 7.7%, 7.2%, 8.5% and 11.5%, respectively, in 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020.

The following table reconciles our adjusted total equity as of the dates indicated to the most directly comparable financial measure calculated and presented in accordance with HKFRSs:

	As of December 31			As of June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Reconciliation of total equity to adjusted total equity				
Total equity	52,073	175,406	378,970	610,902
Less:				
Income and costs related to borrowings and loans due from related parties	890	(1,901)	(23,253)	(40,171)
Adjusted total equity	**52,963**	**173,505**	**355,717**	**570,731**

The following table reconciles our adjusted bank and other borrowings and lease liabilities as of the dates indicated to the most directly comparable financial measure calculated and presented in accordance with HKFRSs:

	As of December 31			As of June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Reconciliation of sum of long-term and short-term interest-bearing bank and other borrowings and lease liabilities to adjusted bank and other borrowings and lease liabilities				
Sum of long-term and short-term interest-bearing bank and other borrowings and lease liabilities	926,719	791,486	156,656	14,699
Less:				
Borrowings related to ABS	(865,000)	(665,000)	–	–
Adjusted bank and other borrowings and lease liabilities	**61,719**	**126,486**	**156,656**	**14,699**

Our adjusted gearing ratio, defined as adjusted bank and other borrowings and lease liabilities divided by adjusted total equity, is 1.2, 0.7, 0.4 and 0.03, respectively, as of December 31, 2017, 2018 and 2019 and June 30, 2020.

Selected Items of Consolidated Statements of Financial Position

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	775,618	681,642	174,405	114,275
Current assets	1,304,379	1,551,480	1,644,788	1,671,376
Total assets	2,079,997	2,233,122	1,819,193	1,785,651
Non-controlling interests	247	310	–	–
Total equity	52,073	175,406	378,970	610,902
Current liabilities	1,249,881	1,434,600	1,356,550	1,136,287
Total equity and liabilities	2,079,997	2,233,122	1,819,193	1,785,651
Net current assets	54,498	116,880	288,238	535,089
Non-current liabilities	778,043	623,116	83,673	38,462

Our net current assets increased from RMB54.5 million as of December 31, 2017 to RMB116.9 million as of December 31, 2018, primarily due to (i) an increase in trade and other receivables and prepayments in line with the growth of our revenue and GFA under management and (ii) an increase in loans and interest receivables due from related parties, partially offset by an increase in trade and other payables. Our net current assets increased from RMB116.9 million as of December 31, 2018 to RMB288.2 million as of December 31, 2019, primarily due to (i) an increase in loans and interest receivables due from related parties and (ii) a decrease in borrowings due to repayment of our borrowings, partially offset by a decrease in cash and cash equivalents and an increase in contract liabilities. Our net current assets increased from RMB288.2 million as of December 31, 2019 to RMB535.1 million as of June 30, 2020, primarily due to an increase in cash and cash equivalents and decreases in loans and interest receivables due from related parties and trade and other payables. For more details, please refer to "Financial Information—Description of Certain Consolidated Balance Sheet Items—Net Current Assets."

Selected Items of Consolidated Cash Flow Statements

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Operating cash flow before changes in working capital	63,482	75,717	118,337	67,009	160,572
Cash generated from operations	64,624	126,237	112,952	34,031	84,375
– Income tax paid	(12,378)	(30,398)	(79,710)	(36,628)	(28,274)
Net cash generated from/(used in) operating activities	52,246	95,839	33,242	(2,597)	56,101
Net cash generated from/(used in) investing activities	157,826	24,762	487,126	(187,540)	636,507
Net cash (used in) financing activities	(85,444)	(153,709)	(740,283)	(46,001)	(125,778)
Net increase/(decrease) in cash and cash equivalents	**124,628**	**(33,108)**	**(219,915)**	**(236,138)**	**566,830**
Cash and cash equivalents at beginning of year/period	357,262	481,890	448,782	448,782	228,867
Cash and cash equivalents at end of year/period	**481,890**	**448,782**	**228,867**	**212,644**	**795,697**

Our net cash generated from operating activities increased from RMB52.2 million in 2017 to RMB95.8 million in 2018, primarily due to an increase in profit before income tax, and decreased to RMB33.2 million in 2019, primarily due to (i) an increase in trade receivables and note receivables in line with our business growth and (ii) an increase in income tax payments due to increased profit before income tax and our settlement of certain outstanding income tax payable for prior periods as a result of our adjustments to the recognition of revenue, cost of sales and other operating expenses in accordance with the applicable standards under the HKFRSs. Please refer to "Financial Information—Description of Certain Consolidated Balance Sheet Items—Current Income Tax Liabilities" for details. We recorded net operating cash outflow of RMB2.6 million for the six months ended June 30, 2019, as compared to a net operating cash inflow of RMB56.1 million for the same period in 2020, primarily due to an increase in profit before income tax. Our net operating cash outflow in the six months ended June 30, 2019 was primarily due to the increase in our trade and other receivables and prepayments in line with our business growth.

SUMMARY OF KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates and for the periods indicated:

	As of or for the year ended December 31,			As of or for the six months ended June 30,
	2017	2018	2019	2020
Current ratio(1)	1.0 times	1.1 times	1.2 times	1.5 times
Liabilities to assets ratio(2)	97.5%	92.1%	79.2%	65.8%
Gearing ratio(3)	17.8	4.5	0.4	0.02
Return on total assets(4)	1.8%	3.2%	6.2%	5.9%
Return on equity(5)	73.6%	41.2%	29.9%	17.2%

Notes:

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

(2) Liabilities to assets ratio is calculated based on total liabilities divided by total assets as of the respective dates and multiplied by 100%. Total liabilities represent the sum of current liabilities and non-current liabilities. Total assets represent the sum of current assets and non-current assets.

(3) Gearing ratio is calculated based on the sum of long-term and short-term interest-bearing bank and other borrowings and lease liabilities as of the respective dates divided by total equity as of the same dates.

(4) Return on total assets is calculated based on our profit and total comprehensive income for the year or period divided by our total assets at the end of the year or period and multiplied by 100%.

(5) Return on equity is calculated based on our profit and total comprehensive income for the year or period divided by total equity at the end of the year or period and multiplied by 100%.

Current Ratio

Our current ratio was 1.0 times, 1.1 times, 1.2 times and 1.5 times as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. The increase in our current ratio during the Track Record Period was mainly due to an increase in our current assets and a decrease in our current liabilities as detailed under "Financial Information—Net Current Assets."

Liabilities to Assets Ratio

Our liabilities to assets ratio was 97.5%, 92.1%, 79.2% and 65.8% as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. The decreasing trend in our liabilities to assets ratio was primarily due to an increase in our total assets mainly as a result of our net profit for the period, capital injection from shareholder and a decrease in our borrowings as a result of the repayment of our borrowings as detailed under "Financial Information—Indebtedness."

Gearing Ratio

Our gearing ratio was 17.8, 4.5, 0.4 and 0.02 as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. The decreasing trend in our gearing ratio was mainly as a result of the decreases in our borrowings and lease liabilities as well as an increase of equity as result of our net profit for the year/period and capital injection from shareholders during the Track Record Period.

Return on Total Assets

Our return on total assets was 1.8%, 3.2%, 6.2% and 5.9% in 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively. The increase in our return on total assets from 2017 to 2018 was mainly because the increase in our profit and total comprehensive income for the year outpaced the increase in our total assets. The increase in our return on total assets from 2018 to 2019 was mainly due to the continuous increase in our profit and total comprehensive income for the year and a decrease in our total assets mainly as a result of a decrease in loans due from related parties as detailed under "Financial Information—Loans and Interest Receivables Due from Related Parties." Despite a slight decrease in our total assets level as of June 30, 2020 as compared to December 31, 2019, the slight decrease in our return on total assets for the six months ended June 30, 2020 was mainly because only profit for the six months ended June 30, 2020 was taken into account in our calculation of return on total assets for the six months ended June 30, 2020, as compared to full-year profit in 2019.

Return on Equity

Our return on equity was 73.6%, 41.2%, 29.9% and 17.2% in 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively. The decrease in our return on equity from 2017 to 2019 was mainly because the increase in total equity resulting from capital contribution from owners outpaced the increase in our profit and total comprehensive income for the year. The decrease in our return on equity for the six months ended June 30, 2020 as compared to 2019 was mainly because (i) our total equity level increased significantly as a result of an increase in share capital as detailed under "History, Reorganization and Corporate Structure—Pre-IPO Investments"; and (ii) only profit for the six months ended June 30, 2020 was taken into account in our calculation of return on equity for the six months ended June 30, 2020, as compared to full-year profit in 2019.

Please refer to "Financial Information—Summary of Key Financial Ratios" in this prospectus for the definitions and analysis of other key financial indicators in the table above.

OUR CONTROLLING SHAREHOLDERS AND CONTINUING CONNECTED TRANSACTIONS

The Listing constitutes a spin-off from RiseSun Real Estate Development, whose shares are listed on the Shenzhen Stock Exchange. Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), RiseSun Real Estate Development will hold approximately 62.64% of our Company's total share capital. As of the Latest Practicable Date, RiseSun Real Estate Development was owned as to 12.88% by Mr. Geng, 35.65% by RiseSun Holdings and 11.43% by RiseSun Construction Engineering. Mr Geng owned 60.09% of the equity interest in RiseSun Holdings and 18.18% of the equity interest in RiseSun Construction Engineering, and RiseSun Holdings in turn owned 71.29% of the equity interest in RiseSun Construction Engineering. Hence, RiseSun Real Estate Development, RiseSun Holdings, RiseSun Construction Engineering and Mr. Geng will be our Controlling Shareholders under the Listing Rules.

None of our Controlling Shareholders are interested in any business which is, whether directly or indirectly, in competition with our business. 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 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.

We have entered into a number of agreements with our connected persons which will constitute continuing connected transactions under Chapter 14A of the Listing Rules upon the Listing. For further details, please refer to the section entitled "Connected Transactions" in this prospectus.

PRE-IPO INVESTMENTS

On July 24, 2019, Zhonghong Kaisheng, a company established in the PRC and owned as to 39.2% by the close family members of Mr. Geng and 60.8% by certain key management and employees of RiseSun Development Group, injected capital amounting to RMB98,960,000 to our Company. As of the Latest Practicable Date, all contributions had been paid up.

On May 22, 2020, our Group adopted a share incentive scheme, where Shengyide Commercial, a limited partnership established and injected capital amounting to RMB104,757,700 to our Company.

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), Zhonghong Kaisheng and Shengyide Commercial will be interested in approximately 6.05% and 6.31% of the share capital of our Company. For further details, see "History, Reorganization and Corporate Structure—Pre-IPO Investments" in this prospectus.

USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK$15.91 per Offer Share (being the mid-point of the Offer Price Range stated in this prospectus), will be approximately HK$1,389.5 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised.

We intend to use the net proceeds of the Global Offering for the following purposes assuming the Offer Price is fixed at HK$15.91 per Offer Share (being the mid-point of the indicative Offer Price Range):

- Approximately 60.0% or HK$833.7 million, will be used to pursue selective strategic investment and acquisition opportunities to further expand our business scale and geographic coverage and broaden our service offerings, among which (i) approximately 45.0% or HK$625.3 million, will be used to acquire other property management companies which meet our selection criteria. Our selection criteria for a potential target company include but are not limited to: (a) GFA under management of over 1.0 million sq.m.; (b) operating revenue in the latest financial year of over RMB20.0 million; (c) compliance of business operations with laws and regulations; and (d) diversity in the portfolio of managed properties. We will prioritize in assessing potential investment or acquisition targets with a portfolio of managed properties covering tier-one or new tier-one cities, such as Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin and Chengdu, or those with a diversified portfolio of managed properties, such as commercial properties, industry parks, schools and hospitals. Through the investment in or acquisition of these companies, we expect to expand our geographic coverage, reinforce our competitive edge in economically developed regions, diversify our portfolio of managed properties and enhance our brand awareness; and (ii) approximately 15.0% or

HK$208.4 million, will be used to acquire or invest in downstream companies with community services that are complementary to our community value-added services, including, among others, companies engaged in decoration and renovation, education and training and housekeeping services. As of the Latest Practicable Date, we had not identified any acquisition or investment targets for our use of net proceeds from the Global Offering;

- Approximately 15.0% or HK$208.4 million, will be used to enrich our community value-added service offerings, among which (i) approximately 4.0% or HK$55.6 million, will be used to increase the coverage of our offline convenience stores, expand product offerings and enhance intelligent operations at our offline convenience stores; (ii) approximately 4.0% or HK$55.6 million, will be used to further develop and expand our property brokerage services to cover intermediary services relating to the sales and leasing of properties managed by us; and (iii) approximately 7.0% or HK$97.2 million, will be used to further diversify our community value-added service offerings to cover housekeeping services, community elderly care and healthcare services;

- Approximately 15.0% or HK$208.4 million, will be used to upgrade our information technology infrastructure and promote smart community management, among which (i) approximately 5.0% or HK$69.5 million, will be used to upgrade our one-stop omni-channel service platform to enrich service scenarios and improve user experience; (ii) approximately 3.75% or HK$52.1 million, will be used to build information technology systems, including a resource management system and a remote data and video surveillance center, and to upgrade our Carpark Entry and Exit Management System to achieve functions such as car park management and electronic payment through scanning QR code; (iii) approximately 3.75% or HK$52.1 million, will be used to increase the coverage of information technology systems and roll out smart community management tools in the communities under our management; and (iv) approximately 2.5% or HK$34.7 million, will be used to upgrade our information management systems; and

- Approximately 10.0% or HK$139.0 million, will be used for general business purpose and working capital.

For further details, please refer to the section entitled "Future Plans and Use of Proceeds" in this prospectus.

LISTING EXPENSES

The total listing expenses (including underwriting commissions) for the Listing of the H Shares are estimated to be approximately RMB89.4 million, or 7.1% of the estimated gross proceeds from the Global Offering (assuming an Offer Price of HK$15.91 per H Share, being the mid-point of the indicative Offer Price range and the over-allotment option is not exercised), among which, approximately RMB83.7 million is directly attributable to the issuance of H Shares and will be charged to equity upon completion of the Listing, and approximately RMB5.7 million will be charged to our consolidated statement of comprehensive income. During the Track Record Period, we incurred listing expenses of approximately RMB23.9 million, of which approximately RMB21.4 million was included in prepayments and will be subsequently charged to equity upon completion of the Listing and approximately RMB2.5 million was charged to consolidated statement of comprehensive income. The listing expenses above are the latest practicable estimates and are provided for reference only and actual amounts may differ.

GLOBAL OFFERING STATISTICS[1]

	Based on an Offer Price of HK$13.46 per H Share	Based on an Offer Price of HK$18.36 per H Share
Market capitalization of our Shares[2] (in millions)	HK$5,061.0	HK$6,903.4
Unaudited pro forma adjusted net tangible assets per Share[3]	HK$5.03	HK$6.21

Notes:

(1) All statistics in the table are based on the assumption that the Over-allotment Option is not exercised.

(2) The calculation of market capitalization is based on 376,000,000 Shares expected to be in issue immediately upon completion of the Global Offering.

(3) The unaudited pro forma adjusted net tangible assets per Share has been arrived at after adjustments referred to in the section entitled "Appendix II—Unaudited Pro Forma Financial Information" and on the basis of 376,000,000 Shares in issue at the Offer Price immediately upon the completion of the Global Offering. We declared and paid a dividend in an amount of RMB149.5 million after the Track Record Period, as detailed under "—Dividend Policy" below. As a result, our unaudited pro forma adjusted net tangible assets per Share as discussed in the sections entitled "Financial Information—Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets" and "Appendix II—Unaudited Pro Forma Financial Information" will decrease taking into account such dividend declared after the Track Record Period.

DIVIDEND POLICY

In 2017, 2018 and 2019 and the six months ended June 30, 2020, we did not pay or declare any dividends. The payment and amounts of dividends (if any) depend on our results of operations, cash flows, financial position, statutory and regulatory restrictions on the dividends paid by us, future prospects and other relevant factors. The declaration, payment and amount of dividends will be subject to our discretion. The proposed payment of dividends is also subject to the absolute discretion of the Board, and, after the Listing, any declaration of final dividend for the year will be subject to the approval of our Shareholders. As of June 30, 2020, our Group had retained earnings of approximately RMB163.6 million, as reserves available for distribution to our Shareholders. On August 18, 2020, we declared a dividend in an amount of RMB149.5 million. As of the Latest Practicable Date, we had fully paid such dividend to our pre-Listing Shareholders. Subject to applicable laws and regulations as well as our Articles of Association, we expect to pay a dividend no less than 25% of the profit after tax after the Listing each year. Please refer to the section entitled "Financial Information—Dividend Policy and Distributable Reserves" in this prospectus.

RECENT DEVELOPMENT

Subsequent to June 30, 2020 and as of the Latest Practicable Date, we were contracted to manage additional properties with an aggregate contracted GFA of approximately 9.2 million sq.m., including properties developed by RiseSun Development Group with an aggregate contracted GFA of approximately 8.6 million sq.m. and properties developed by Independent Third Party property developers with an aggregate contracted GFA of approximately 0.6 million sq.m.

In addition, as of the Latest Practicable Date, we had entered into 46 framework agreements and strategic cooperation agreements with Independent Third Party property developers, which typically set forth their intention to engage us as the property management services provider, the relevant project proposed to be managed by us and its GFA, and the proposed scope of our services and property management fees. A number of these agreements provide that the property developers shall, to the extent permitted by law, endeavor to engage us as their property management service provider. These agreements are generally not legally binding in nature, and contain conditions precedent such as the completion of a tender and bidding process in respect of the agreements. These agreements typically terminate once a preliminary property management service contract is entered into. The properties proposed to be managed by us under these framework agreements and strategic cooperation agreements had an aggregate GFA of approximately 50.2 million sq.m. as of the Latest Practicable Date.

An outbreak of respiratory illness caused by a novel coronavirus (“**COVID-19**”) was first reported in late 2019 and spread across the world. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. To the best of our Directors’ knowledge, as of the Latest Practicable Date, there had been no confirmed 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. To the best of our Directors’ knowledge, as of Latest Practicable Date, there had been seven confirmed cases of COVID-19 infection of residents in the properties managed by us. Please refer to “Risk Factors—Risks relating to our Business and Industry—Our business operations may be affected by the outbreak of COVID-19” and “Business—Effects of the COVID-19 Outbreak.”

In response to the COVID-19 outbreak, we have implemented a contingency plan. We have adopted enhanced hygiene and precautionary measures across our projects, including visitor and vehicle control, routine common area disinfection, frequent patrolling, intrusion alarm, infrared somatosensory recognition, health QC code and other modern technological means. As of the Latest Practicable Date, we incurred aggregate costs for implementing these enhanced measures of approximately RMB1.9 million. Please refer to “Business—Effects of the COVID-19 Outbreak—Our Contingency Plan and Response towards the COVID-19 Outbreak.”

According to CIA, the PRC real estate market in general had been adversely affected in the short term as the COVID-19 pandemic curbed on-site sales and adversely affected consumers’ willingness and power to purchase properties in China. During the six months ended June 30, 2020, the total GFA of buildings newly started construction in China amounted to 975.0 million sq.m., representing a decrease of 7.6% as compared to the corresponding period in 2019, according to CIA. During the same period, the total GFA of commodity properties transacted in China amounted to 694.0 million sq.m., representing a decrease of 8.4% as compared to the corresponding period in 2019, according to CIA.

Nevertheless, according to CIA, the China’s real estate market has gradually recovered since April 2020 in line with the recovery of the national economy. In particular, investment into real estate development in the Bohai Economic Rim increased by 1.5% in the six months ended June 30, 2020 as compared to the corresponding period in 2019, according to CIA. According to CIA, the total GFA under management by property management service companies in the Bohai Economic Rim is expected to increase by 3.7% to 5.6 billion sq.m. as of December 31, 2020 as compared to December 31, 2019. On the basis of the above, it is expected that the COVID-19 would not materially or adversely affect the property management industry in China.

Despite the outbreak of COVID-19, we achieved steady growth in terms of business scale and financial performance. Our GFA under management increased by 4.2% from 50.3 million sq.m. as of December 31, 2019 to 52.4 million sq.m. as of June 30, 2020. Our contracted GFA increased by 4.0% from 77.4 million sq.m. as of December 31, 2019 to 80.6 million sq.m. as of June 30, 2020. In the six months ended June 30, 2020, our revenue increased steadily by 37.4% to RMB764.9 million from RMB556.6 million for the same period in 2019, primarily due to the continued increase in our GFA under management as a result of our business growth.

Our business scale and financial performance continued to grow after the Track Record Period. As of October 31, 2020, our GFA under management was 56.5 million sq.m., representing a 7.8% increase from June 30, 2020; our contracted GFA was 87.7 million, representing a 8.8% increase from June 30, 2020. Based on our unaudited management accounts, our revenue for the four-month period between July and October 2020 increased by 38.9% as compared to the same period in 2019, primarily attributable to our business expansion despite the COVID-19 outbreak. Based on our unaudited management accounts, our gross profit for the four-month period between July and October 2020 increased by 108.6% as compared to the same period in 2019, primarily attributable to a decrease in employee benefit expenses, which was in turn primarily driven by our one-off cost-saving strategies during the COVID-19 outbreak such as a decrease in the number of onsite service staff providing property management services due to the COVID-19 prevention requirements, and the one-off social insurance contribution exemption granted by central and local government authorities in China as COVID-19 relief measures that had been extended to the second half of 2020. Upon the release of these COVID-19 relief measures and cost-saving strategies, we may not be able to maintain our gross profit margin at the same level as that in the six months ended June 30, 2020. Please refer to "Risk Factors—Risk Relating to Our Business and Industry—We may not be able to maintain our gross profit margin at historical levels."

In the unlikely event that we are forced to reduce or suspend part of our business operations as a result of the COVID-19 outbreak, whether due to government policy or any other reasons beyond our control, our Directors are of the opinion that, after taking into account the financial resources available to us including the estimated net proceeds of the Global Offering and our expected cash generated from operating activities, we will have sufficient working capital to satisfy our requirements for at least the next 12 months following the date of this prospectus. We also estimate that, in the unlikely event mentioned above and based on the assumptions below, our Group will remain financially viable for approximately 20 months. Our key assumptions of the worst case scenario where our business is forced to be suspended due to the impact of COVID-19 include: (i) all of our operations would cease; (ii) no revenue would be generated; (iii) staff cost would be reduced to 50% to 60% of the usual level; (iv) only 10% of the net proceeds from the Global Offering can be used for general business operations and working capital purposes; (v) there would be no dividend payment; and (vi) trade and other receivables would be settled based on historical settlement pattern, and trade and other payables would be settled as they fall due. See "Business—Effects of the COVID-19 Outbreak—Effects of the COVID-19 Outbreak on Our Business Operations."

Currently, it is one of our business strategies to further expand our business scale and solidify our market position in the PRC. While the property market in the PRC may experience a 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 commercial properties will remain high even in the event of a prolonged outbreak of COVID-19 and adoption of further measures by the PRC government to curb the spread of COVID-19. According to CIA, the outbreak of COVID-19 is expected to cause certain short-term economic slowdown across China but it will unlikely disrupt the regional macroeconomic development plans and talent recruitment plans in China in the long term, and it is expected that once the outbreak is effectively controlled, the outlook for demand of residential and commercial property management services in China will remain positive. We therefore believe that our expansion plan as discussed in "Business—Business Strategies" is feasible, and it is unlikely that we would change the use of the net proceeds from the Global Offering as disclosed in "Future Plans and Use of Proceeds" in this prospectus as a result of the COVID-19 outbreak.

Notwithstanding the above, our Directors confirm that the COVID-19 outbreak has not had any material adverse effect on our Group's business operations, financial performance or sustainability. In addition, our Directors believe that the COVID-19 outbreak creates an opportunity for us to further develop our online shopping platforms and delivery services and to establish a more bonded relationship with our residents, as we have been taking extensive preventive measures to safeguard the hygiene of the community and the health of our residents in addition to the daily living-related services.

DIRECTORS' CONFIRMATION ON NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that there has not been any material adverse change to our financial, operational or trading position since June 30, 2020 and up to the date of this prospectus.

SUMMARY OF MATERIAL RISK FACTORS

There are certain risks relating to an investment in the Offer Shares. Some of the particular risks in investing in the Offer Shares are further described in the section entitled "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. We believe some of the more significant risk factors include: (i) our future growth may not materialize as planned; (ii) we cannot assure you that we can secure new or renew our existing property management contracts on favorable terms, or at all; (iii) a significant portion of our revenue is generated from services provided in relation to properties developed by RiseSun Development Group; (iv) our business operations may be affected by the outbreak of COVID-19; and (v) our future acquisitions may not be successful.

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in "Glossary of Technical Terms" in this prospectus.

"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s), **GREEN** Applications Form(s), or where the context so requires, any of them that is used in connection with the Hong Kong Public Offering;
"Articles of Association" or "Articles"	the articles of association of the Company adopted on April 6, 2020, which will become effective upon the Listing Date, as amended from time to time, a summary of which is set out in Appendix IV to this prospectus;
"associates"	has the meaning ascribed to it under the Listing Rules;
"Beijing Rongwanjia"	榮萬家(北京)科技服務有限公司 (Rongwanjia (Beijing) Technology Services Co., Ltd.*), a limited liability company established in the PRC on April 13, 2020 and our wholly-owned subsidiary;
"Bengbu Rongchang"	蚌埠榮昌商貿有限公司 (Bengbu Rongchang Commercial Trading Co., Ltd.*), a limited liability company established in the PRC on November 21, 2016 and our indirect wholly-owned subsidiary;
"Board" or "Board of Directors"	the board of Directors of our Company;
"Business Day" or "business day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, a Sunday or a public holiday in Hong Kong;
"CAGR"	compound annual growth rate;
"Cangzhou Rongguang"	滄州市榮光建築工程有限責任公司 (Cangzhou Rongguang Construction Engineering Co., Ltd.*), a limited liability company established in the PRC on April 29, 2019 and our wholly-owned subsidiary;
"Cangzhou Rongkun"	滄州市榮坤商貿有限公司 (Cangzhou Rongkun Commercial Trading Co., Ltd.*), a limited liability company established in the PRC on January 19, 2017 and our indirect wholly-owned subsidiary;
"Cangzhou Rongna"	滄州市榮納商貿有限公司 (Cangzhou Rongna Commercial Trading Co., Ltd.*), a limited liability company established in the PRC on September 20, 2019 and our indirect wholly-owned subsidiary;

"Cangzhou Rongqia"	滄州市榮洽商貿有限公司 (Cangzhou Rongqia Commercial Trading Co., Ltd.*), a limited liability company established in the PRC on October 31, 2019 and our indirect wholly-owned subsidiary;
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC;
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct participant or a general clearing participant;
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant;
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation;
"CCASS Operation Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operation and functions of CCASS, as from time to time in force;
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant;
"Changzhou Rongyijia"	常州市榮宜嘉房地產代理服務有限公司 (Changzhou Rongyijia Real Estate Agency Services Co., Ltd.*), a limited liability company established in the PRC on May 29, 2020 and our wholly-owned subsidiary;
"Changzhou Zhenmiao"	常州臻淼百貨貿易有限公司 (Changzhou Zhenmiao Department Store Trading Co., Ltd.*), a limited liability company established in the PRC on May 20, 2019 and our indirect wholly-owned subsidiary;
"Chengdu Rongchao"	成都市榮超商貿有限公司 (Chengdu Rongchao Commercial Trading Co., Ltd.*), a limited liability company established in the PRC on November 16, 2016 and our indirect wholly-owned subsidiary;
"China" or the "PRC"	the People's Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, references in this prospectus to "China" and the "PRC" do not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
"Chinese government" or "PRC government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them;

"Chongqing Rongzhiguan"	重慶榮之冠商貿有限公司 (Chongqing Rongzhiguan Commercial Trading Co., Ltd.*), a limited liability company established in the PRC on April 23, 2019 and our indirect wholly-owned subsidiary;
"Chuzhou RiseSun"	滁州榮盛物業服務有限公司 (Chuzhou RiseSun Property Management Service Co., Ltd.*), a limited liability company established in the PRC on June 10, 2019 and our wholly-owned subsidiary;
"CIA"	China Index Academy, our industry consultant;
"close associate(s)".	has the meaning ascribed to it under the Listing Rules;
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
"Companies (Winding up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
"Company," "the Company," or "our Company"	Roiserv Lifestyle Services Co., Ltd. (榮萬家生活服務股份有限公司) (formerly known as Rongwanjia Life Services Co., Ltd.* (榮萬家生活服務有限公司) and Langfang RiseSun Property Services Company Limited* (廊坊榮盛物業服務有限公司)), a limited liability company established in the PRC on November 2, 2000 and converted into a joint stock company with limited liability on April 23, 2020;
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"Controlling Shareholder(s)" . .	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to RiseSun Real Estate Development, RiseSun Holdings, RiseSun Construction Engineering and Mr. Geng;
"Corporate Reorganization" or "Reorganization".	the corporate reorganization of our Group conducted in preparation for the Listing, details of which are set out in the paragraph entitled "Reorganization" under "History, Reorganization and Corporate Structure" in this prospectus;
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets;
"Deed of Indemnity"	the deed of indemnity dated December 19, 2020 and executed by our Controlling Shareholders in favor of our Company (for ourselves and for each of our subsidiaries), as further described under "Appendix V—Statutory and General Information—D. Other Information—2. Tax and Other Indemnities" in this prospectus;

"Deed of Non-Competition"	the deed of non-competition dated December 19, 2020 and executed by our Controlling Shareholders in favor of our Company, as further described under "Relationship with Controlling Shareholders—Deed of Non-Competition" in this prospectus;
"Director(s)" or "our Directors"	the director(s) of our Company;
"Domestic Shares"	ordinary shares in our capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi;
"EIT Law"	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time;
"Exchange Participant(s)"	a person: (a) who, in accordance with the Listing Rules, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange;
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong;
"Global Offering"	the Hong Kong Public Offering and the International Offering;
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **HK eIPO White Form** Service Provider designated by our Company;
"Group," "our Group," "we" or "us"	our Company and, except where the context otherwise requires, all of its subsidiaries or where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries were engaged in and which were subsequently assumed by it;
"Guangdong Rongfa"	廣東榮發物業服務有限公司 (Guangdong Rongfa Property Management Service Co., Ltd.*), a limited liability company established in the PRC on April 24, 2019 and our wholly-owned subsidiary;
"Handan Rongchao"	邯鄲市榮超貿易有限公司 (Handan Rongchao Commercial Trading Co., Ltd.*), a limited liability company established in the PRC on February 9, 2017 and our indirect wholly-owned subsidiary;
"Henan Rongding"	河南榮定物業服務有限公司 (Henan Rongding Property Management Service Co., Ltd.*), a limited liability company established in the PRC on April 18, 2019 and our wholly-owned subsidiary;
"Hengshui Rongyue"	衡水榮悦生活服務有限公司 (Hengshui Rongyue Lifestyle Services Co., Ltd.*), a limited liability company established in the PRC on December 7, 2020 and our indirect wholly-owned subsidiary;
"**HK eIPO White Form**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name, submitted online through the **IPO App** or the designated website at **www.hkeipo.hk**;

"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by our Company as specified in the **IPO App** or on the designated website at **www.hkeipo.hk**;
"HK$" or "Hong Kong dollars" "HK dollars" or "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong;
"HKFRSs"	Hong Kong Financial Reporting Standards, which collectively include Hong Kong Accounting Standards and related interpretations, promulgated by the Hong Kong Institute of Certified Public Accountants;
"HKICPA"	Hong Kong Institute of Certified Public Accountants;
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited;
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC;
"Hohhot RiseSun"	呼和浩特市榮盛物業服務有限公司 (Hohhot RiseSun Property Management Service Co., Ltd.*), a limited liability company established in the PRC on August 1, 2012 and our wholly-owned subsidiary;
"Hohhot Rongmian"	呼和浩特市榮冕商貿有限公司 (Hohhot Rongmian Commercial Co., Ltd.*), a limited liability company established in the PRC on November 8, 2019 and our indirect wholly-owned subsidiary;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Hong Kong Offer Shares"	the H Shares offered by us for subscription pursuant to the Hong Kong Public Offering;
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price on the terms and conditions described in this prospectus and the Application Forms;
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in "Underwriting—Hong Kong Underwriters" in this prospectus;
"Hong Kong Underwriting Agreement"	the underwriting agreement dated December 30, 2020 relating to the Hong Kong Public Offering entered into by our Company, the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters as further described in "Underwriting—Underwriting Arrangements and Expenses" in this prospectus;

"H Share(s)"	overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, to be subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange;
"H Share Registrar"	Tricor Investor Services Limited;
"Huizhou Rongzhen"	惠州市榮臻貿易有限公司 (Huizhou Rongzhen Trading Co., Ltd.*), a limited liability company established in the PRC on July 11, 2019 and our indirect wholly-owned subsidiary;
"Hunan Rongkun".	湖南榮坤商貿有限公司 (Hunan Rongkun Commercial Trading Co., Ltd.*), a limited liability company established in the PRC on January 22, 2017 and our indirect wholly-owned subsidiary;
"Independent Third Party(ies)"	an individual or a company who, as far as the Directors are aware after having made all reasonable enquiries is not a connected person of the Company within the meaning of the Listing Rules;
"International Offer Shares" . .	the 84,600,000 H Shares initially offered by our Company for subscription at the Offer Price pursuant to the International Offering together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option (subject to reallocation as described in "Structure of the Global Offering" in this prospectus);
"International Offering"	the offer of the International Offer Shares by the International Underwriters at the Offer Price outside the United States in offshore transactions in accordance with Regulation S or any other available exemption from registration under the U.S. Securities Act, as further described in "Structure of the Global Offering" in this prospectus;
"International Underwriters" . .	the group of international underwriters, led by the Sole Global Coordinator, that is expected to enter into the International Underwriting Agreement to underwrite the International Offering;
"International Underwriting Agreement"	the underwriting agreement expected to be entered into by, among others, our Company, the Sole Sponsor, the Sole Global Coordinator and the International Underwriters in respect of the International Offering, as further described in "Underwriting—Underwriting Arrangements and Expenses —The International Offering" in this prospectus;
"IPO App"	the mobile application for the **HK eIPO White Form** service which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**;

"Jiangsu Pujie"	江蘇普捷物業有限公司 (Jiangsu Pujie Property Management Co., Ltd.*), a limited liability company established in the PRC on November 5, 2004 and our indirect wholly-owned subsidiary;
"Jinan Rongfa"	濟南榮發便利生活超市有限公司 (Jinan Rongfa Convenience Store Co., Ltd.*), a limited liability company established in the PRC on December 3, 2019 and our indirect wholly-owned subsidiary;
"Jinan Rongtong"	濟南榮通房地產經紀有限公司 (Jinan Rongtong Real Estate Agency Co., Ltd.*), a limited liability company established in the PRC on October 29, 2020 and our wholly-owned subsidiary;
"Joint Bookrunners"	Huatai Financial Holdings (Hong Kong) Limited, Haitong International Securities Company Limited, Soochow Securities International Brokerage Limited, UOB Kay Hian (Hong Kong) Limited, Fuyuan Securities Limited, BOCOM International Securities Limited, CCB International Capital Limited, China Securities (International) Corporate Finance Company Limited, CMB International Capital Limited, Guotai Junan Securities (Hong Kong) Limited, ICBC International Capital Limited, Realord Asia Pacific Securities Limited, Yue Xiu Securities Company Limited, Alpha International Securities (HONG KONG) Limited and ZJKF Securities Investment (Hong Kong) Limited;
"Joint Lead Managers"	Huatai Financial Holdings (Hong Kong) Limited, Haitong International Securities Company Limited, Soochow Securities International Brokerage Limited, UOB Kay Hian (Hong Kong) Limited, Fuyuan Securities Limited, BOCOM International Securities Limited, CCB International Capital Limited, China Securities (International) Corporate Finance Company Limited, CMB International Capital Limited, Guotai Junan Securities (Hong Kong) Limited, ICBC International Securities Limited, Realord Asia Pacific Securities Limited, Yue Xiu Securities Company Limited, Alpha International Securities (HONG KONG) Limited, ZJKF Securities Investment (Hong Kong) Limited, Blackwell Global Securities Limited and Maxa Capital Limited;
"Kanglv Resort Group"	RiseSun Kanglv Investment Co., Ltd. (榮盛康旅投資有限公司) and its subsidiaries, which are controlled by RiseSun Real Estate Development;
"Langfang Duona"	廊坊多納商貿有限公司 (Langfang Duona Commercial Trading Co., Ltd.*), a limited liability company established in the PRC on July 5, 2019 and our indirect wholly-owned subsidiary;
"Langfang Rongba"	廊坊榮霸貿易有限公司 (Langfang Rongba Trading Co., Ltd.*), a limited liability company established in the PRC on April 11, 2019 and our indirect wholly-owned subsidiary;
"Langfang Rongxin"	廊坊市榮信房地產經紀有限公司 (Langfang Rongxin Property Agency Co., Ltd.*), a limited liability company established in the PRC on October 16, 2013 and our wholly-owned subsidiary;
"Langfang Rongzhen"	廊坊榮臻貿易有限公司 (Langfang Rongzhen Trading Co., Ltd.*), a limited liability company established in the PRC on November 14, 2018 and our wholly-owned subsidiary;

"Langfang Shangsheng"	廊坊商盛商業管理有限公司 (Langfang Shangsheng Commercial Management Co., Ltd.*), a limited liability company established in the PRC on August 10, 2012 and indirect wholly-owned by RiseSun Real Estate Development;
"Langfang Shengkun Gardening Engineering"	廊坊市盛坤園林工程有限公司 (Langfang Shengkun Gardening Engineering Co., Ltd.*), a limited liability company established in the PRC on March 27, 2014 and wholly owned by 廊坊市盛坤商業管理有限公司 (Langfang Shengkun Commercial Management Co., Ltd.*);
"Latest Practicable Date"	December 22, 2020, being the latest practicable date for the purpose of ascertaining certain information in this prospectus prior to its publication;
"Liaocheng RiseSun"	聊城榮盛物業服務有限公司 (Liaocheng RiseSun Property Management Service Co., Ltd.*), a limited liability company established in the PRC on September 25, 2013 and our wholly-owned subsidiary;
"Liaocheng Rongfa"	聊城市東昌府區榮發商貿有限公司 (Liaocheng Dongchangfu District Rongfa Commercial Trading Co., Ltd.*), a limited liability company established in the PRC on January 3, 2017 and our indirect wholly-owned subsidiary;
"Liaocheng Rongkun"	聊城市榮坤建築工程有限公司 (Liaocheng Rongkun Construction Engineering Co., Ltd.*), a limited liability company established in the PRC on September 15, 2017 and our indirect wholly-owned subsidiary;
"Linqing Pujie"	臨清普捷物業服務有限公司 (Linqing Pujie Property Management Service Co., Ltd.*), a limited liability company established in the PRC on September 9, 2014 and our indirect wholly-owned subsidiary;
"Linyi Ronghui"	臨沂市榮惠商貿有限公司 (Linyi Ronghui Commercial Trading Co., Ltd.*), a limited liability company established in the PRC on January 18, 2017 and our indirect wholly-owned subsidiary;
"Listing"	the listing of our H Shares on the Stock Exchange;
"Listing Committee"	the Listing Committee of the Stock Exchange;
"Listing Date"	the date expected to be on or about January 15, 2021, on which dealings in our H Shares first commence on the Stock Exchange;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time;
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange;

"Mandatory Provisions"	the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款), as promulgated by the State Council Securities Commission and the State Restructuring Commission on August 27, 1994 and became effective on the same date, as the same may be amended and supplemented or otherwise modified from time to time;
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部);
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部) or its predecessor, the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外貿易經濟合作部);
"MOHURD"	the Ministry of Housing and Urban and Rural Development (中華人民共和國住房和城鄉建設部);
"Mr. Geng"	Mr. Geng Jianming (耿建明), our Ultimate Controlling Shareholder and the brother of Mr. Geng Jianfu, the chairman of our Board and our executive Director;
"Nanjing Handu"	南京翰都科技實業有限公司 (Nanjing Handu Technology Industrial Co., Ltd.*), a limited liability company established in the PRC on February 1, 2005 and our indirect wholly-owned subsidiary;
"Nanjing Luhe"	南京六合榮盛物業服務有限公司 (Nanjing Luhe RiseSun Property Management Service Co., Ltd.*), a limited liability company established in the PRC on March 15, 2001 and our wholly-owned subsidiary;
"Nanjing Ronghui"	南京榮惠商貿有限公司 (Nanjing Ronghui Commercial Trading Co., Ltd.*), a limited liability company established in the PRC on November 8, 2016 and our indirect wholly-owned subsidiary;
"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);
"Offer Price"	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$18.36 and expected to be not less than HK$13.46, at which Hong Kong Offer Shares are to be subscribed, to be determined in the manner further described in "Structure of the Global Offering—Pricing and Allocation" in this prospectus;
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares, together with, where relevant, any additional H Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option;

"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable by the Sole Global Coordinator (on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 14,100,000 additional H Shares at the Offer Price to, among other things, cover over-allocations in the International Offering, if any, further details of which are described in "Structure of the Global Offering" in this prospectus;
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC;
"People's Congress"	The PRC's legislative apparatus, including the National People's Congress and all the local people's congresses (including provincial, municipal and other regional or local people's congresses) as the context may require, or any of them;
"PRC Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended and adopted by the Standing Committee of the Tenth National People's Congress on October 27, 2005 and effective on January 1, 2006, as amended, supplemented or otherwise modified from time to time;
"PRC GAAP"	generally accepted accounting principles in the PRC;
"PRC Legal Advisor"	DeHeng Law Offices, our legal advisor as to PRC laws;
"PRC Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as enacted by the 6th meeting of the 9th Standing Committee of the NPC on December 29, 1998 and became effective on July 1, 1999, as amended, supplemented or otherwise modified from time to time;
"Price Determination Agreement"	the agreement to be entered into by the Sole Global Coordinator (on behalf of the Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price;
"Price Determination Date" ...	the date, expected to be on or around Friday, January 8, 2021 (Hong Kong time) on which the Offer Price is determined, or such later time as the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and our Company may agree, but in any event no later than Sunday, January 10, 2021;
"prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering;
"Qingdao Shengjing"	青島盛景健身服務有限公司 (Qingdao Shengjing Fitness Service Co., Ltd.*), a limited liability company established in the PRC on September 17, 2020 and our wholly-owned subsidiary;

"Regulation S"	Regulation S under the U.S. Securities Act;
"RiseSun Construction Engineering"	榮盛建設工程有限公司 (RiseSun Construction Engineering Co., Ltd.*), a limited liability company established in the PRC on November 12, 1998 and one of our Controlling Shareholders;
"RiseSun Holdings"	榮盛控股股份有限公司 (RiseSun Holdings Co., Ltd.*), a joint stock company with limited liability established in the PRC on July 31, 2002 and one of our Controlling Shareholders;
"RiseSun Real Estate Development"	榮盛房地產發展股份有限公司 (RiseSun Real Estate Development Co., Ltd.*) (formerly known as 廊坊開發區榮盛房地產開發有限公司 (RiseSun Property Development Co., Ltd.*)), a joint stock company with limited liability established in the PRC on December 30, 1996, listed on the Shenzhen Stock Exchange (stock code: 002146) and one of our Controlling Shareholders;
"RiseSun Development Group"	RiseSun Real Estate Development and its subsidiaries, which exclude our Group;
"Rongwanjia Beijing Property Services"	榮萬家(北京)物業服務有限公司 (Rongwanjia (Beijing) Property Services Co., Ltd.*), a limited liability company established in the PRC on July 8, 2020 and our wholly-owned subsidiary;
"Rongwanqian Property Management"	榮萬乾物業管理(張家口)有限公司 (Rongwanqian Property Management (Zhangjiakou) Co., Ltd.*), a limited liability company established in the PRC on September 17, 2020 and owned as to 51% by our Company and 49% by Zhangjiakou Qianyi Tourist Resort Co., Ltd. (張家口乾壹旅遊渡假村有限公司), an Independent Third Party;
"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);
"SAT"	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局);
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
"SFC"	the Securities and Futures Commission of Hong Kong;
"Shanxi RiseSun"	山西榮盛物業服務有限公司 (Shanxi RiseSun Property Management Service Co., Ltd.*), a limited liability company established in the PRC on April 11, 2019 and our wholly-owned subsidiary;

"Share(s)"	shares in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our Unlisted Domestic Shares and our H Shares;
"Shareholders"	holders of our Shares;
"Shenyang Rongkun"	瀋陽榮坤商貿有限公司 (Shenyang Rongkun Commercial Trading Co., Ltd.*), a limited liability company established in the PRC on May 15, 2017 and our indirect wholly-owned subsidiary;
"Shenyang Rongxin"	瀋陽榮馨商貿有限公司 (Shenyang Rongxin Commercial Trading Co., Ltd.*), a limited liability company established in the PRC on November 6, 2019 and our indirect wholly-owned subsidiary;
"Shenyang Rongyue"	瀋陽榮悦商貿有限公司 (Shenyang Rongyue Commercial Trading Co., Ltd.*), a limited liability company established in the PRC on November 6, 2019 and our indirect wholly-owned subsidiary;
"Shengyide Commercial"	香河盛繹德商務信息諮詢中心(有限合夥) (Xianghe Shengyide Commercial Consulting Center (Limited Partner)*), a limited partnership established in the PRC on May 13, 2020 and one of our Shareholders;
"Shijiazhuang Rongci"	石家莊榮賜商貿有限公司 (Shijiazhuang Rongci Commercial Trading Co., Ltd.*), a limited liability company established in the PRC on January 11, 2017 and our indirect wholly-owned subsidiary;
"Shijiazhuang Rongci Property Agency"	石家莊榮賜房地產經紀有限公司 (Shijiazhuang Rongci Property Agency Co., Ltd.*), a limited liability company established in the PRC on December 4, 2019 and our wholly-owned subsidiary;
"Shijiazhuang Rongyu"	石家莊榮御商貿有限公司 (Shijiazhuang Rongyu Commercial Trading Co., Ltd.*), a limited liability company established in the PRC on June 11, 2020 and our indirect wholly-owned subsidiary;
"Shijiazhuang Shengjing"	石家莊盛景健身服務有限公司 (Shijiazhuang Shengjing Fitness Service Co., Ltd.*), a limited liability company established in the PRC on June 23, 2014 and our wholly-owned subsidiary;
"Sichuan RiseSun"	四川榮盛盛欣物業管理有限公司 (Sichuan RiseSun Shengxin Property Management Service Co., Ltd.*), a limited liability company established in the PRC on January 11, 2019 and our wholly-owned subsidiary;
"Sole Global Coordinator"	Huatai Financial Holdings (Hong Kong) Limited;
"Sole Sponsor"	Huatai Financial Holdings (Hong Kong) Limited;

"Special Regulations"	Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定), promulgated by the State Council on August 4, 1994;
"Spin-off Circular"	the Circular on Issues Relevant to Regulating Offshore Listing of Securities of Domestic Listed Companies (關於規範境內上市公司所屬企業到境外上市有關問題的通知) promulgated by the CSRC on July 21, 2004;
"Stabilizing Manager"	Huatai Financial Holdings (Hong Kong) Limited;
"State Council"	State Council of the PRC (中華人民共和國國務院);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiary(ies)"	has the meaning ascribed thereto in section 15 of the Companies Ordinance;
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules;
"Supervisor(s)"	supervisor(s) of our Company;
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time;
"Tangshan Pujie"	唐山市豐南區普捷物業服務有限公司 (Tangshan Fengnan District Pujie Property Management Service Co., Ltd.*), a limited liability company established in the PRC on July 3, 2012 and our wholly-owned subsidiary;
"Tangshan Rongjun"	唐山市榮峻商貿有限公司 (Tangshan Fengnan District Rongjun Commercial Trading Co., Ltd.*), a limited liability company established in the PRC on November 21, 2016 and our indirect wholly-owned subsidiary;
"Tangshan Youanmi"	唐山優安米餐飲服務有限公司 (Tangshan Youanmi Catering Service Co., Ltd.*), a limited liability company established in the PRC on November 22, 2019 and our indirect wholly-owned subsidiary;
"Tianjin Roiserv"	天津榮萬家生活服務有限公司 (Tianjin Roiserv Lifestyle Services Co., Ltd. *), a limited liability company established in the PRC on October 23, 2020 and our wholly-owned subsidiary;
"Tianjin Rongshang"	天津榮尚科技有限公司 (Tianjin Rongshang Technology Co., Ltd.*), a limited liability company established in the PRC on July 24, 2020 and our wholly-owned subsidiary;
"Track Record Period"	the period comprising the years ended December 31, 2017, 2018, 2019 and the six months ended June 30, 2020;

"Ultimate Controlling Shareholder"	Mr. Geng;
"Underwriters"	the Hong Kong Underwriters and the International Underwriters;
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement;
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction;
"Unlisted Domestic Shares"	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi;
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States;
"U.S. Securities Act"	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder;
"WFOE"	wholly foreign-owned enterprise;
"**WHITE** Application Form(s)"	the application form(s) for the Hong Kong Offer Shares for use by the public who require(s) such Hong Kong Offer Shares to be issued in the applicant's own name;
"Xianghe Rongkun"	香河榮坤商貿有限公司 (Xianghe Rongkun Commercial Trading Co., Ltd.*), a limited liability company established in the PRC on November 10, 2016 and our indirect wholly-owned subsidiary;
"Xuzhou Rongrun"	徐州市榮潤商貿有限公司 (Xuzhou Rongrun Commercial Trading Co., Ltd.*), a limited liability company established in the PRC on November 17, 2016 and our indirect wholly-owned subsidiary;
"Yangxi Shanhuhai"	陽西縣山湖海業主之家餐飲服務有限公司 (Yangxi County Shanhuhai Property Owners' Home Catering Services Co., Ltd.*), a limited liability company established in the PRC on January 19, 2020 and our indirect wholly-owned subsidiary;
"**YELLOW** Application Form(s)"	the application form(s) for the Hong Kong Offer Shares for use by the public who require(s) such Hong Kong Offer Shares to be deposited directly into CCASS;
"Yongqing Jingtai"	永清京台物業服務有限公司 (Yongqing Jingtai Property Management Service Co., Ltd.*), a limited liability company established in the PRC on March 28, 2012 and our wholly-owned subsidiary;
"Yueyang Rongyue"	岳陽榮悦百貨商貿有限公司 (Yueyang Rongyue Merchandise Trading Co., Ltd.*), a limited liability company established in the PRC on October 21, 2020 and our indirect wholly-owned subsidiary;

"Zhangjiakou RiseSun Jingxuan"	張家口榮盛京宣物業服務有限公司 (Zhangjiakou RiseSun Jingxuan Property Management Service Co., Ltd.*), a limited liability company established in the PRC on April 2, 2018 and our wholly-owned subsidiary;
"Zhangjiakou Rongyiheng"	張家口榮億恒商貿有限公司 (Zhangjiakou Rongyiheng Commercial Trading Co., Ltd.*), a limited liability company established in the PRC on February 11, 2020 and our indirect wholly-owned subsidiary;
"Zhanjiang Rongjin"	湛江市榮錦商貿有限公司 (Zhanjiang Rongjin Commercial Trading Co., Ltd.*), a limited liability company established in the PRC on May 19, 2017 and our indirect wholly-owned subsidiary;
"Zhengzhou Shenshuo"	鄭州市申朔商貿有限公司 (Zhengzhou Shenshuo Commercial Trading Co., Ltd.*), a limited liability company established in the PRC on November 8, 2019 and our indirect wholly-owned subsidiary; and
"Zhonghong Kaisheng"	河北中鴻凱盛投資股份有限公司 (Hebei Zhonghong Kaisheng Investment Co., Ltd.*), a joint stock company with limited liability established in the PRC on December 12, 2015 and one of our Shareholders.

Unless the content otherwise requires, references to "2017," "2018" and "2019" in this prospectus refers to our financial year ended December 31 of such year.

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

For ease of reference, the names of the PRC laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in the prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of official Chinese names are for identification purpose only.

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

"average property management fee"	calculated as revenue from property management services during the last month of a specified period divided by GFA under management as of the end of that period;
"Bohai Economic Rim"	an economic region in China including Beijing, Tianjin, Hebei, Shandong, Shanxi, Inner Mongolia and Liaoning, for purposes of this prospectus;
"Central and Western China"	a geographical region in China encompassing all of the provinces, municipalities and autonomous regions located in central and western parts of China, including but not limited to Anhui, Shaanxi, Chongqing, Sichuan, Guizhou, Henan, Hubei, Hunan and Jiangxi, for purposes of this prospectus;
"commercial properties"	properties which are used primarily for commercial purposes, including serviced apartments, office buildings, retail complexes and hotels;
"commission basis"	a revenue generating model for our property management business line whereby our fee income from property management consists only of a specified percentage of the total management fees payable by the property owners or property developers while the remainder of such management fees would be used to procure services to the property from other service providers;
"common area"	common areas in residential properties, such as parking lots, swimming pools, advertisement bulletin boards, and club houses;
"contracted GFA"	GFA managed or to be managed by us under operating property management contracts, including both GFA under management and undelivered GFA;
"GFA"	gross floor area;
"GFA under management"	GFA of properties that have been delivered by property developers to property owners, for which we are already collecting property management fees in relation to contractual obligations to provide our services;
"GFA under management per employee"	GFA under management divided by the number of employees as of the specified date;

"Greater Bay Area"	the Guangdong-Hong Kong-Macao Greater Bay Area, a geographical region in China including Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen, Zhaoqing, Hong Kong and Macao Special Administrative Region of the PRC, for purposes of this prospectus;
"Internet of Things"	a network of physical objects and items embedded with electronics, software, sensors and network connectivity, which enables these objects to collect and exchange data;
"lump sum basis"	a revenue generating model for our property management business line whereby we charge a pre-determined property management price per GFA for all units (whether sold or unsold) on an annual, quarterly or monthly basis which represents the "all-inclusive" fees for all of the property management services provided by our staff and sub-contractors. Under a lump sum basis, the property owners and property developers will be responsible for paying our management fees for the sold and unsold units respectively on an annual, quarterly or monthly basis;
"renewal rate"	the number of renewed property management service contracts in the period divided by the number of property management service contracts which expired in the same period;
"residential communities" or "residential properties"	properties which are purely residential or mixed-use properties containing residential units and ancillary facilities that are nonresidential in nature such as commercial or office units but excluding pure commercial properties;
"retention rate"	the aggregate number of properties under management as of the end of the period divided by the aggregate number of properties under management as of the end of the period and properties we cease to manage during the same period;
"revenue per employee"	revenue for the period divided by the number of employees as of the end of that period;
"tender success rate"	the aggregate number of bids we won in a period divided by the aggregate number of bids we submitted in the same period;

"Top 100 Property Management Companies"	an annual ranking of China-based property management companies published by CIA based on a number of key indicators, including management scale, operational performance, service quality, growth potential and social responsibility, which comprised 210, 200, 200, 220 and 244 companies, respectively, for 2016, 2017, 2018, 2019 and 2020. The number of companies for each of 2016, 2017, 2018, 2019 and 2020 exceeded 100 as multiple companies with very close scores were assigned the same ranking;
"tier-one cities," "new tier-one cities"	cities specified by China Business News as such; tier-one cities include Beijing, Shanghai, Shenzhen and Guangzhou; new tier-one cities include Chengdu, Hangzhou, Chongqing, Wuhan, Suzhou, Xi'an, Tianjin, Nanjing, Zhengzhou, Changsha, Shenyang, Qingdao, Ningbo and Dongguan;
"undelivered GFA"	contracted GFA of properties that are not yet ready to be delivered in relation to which the collection of property management fees and provision of management services have not started as of the relevant date; and
"Yangtze River Delta region"	a geographical region in China including Shanghai, Zhejiang and Jiangsu, for purposes of this prospectus.

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

We have included in this prospectus forward-looking statements that are not historical facts but relate to our intentions, beliefs, expectations or predictions for future events and conditions which may not occur. Even though these statements have been made by our Directors after due and careful consideration and on bases and assumptions that we believe are fair and reasonable at the time, they nevertheless involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Some of the risks are listed in "Risk Factors" and elsewhere in this prospectus. In some cases, you can identify these forward-looking statements by words such as "aim," "anticipate," "believe," "continue," "could," "expect," "intend," "may," "might," "plan," "potential," "predict," "project," "propose," "seek," "should," "will," "would" or similar expressions, or their negatives. These forward-looking statements include, without limitation, statements relating to:

- any changes in the laws, rules and regulations of the central and local governments in the PRC and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans;
- our business and operating strategies and our ability to implement such strategies;
- our ability to control or reduce costs;
- our capability to identify and integrate suitable acquisition targets;
- expected growth of and changes in the PRC property management industry;
- our ability to maintain a strong relationship with the relevant governmental authorities, customers or suppliers;
- our future business development, results of operations and financial condition;
- the future competitive environment for the PRC property management industry;
- determination of the fair value of our Shares;
- our dividend policy;
- capital market development;
- exchange rate fluctuations and restrictions; and
- risks identified under "Risk Factors" of this prospectus.

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

We do not guarantee that the transactions and events described in the forward-looking statements in this prospectus will happen as described, or at all. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risks and uncertainties set forth in "Risk Factors" in this prospectus. You should read this prospectus in its entirety and with the understanding that actual future results may be materially different from what we expect. The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made or, if obtained from third-party studies or reports, the dates of the respective studies or reports. Since we operate in an evolving environment where new risks and 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 H Shares involves various risks. You should carefully consider the following information about risks, together with the other information contained in this prospectus, including our consolidated financial statements and related notes, before you decide to purchase our H Shares. If any of the circumstances or events described below actually arises or occurs, our business, results of operations, financial position and prospects would likely suffer. In any such case, the market price of our H Shares could decline, and you may lose all or part of your investment. You should also pay particular attention to the fact that we are a PRC company and are governed by a legal and regulatory system which may differ from those prevailing in other countries. For more information concerning the PRC legal and regulatory system and certain related matters discussed below, please refer to "Regulatory Overview" and "Appendix III—Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions."

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our future growth may not materialize as planned.

We have been expanding our business since our inception primarily through organic growth. As of December 31, 2017, 2018 and 2019 and June 30, 2020, our total GFA under management was approximately 36.2 million sq.m., 41.6 million sq.m., 50.3 million sq.m. and 52.4 million sq.m., respectively. We seek to continue to expand through increasing the total GFA under management and the number of properties we are contracted to manage in existing and new markets, including properties developed by RiseSun Development Group and Independent Third Party property developers. Please refer to "Business—Business Strategies—Further expand our business scale and market share" in this prospectus. However, our expansion plans are based upon our assessment of market prospects. We cannot assure you that our assessment will prove to be correct or that we can 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 primarily include:

- changes in China's economic condition in general and the real estate market in particular;
- changes in disposable personal income in the PRC;
- changes in government regulations;
- changes in the supply of and demand for property management and value-added services;
- our ability to generate sufficient liquidity internally and obtain external financing;
- our ability to recruit and train competent employees;
- our ability to select and work with suitable sub-contractors and suppliers;

- our ability to understand the needs of residents in the properties where we provide property management services;
- our ability to adapt to new markets and industries where we have no prior experience and in particular, whether we can adapt to the administrative, regulatory and tax environments in such markets and industries;
- 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 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, and failure to do so may have a material adverse effect on our business, financial position and results of operations.

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

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

We have entered into a number of framework agreements and strategic cooperation agreements with Independent Third Party property developers, which typically provide that the property developers shall, to the extent permitted by law, endeavor to engage us as their property management service provider. These agreements are generally not legally binding in nature, and contain conditions precedent such as completion of a tender and bidding process. Therefore, we cannot assure you that we will be able to secure our role as the property management service provider for the properties proposed to be managed by us under these agreements.

During the Track Record Period, we typically entered into preliminary property management service contracts with property developers during later stages of property development. Preliminary property management service contracts typically expire when property owners' associations are established and new property management service contracts are entered into and become effective. For more information, please refer to "Business—Property Management Service Contracts—Key Terms of Contract with Property Developers" in this prospectus. To continue managing the property, we would have to enter into a new property management service contracts with the property owners' associations. There is no guarantee that property owners' associations will enter into a new property management service contracts with us instead of our competitors. We may therefore bear the risk of termination of rendering services for existing projects as a result of the set-up of property owners' associations. Our customers select us based on parameters such as quality and cost, and we cannot assure you that we will always be able to balance them on favorable terms.

Even where we succeed in entering into property management service contracts with property owners' associations, we cannot guarantee that they will be renewed upon expiration. It is also possible that they may be terminated for cause. In such cases, we would no longer be able to provide community value-added services to residential communities who have terminated our engagements, in addition to our property management services. In 2017, 2018 and 2019, our renewal rate was 100%. In the six months ended June 30, 2020, only four property management service contracts expired, which were all entered into with property owners, and we voluntarily chose not to renew two of them due to their low profit margin; we successfully renewed the other two property management service contracts expired during this period. In 2017, 2018 and 2019 and the six months ended June 30, 2020, our retention rate was 99.4%, 100%, 100% and 97.5%, respectively. In 2017, our retention rate was lower than 100%, because we voluntarily withdrew from one property management service contract due to its low profit margin. In the six months ended June 30, 2020, our retention rate was lower than 100%, because (i) we terminated five property management service contracts relating to holiday resort properties in June 2020 as detailed in the "Relationship with Controlling Shareholders" section and (ii) we voluntarily chose not to renew two property management service contracts due to their low profit margin. There is no guarantee that we would be able to find other business opportunities and enter into alternative property management service contracts on favorable terms, or at all. Moreover, as both termination and non-renewal may be detrimental to our reputation, we may experience material adverse effects to our brand value. We believe that our brand value is essential to our ability to procure new property management service contracts. Failure to cultivate our brand value may diminish our competitiveness within the industry and lead to an adverse effect on our growth prospects and results of operations.

A significant portion of our revenue is generated from services provided in relation to properties developed by RiseSun Development Group.

During the Track Record Period, a significant portion of our revenue was generated from services provided in relation to properties developed by RiseSun Development Group. As of December 31, 2017, 2018 and 2019 and June 30, 2020, our GFA under management in relation to properties developed by RiseSun Development Group accounted for 100.0%, 99.99%, 99.5% and 98.6% of our total GFA under management, respectively. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, revenue generated from property management services provided in relation to properties developed by RiseSun Development Group amounted to approximately RMB458.5 million, RMB552.5 million, RMB701.7 million, RMB328.9 million and RMB440.9 million, respectively, accounting for 100.0%, 99.9%, 99.8%, 99.9% and 99.3%, respectively, of our revenue from property management services.

During the Track Record Period, our tender success rate with respect to properties developed by RiseSun Development Group was 100.0%. During the Track Record Period, we were initially engaged to provide property management services to all of the properties developed by RiseSun Development Group. As of the Latest Practicable Date, except for certain holiday resort properties as detailed in the "Relationship with Controlling Shareholders" section, we were managing 99.8% of the properties developed by RiseSun Development Group during the Track Record Period. However, we do not have control over the management strategy of RiseSun Development Group, nor the macroeconomic or other factors that affect its business operations and financial positions. Any adverse development in the business or financial positions of RiseSun Development Group or its ability to develop and maintain properties may materially and adversely affect our ability to maintain and grow our business relationships with RiseSun Development Group. In addition, the service contracts with RiseSun Development Group are subject to expiration and may not be renewed successfully. We may also fail to diversify our customer base. As a result, we cannot assure you that we will be able to procure service mandates from alternative sources to make up the shortfall in a timely manner or on favorable terms, or at all, which could materially and adversely affect our business, financial conditions and results of operations.

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

To the best of our Directors' knowledge, as of the Latest Practicable Date, there had been seven confirmed cases of COVID-19 infection of residents in the properties managed by us. In response to the COVID-19 outbreak, we have adopted enhanced hygiene and precautionary measures across our projects. As of the Latest Practicable Date, we incurred aggregate costs for implementing these enhanced measures of approximately RMB1.9 million. Please refer to "Business—Effects of the COVID-19 Outbreak" for further details. We are subject to certain risks as a result of the COVID-19 outbreak, which include among others:

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

The occurrence of any of the above events may adversely affect our operations. Furthermore, the COVID-19 outbreak may severely affect the economic activities in China and globally as the government in China and other countries may impose regulatory or administrative containment measures to control the outbreak of COVID-19, which may affect business in major industries and adversely affect the overall business sentiment and environment in China and other countries, which in turn may lead to slower overall economic growth in China and the world. There is no assurance that the current containment measures will be effective in halting the pandemic. The containment measures may reduce the supply and demand and adversely affect economic growth globally, which could materially and adversely affect our business operations and financial condition.

Our future acquisitions may not be successful.

We plan to continue to evaluate opportunities to acquire other property management companies and other businesses that are supplementary to our existing business and integrate their operations into our business. However, we cannot assure you that we will be able to identify suitable opportunities.

Even if we manage to identify suitable opportunities, we may not be able to complete the acquisitions on terms favorable or acceptable to us, in a timely manner, or at all. The inability to identify suitable acquisition targets or complete acquisitions could materially and adversely affect our competitiveness and growth prospects.

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

- potential ongoing financial obligations and unforeseen or hidden liabilities;
- inability to apply our business model or standardized business processes on the acquisition targets;
- failure to achieve the intended objectives, benefits or revenue-enhancing opportunities; and
- diversion of resources and management attention.

Furthermore, we may face difficulties in integrating acquired operations with our existing business, particularly when integrating the existing workforce of local property management with companies we may acquire. Such difficulties could disrupt our ongoing business, distract our management and employees or increase our expenses, any of which could materially and adversely affect our business, financial condition and results of operations. If we fail to identify suitable acquisition opportunities or our future acquisition transactions fail to consummate for other reasons which may be beyond our control, the implementation of our business strategies and our operation may be adversely affected.

We may be subject to losses and decreased profit margins if we fail to effectively anticipate or control our costs in performing our property management services.

We generated revenue from property management services on a lump sum basis during the Track Record Period. On a lump sum basis, we charge property management fees at a pre-determined fixed price per sq.m., representing "all-inclusive" fees for the property management services provided. These management fees do not change with the actual amount of property management costs we incur. We recognize as revenue the full amount of property management fees we charge to the property owners or property developers, and recognize as our cost of sales the actual costs we incur in connection with rendering our services. Please refer to "Business—Property Management Services—Property Management Fees" and "Financial Information—Certain Significant Accounting Policies, Estimates and Judgments—Significant Accounting Policies—Revenue Recognition" in this prospectus.

In the event that the amount of property management fees that we charge is insufficient to cover all the costs for property management service we incur, we are not entitled to collect the shortfall from the relevant property owners or property developers. As a result, we may suffer losses. We incurred losses in an aggregate amount of RMB21.6 million, RMB27.1 million, RMB8.3 million and RMB3.3 million, respectively, with respect to 39, 36, 19 and 22 projects managed on a lump sum basis, respectively, in 2017, 2018 and 2019 and the six months ended June 30, 2020. If we are unable to raise property management fee rates and there is a shortfall of working capital after deducting the property management costs, we would seek to cut costs with a view to reducing the shortfall. However, our ability to mitigate against such losses through cost-saving initiatives such as operation automation measures to reduce labor costs and energy-saving measures to reduce energy costs may not be successful, and our cost-saving efforts may negatively affect the quality of our property management services, which in turn would further reduce the owners' willingness to pay us the property management fees.

Our profit margins and results of operations may be materially and adversely affected by increases in labor or sub-contracting or other operating costs.

In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our employee benefit expenses represented 61.4%, 62.2% 47.0%, 59.0% and 39.1%, respectively, of our total cost of sales. During the same periods, our sub-contracting costs represented 1.8%, 4.2%, 22.9%, 13.5% and 33.6%, respectively, of our total cost of sales. To maintain and improve our profit margins, it is critical for us to control and reduce our labor costs as well as other operating costs. We face pressure from rising labor and sub-contracting costs due to various factors, including but not limited to:

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

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

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

We cannot assure you that we will be able to control our costs or improve our efficiency. If we cannot achieve this goal, our business, financial position and results of operations may be materially and adversely affected.

There is no assurance that we will receive other income and gains in the future.

During the Track Record Period, other income and gains contributed to a sizeable percentage of our profit and total comprehensive income for the year/period. In 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, other income and gains in aggregate amounted to RMB4.4 million, RMB36.6 million, RMB40.7 million, RMB15.5 million and RMB20.9 million, respectively, accounting for 11.4%, 50.6%, 36.0%, 29.3% and 19.9%, of our profit and total comprehensive income for the year/period, respectively.

Our other income mainly included interest income from loans due from related parties representing interest income derived from our non-ABS loans due from related parties. Our other gains mainly included gains from fair value change of financial assets at FVPL and investment properties. Please refer to "Financial Information—Description of Certain Consolidated Balance Sheet Items—Other Income" and "Financial Information—Description of Certain Consolidated Balance Sheet Items—Other Gains/(Losses) – net" for further details.

The interest income from loans due from related parties arose from our loans to certain subsidiaries of RiseSun Real Estate Development for their operation needs. As of the Latest Practicable Date, the principal and related interests of these loans had been fully settled. Such inter-company loan arrangements are non-recurring in nature and we may not be able to generate such interest income in the future.

In addition, we cannot assure you that we can continue to record net fair value gain on financial assets at FVPL. See "—Net changes in fair value of financial assets at fair value through profit or loss are linked to market and therefore subject to uncertainties of accounting estimates in the fair value measurement and the use of significant unobservable inputs in the valuation techniques." Furthermore, gains and losses arising from changes in the fair value of any investment properties will affect our results of operations in the periods in which they arise and the impact may be material. We cannot assure you that we can recognize comparable fair value gains on investment properties in the future, and we may recognize fair value losses, which would adversely affect our results of operations for future periods. See "—The fair value measurement of our investment properties are subject to uncertainties and risk and the fair value change of such assets may materially and adversely affect our results of operations."

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

We may encounter difficulties in collecting property management fees from property owners especially in communities where the vacancy rate is relatively high. Even though we seek to collect overdue property management fees by implementing a number of collection measures, we cannot assure you that such measures will be effective or enable us to improve our future collection rate.

Our impairment loss on trade receivables amounted to RMB15.7 million, RMB19.0 million, RMB8.7 million and RMB15.5 million as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. Our collection rate of property management fees, calculated by dividing the property management fees we actually received during a period by the total property management fees payable to us accumulated during the same period, was 90.7%, 89.4%, 90.9% and 74.0%, respectively, in 2017, 2018 and 2019 and the six months ended June 30, 2020. 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. Please refer to "Financial Information—Certain Significant Accounting Policies, Estimates and Judgments—Significant Accounting Policies—Trade Receivables" in this prospectus. In the event that the actual recoverability is lower than expected, or that our past impairment loss on trade receivables becomes insufficient in light of any new information, we may need to increase allowance for impairment of trade receivables, which may in turn materially and adversely affect our business, financial position and results of operations.

Our one-stop omni-channel service platform may not grow as planned.

We commenced the implementation of our one-stop omni-channel service platform in January 2016. Please refer to "Business—Our One-Stop Omni-Channel Service Platform" in this prospectus. We aim to expand the functionality and service offerings on our one-stop omni-channel service platform to increase accessibility and improve user experience, and to attract further use by owners and residents of the properties we manage as well as local vendors. However, our one-stop omni-channel service platform is relatively new and still evolving and we cannot assure you that we will be able to grow our one-stop omni-channel service platform as planned. The future growth depends on our ability to tap the market and to continue to attract new users as well as to increase the spending and repeat purchase rate of existing users.

Changing consumer preferences have historically affected, and will continue to affect, the e-commerce industry. As a result, we must stay abreast of emerging life-style and consumer preferences and anticipate product 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 or continue to use the services and products on our one-stop omni-channel service platform. We may also fail to attract suitable suppliers to provide products and services on our platform. For certain large suppliers with strong bargaining power, we may not be able to reach commercially favorable terms or at all. If our customers cannot find desired products or services within our portfolio at attractive prices, our customers may lose interest in our one-stop omni-channel service platform, which in turn, may adversely affect our business, our results of operations and our financial position.

Moreover, we may also encounter technical problems, security issues and logistical issues that may prevent our platform from functioning properly and our users from receiving desired products and services. We may also be subject to product liability arising from selling the products or services on our platform under relevant PRC laws and regulations. In addition, we may need license approval and renewal under relevant PRC laws. We cannot assure you that we can obtain or renew our license on time, if at all. Any of the foregoing could adversely affect our reputation, business, financial position and results of operations.

Our business is subject to third-party payment processing related risks.

We accept payments using a variety of methods, including payment through third-party online payment platforms such as WeChat Pay and Alipay, online payments with credit cards and debit cards issued by banks in China, and may accept payment on delivery in the future. For certain payment methods, including credit and debit cards, we need to pay interchange and other fees, which may increase over time and raise our operating costs and lower our profitability. We may also be subject to fraud and other illegal activities in connection with the various payment methods we offer, including online payment and payment on delivery options. We are also subject to various rules and requirements, regulatory or otherwise, governing electronic funds transfers, which are subject to change or reinterpretation that could make it difficult or impossible for us to comply with. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from customers, process electronic funds transfers or facilitate other types of online payments, and our business, financial position and results of operations could be materially and adversely affected. We are also exposed to litigation and possible liability in relation to security breaches of the online payment platforms for failing to secure confidential user information. Even if a security breach did not occur on the online payment platforms that we use, if an internet or mobile network security breach were to occur, the perceived security of online payment platforms in general may be adversely affected and cause users to be reluctant to further use our services. Any leak of confidential information or data, breach of network security, personal data security, or other misappropriation or misuse of personal information, including users' personal information without prior and proper consent, could cause interruptions in the operations of our business and subject us to increased costs, litigation and other liabilities, which could materially and adversely affect our business, financial position, results of operations and our reputation.

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

Although we experienced stable revenue and profit growth during the Track Record Period, we cannot assure you that we can sustain such growth in the future. Our profitability depends partially on our ability to control costs and operating expenses, which may increase as our business expands. In addition, we may continue to devote significant resources to upgrade our one-stop omni-channel service platform. This initiative may negatively impact our short-term profitability. If our efforts in upgrading one-stop omni-channel service platform prove ineffective, and we fail to increase revenue, or if our cost and operating expense grow faster than our revenue, our business, financial position and results of operations may be negatively affected.

We may not be able to maintain our gross profit margin at historical levels.

Our gross profit margin in 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020 was 16.0%, 16.7%, 18.2%, 20.3% and 28.6%, respectively. Our relatively higher gross profit margin in the six months ended June 30, 2020 was partially driven by the one-off social insurance contribution exemption granted by central and local government authorities in China as COVID-19 relief measures and our cost-saving strategies during the COVID-19 outbreak. Such measures are made in response to the COVID-19 outbreak and are non-recurring in nature. We cannot assure you that we will be able to maintain our gross profit margin at a similar level after the COVID-19 relief measures and cost-saving strategies are released.

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

We delegate certain property management and value-added services, primarily including engineering, cleaning, greening and gardening and repair and maintenance services, to third-party sub-contractors. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our sub-contracting costs were approximately RMB11.2 million, RMB31.4 million, RMB239.6 million, RMB60.0 million and RMB183.8 million, respectively, accounting for approximately 1.8%, 4.2%, 22.9%, 13.5% and 33.6% of our total cost of sales, respectively. We may not be able to monitor their services as directly and efficiently as with our own services. Sub-contractors may take actions contrary to our or our customers' instructions or requests, or be unable or unwilling to fulfill their obligations. As a result, we may have disputes with our sub-contractors, or may be held responsible for their actions, either of which could lead to damages to our reputation, additional expenses and business disruptions and potentially expose us to litigation and damage claims.

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

In addition, if our third-party sub-contractors fail to maintain a stable team of qualified manual labor or do not have easy access to a stable supply of qualified manual labor or fails to perform their obligations properly or in a timely manner, the work process may be interrupted. Any interruption to the third-party sub-contractors' work process may potentially result in a breach of the contract between our customers and us. Any of such events could materially and adversely affect our service quality, our reputation, as well as our business, financial position and results of operations.

We are in a competitive business with various competitors and 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.

The PRC property management industry is highly competitive and fragmented. Please refer to "Industry Overview—The PRC Property Management Industry—Competition—Competitive Landscape" in this prospectus. Competition may intensify as our competitors expand their product or service offerings or as new competitors enter our existing or new markets. We believe that we compete with our competitors on a number of factors, primarily including business scale, brand recognition, financial resources, price and service quality. Our competitors may have better track records, longer operating histories, greater financial, technical, sales, marketing, distribution and other resources, as well as greater name recognition and larger customer bases. As a result, these competitors may be able to devote more resources to the development, promotion, sale, and support of their services. In addition to competition from established companies, emerging companies may enter our existing or new markets. We cannot assure you that we will be able to continue to compete effectively or maintain or improve our market position, and such failure could have a material adverse effect on our business, financial position and results of operations.

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

Furthermore, we may lose property developer clients who decide to enter into the property management business themselves, which will also intensify competition in the market. We seek to have large and reputable property developers as our clients, and such clients may develop their own property management businesses and provide property management services in-house. In such event, we may lose future business from such property developers, and our business, results of operations and financial position could be materially and adversely affected.

We may experience failures in or disruptions to our information technology systems and the protection of our data security.

If we are unable to detect any system error, continue to upgrade our information technology systems and network infrastructure and take other steps to improve the efficiency of our information technology systems, there may be system interruptions or delays, which could adversely affect our operating results. In addition, we may experience occasional system interruptions and delays or other technical problems that make any of our relevant online applications and their services unavailable or difficult to access, and prevent us from promptly responding or providing services to our customers, which may reduce the attractiveness of our applications and even incur losses to our customers who may bring legal proceedings against us. Moreover, failures in or disruptions to our information technology systems, loss or leakage of confidential information, breach of network security or other misappropriation or misuse of personal 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.

Furthermore, data security incidents are not uncommon in recent years. Customers' awareness of the importance of data security and information privacy has increased in recent years and they may lose trust in a service provider if such incidents occur. As of Latest Practicable Date, there were approximately 767,400 registered users on our "Rice Community (米飯公社)" mobile application. If we fail to protect the confidential information of the registered users and members of our "Rice Community (米飯公社)" mobile application, they may lose trust in our products and services and resort to other alternatives. Failures in or disruptions to our information technology systems and loss or leakage of confidential information could cause transaction errors, processing inefficiencies and the loss of customers and sales. We may thus experience material adverse effects on our business and results of operations.

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

As of the Latest Practicable Date, for nine property management projects, the relevant property developers did not organize the required tender and bidding process and directly engaged us to provide property management services. Such properties had an aggregate GFA under management of approximately 1.0 million sq.m. as of the Latest Practicable Date. Our revenue from property management services for such properties amounted to approximately RMB12.5 million, RMB12.2 million, RMB16.2 million, RMB8.5 million and RMB10.2 million, respectively, in 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, accounting for approximately 2.9%, 2.3%, 2.4%, 2.6% and 2.3%, respectively, of our total revenue for the same periods. Please refer to "Business—Property Management Services—Property Management Service Contracts" in this prospectus.

Under the Property Management Regulations, a residential property developer shall hire property management service providers by going through a tender and bidding process. According to the Property Management Regulations, a residential property developer may be required to take rectification measures within a prescribed period and pay fines up to RMB100,000 if it fails to comply with such tender and bidding requirement.

The lack of a tender and bidding process for the selection of property management service providers for the abovementioned property management projects was caused by the relevant property developers but not us. As advised by our PRC Legal Advisor, DeHeng Law Offices, the lack of tender and bidding process before entering into the preliminary management services contracts does not affect the validity of these contracts as stipulated under the PRC Contract Law, but the local governments may require the relevant property developers to rectify this issue within a prescribed period of time, and there are no specific PRC laws and regulations in effect which would impose administrative penalties upon property management companies for entering into preliminary management service contracts without going through the tender and bidding process. However, we cannot guarantee that such penalties will not be imposed in the future for our historical or future property management service agreements that do not go through tender and bidding processes, or that such agreements will not be declared invalid by competent judicial or other authorities due to the absence of tender or bidding process. Our results of operations and financial condition may therefore be materially and adversely affected. In addition, the relevant property developer may need to organize a tender and bidding process to select a property management service provider for their developed projects. In the case that we do not win the tender and bidding, we may not continue our property management services for the relevant projects and, as a result, our revenue and business may be negatively impacted. Please refer to "Business—Property Management Services—Property Management Service Contracts" in this prospectus.

Damages to the communal areas of our managed properties could adversely affect our business, financial position and results of operations.

The communal areas of the communities we manage may be damaged or impacted in a variety of ways that are out of our control, including but not limited to natural disasters, accidents or intentional damage, and epidemics, such as severe acute respiratory syndrome. For example, in the event of natural disasters, such as earthquake, typhoon and flood, the communal areas may be materially damaged. Although a special fund for residence maintenance is available to cover the cost of repairing or restoring the damaged areas in such circumstances, we cannot assure you that such fund will be sufficient. If any person purposely or recklessly sets fire or causes flooding in an apartment or communal area, the exterior of the building, corridors and stairways may be damaged. If a person commits or is suspected of having committed criminal activities within our residential communities, we need to allocate additional resources to assist the police and other governmental authorities in their investigations. In the event of any damage that affects the communal areas, our current residents may be affected and we may have to repair the damage with our own resources then attempt to collect fees from the property developers or property owners to cover our expenses. Please refer to "Regulatory Overview—Laws and Regulations Relating to Property Management Services and Other Related Services—Fees Charged by Property Management Enterprises" in this prospectus.

The additional costs we incur due to damage to the communal areas of our properties may increase along with our business growth and geographic expansion. Although none of our assets, business, results of operations and financial positions were materially 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.

Accidents occurred during the course of our business may expose us to liability and reputational risk.

Accidents may occur during the course of our business. We provide repair and maintenance services to property developers and the properties we manage through our own employees and third-party sub-contractors. Repair and maintenance services such as elevator maintenance involve the operation of heavy machinery and, are subject to risks of accidents. These occurrences could result in damage to, or destruction of, properties of the communities, personal injury or death and legal liability. In addition, we are exposed to claims that may arise due to employees' or third-party sub-contractors' negligence or recklessness when performing repair and maintenance services. We may be held liable for the injuries or deaths of employees, sub-contractors, residents or others. We may also experience interruptions to our business and may be required to change the manner in which we operate as a result of governmental investigations or the implementation of safety measures upon occurrence of accidents. Any of the foregoing could materially and adversely affect our reputation, business, financial position and results of operations.

Negative publicity, including adverse information on the Internet, about us, our Shareholders and affiliates, our brand, management, vendors and products 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, our brand, management, vendors and product offerings may arise from time to time. Negative comments on the properties managed by us, products offered, our business operations and management may appear in internet postings and other media sources from time to time and we cannot assure you that other types of negative publicity will not arise in the future. For example, if our services fail to meet the needs and expectations of our customers, our customers may disseminate negative comments about our services. In addition, suppliers on our one-stop omni-channel service platform may also be subject to negative publicity for various reasons, such as customers' complaints about the quality of their products and services or other public relation incidents with respect to such vendors, which may adversely affect the sales of their products or services on our one-stop omni-channel service platform and indirectly affect our reputation. Moreover, negative publicity about other service platforms for property management services or e-commerce service providers in China may arise from time to time and cause customers to lose confidence in the products and services offered through our one-stop omni-channel service platform. Any such negative publicity, regardless of veracity, may have a material adverse effect on our business, our reputation and the trading price of our Shares.

We may not be able to detect and prevent fraud or other misconduct committed by our employees or third-parties.

We are exposed to fraud or other misconduct committed by our employees, sub-contractors, agents, customers or other third parties that could subject us to financial losses and sanctions imposed by governmental authorities as well as seriously harm our reputation. For example, theft conducted by third parties may cause us to make compensation if we were held to be negligent or reckless and will also cause us to suffer damage to our reputation in the market. In addition, where we rely on third-party service providers that we cooperate with to deliver products and services to residents, and any major interruptions to or failures in these third-parties' services could prevent the timely and successful delivery of relevant goods or services. These interruptions may be due to unforeseen events that are beyond our control or the control of these third-party companies, such as inclement weather, natural disasters, transportation interruptions or labor unrest or shortage. If the purchased goods are not delivered on time or are delivered in a damaged state or if the purchased services are not timely or properly rendered, customers may refuse to accept the goods or services and may claim refund from us or the relevant suppliers, and the suppliers on our one-stop omni-channel service platform may have less confidence in our services. As a result, we may lose vendors on our one-stop omni-channel service platform, and our financial position and reputation could be damaged.

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

Our success depends upon the retention of our senior management, as well as our ability to attract and retain qualified and experienced employees.

Our continued success is highly dependent upon the efforts of our senior management team and key employees. As they possess key connections and industry expertise, losing their services may have a material adverse effect on our business. If any of our senior management or 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.

We may fail to effectively protect our intellectual property rights.

We consider our intellectual properties as our crucial business assets, key to our customer loyalty and essential to our future growth. The success of our business depends substantially upon our continued ability to use our brands, trade names and trademarks to increase brand recognition and to develop our brands. The unauthorized use or infringement of our trade names or trademarks could impair our brand value, market reputation and competitive advantages. Please refer to "Business—Intellectual Property" in this prospectus. Our measures to protect intellectual property rights may 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. 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.

Our insurance may not sufficiently cover losses and liabilities we may encounter.

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. Please refer to "Business—Insurance" in this prospectus.

We may be exposed to liabilities from disputes involving products and services marketed on our one-stop omni-channel service platform.

We collaborate with local vendors surrounding the properties we manage to offer their products and services on our one-stop omni-channel service platform. As a result, we may become, or may be joined as, a defendant in litigation or administrative proceedings brought against such local vendors by purchasers of their products and services, governmental authorities or other third parties. These actions could involve claims alleging, among other things, that:

- the quality of the products sold on our one-stop omni-channel service platform fails to meet the relevant requirements;
- information provided on our platform with respect to such local vendors' products or services are false, deceptive, misleading, libelous, injurious to the public welfare or otherwise offensive;
- such local vendors' products or services marketed on our platform are defective or injurious and may be harmful to others; and
- such local vendors' marketing, communications or advertising infringe the proprietary rights of third parties.

In addition, if the products sold on our one-stop omni-channel service platform are deemed by the PRC government authorities to fail to conform to product quality and personal safety requirements, we could be subject to regulatory action. Violation of product quality and safety requirements by third-party vendors may subject us to confiscation of related earnings, penalties or an order to cease sales of the defective products or to cease operations pending rectification. If the offense is determined to be serious, our business license to sell these products could be suspended and we could be subject to investigation and prosecution under criminal law.

Furthermore, we may be subject to product liabilities. 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 other parties' products offered on our one-stop omni-channel service platform, 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 offered on our one-stop omni-channel service platform in accordance with product usage instructions, possibly resulting in customer injury. All of these events could materially harm our brands 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.

A significant portion of our operations are concentrated in the Bohai Economic Rim, and our business could be adversely affected in the event of any adverse development in government policies or business environment in this region.

A significant portion of our operations are concentrated in the Bohai Economic Rim. As of December 31, 2017, 2018 and 2019 and June 30, 2020, our GFA under management in the Bohai Economic Rim was approximately 21.5 million sq.m., 24.2 million sq.m., 28.7 million sq.m. and 30.6 million sq.m., respectively, which accounted for approximately 59.3%, 58.2%, 57.0% and 58.4%, respectively, of our total GFA under management as of such dates. Our revenue generated from property management services in the Bohai Economic Rim accounted for approximately 63.8%, 60.9%, 60.6%, 60.3% and 58.8% of our total revenue generated from property management services in 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, respectively. We expect that the Bohai Economic Rim will continue to account for a significant portion of our revenue in the near future. Due to such concentration, any adverse development in government policies or business environment in these regions will materially and adversely affect our business, financial position and results of operations.

Our business expansion may expose us to increased risks of non-compliance with rules and regulations issued by governments at provincial and local levels.

As we expand our business operations into new geographic regions and broaden the range of services we perform, we are subject to an increasing number of provincial and local rules and regulations. In addition, because the size and scope of our operations increased significantly during the Track Record Period, the difficulty in ensuring compliance with the various local property management regulations and the potential for loss resulting from non-compliance have increased. If we fail to comply with applicable local regulations, we may be subject to penalties by the competent authorities. Please refer to "Business—Legal Proceedings and Compliance—Historical Non-compliance Incident" in this prospectus. The laws and regulations applicable to our business, whether national, provincial or local, may also change in ways that materially increase the costs of compliance, and any failure to comply could result in significant financial penalties which could have a material adverse effect on our business, financial position and results of operations.

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

In accordance with applicable PRC laws and regulations, we are obliged to contribute to social insurance and housing provident funds for our employees. During the Track Record Period, we did not register for and/or fully contribute to social insurance and housing provident funds for some of our employees. In 2017, 2018 and 2019 and the six months ended June 30, 2020, we made provisions for our shortfall of contribution to social insurance and housing provident funds in the amount of RMB1.3 million, RMB2.8 million, RMB1.9 million and RMB1.0 million, respectively, on our financial statements.

Our PRC Legal Advisor, DeHeng Law Offices, has advised that the relevant PRC authorities may demand that we pay the outstanding social insurance contributions within a stipulated deadline and we may be subject to a late payment fee equal to 0.05% of the outstanding amount for each day of delay; if we fail to make such payments, we may be subject to a fine of one to three times the amount of the outstanding contributions. Our PRC Legal Advisor has also advised us that, under the relevant PRC laws and regulations, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period. Please refer to "Business—Legal Proceedings and Compliance—Historical Non-Compliance Incident" in this prospectus.

We may be subject to penalties from the PBOC or adverse judicial rulings as a result of providing loan financings.

In November 2016, through a commercial bank, RiseSun Real Estate Development provided a total amount of RMB1,050.0 million to us by way of entrusted shareholder's loans, and then assigned such loans and interest receivables due from us to a third-party asset management company for the purpose of obtaining financing of RMB1,050.0 million by way of issuing asset-backed securities. As part of this financing arrangement, we also lent RMB1,000.0 million as inter-company loans to certain subsidiaries of RiseSun Real Estate Development for their operation needs. These loans and related interests had been fully settled as of July 31, 2019. We incurred an interest expense of RMB53.6 million, RMB44.3 million and RMB19.8 million due to the third-party asset management company in 2017, 2018 and 2019, respectively.

In 2018, 2019 and the six months ended June 30, 2020, we made loans to certain subsidiaries of RiseSun Real Estate Development for their operation needs. These loans were unsecured and most of them carried interest rates ranging from 10.0% to 12.0% per annum. As of June 30, 2020, the outstanding balance of principal and interests under these loans was RMB15.4 million. As of the Latest Practicable Date, the principal and related interests of these loans had been fully settled.

We derived an interest income of RMB52.4 million, RMB48.0 million, RMB48.2 million and RMB22.6 million from providing the related party loans described above in 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively. For further details, please refer to "Financial Information—Description of Certain Consolidated Balance Sheet Items—Loans and Interest Receivables Due from Related Parties" and "Financial Information—Indebtedness" in this prospectus.

According to the General Lending Provisions (貸款通則) promulgated by the PBOC, only financial institutions may legally engage in the business of extending loans, and loans between companies that are not financial institutions are prohibited. The PBOC may impose a fine of one to five times of the income generated (being interests charged) from the loan advancing activities between enterprises. However, according to the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (最高人民法院關於審理民間借貸案件適用法律若干問題的規定) (the "**Private Lending Provisions**"), which became effective on September 1, 2015 and was revised on August 20, 2020, the validity of inter-company loan agreements which are for the needs of production and operations should be generally supported by the people's courts, except where they are deemed as invalid contracts under the Private Lending Provisions and the PRC Contract Law (中華人民共和國合同法). As of the Latest Practicable Date, we had not been subject to any administrative penalties, investigations, enforcement actions or received any notice from any regulatory authority with respect to potential administrative penalties, investigations or enforcement actions as a result of our provision of the related party loans described above. Our PRC Legal Advisor, Deheng Law Offices, is of the view that the risk of us being penalized based on the General Lending Provisions is remote, on the basis that (i) the above loan arrangements are valid inter-company loans that are generally supported by the courts in the PRC under the Private Lending Provisions and (ii) such loan arrangements did not violate any compulsory requirements under the PRC laws and regulations and the relevant principal and interests had been fully settled as of the Latest Practicable Date. However, the final determination of the relevant regulatory authorities could be different, and we may be subject to penalties from the PBOC or adverse judicial rulings as a result of our provision of loan financings to related parties or any third parties during the Track Record Period or any prior periods. Any of these penalties or adverse judicial rulings could have a material adverse effect on our business, financial position and results of operations.

We may be subject to additional tax liabilities and adverse tax consequences as a result of adjustments to revenue recognition.

As of December 31, 2017, 2018 and 2019 and June 30, 2020, we had current income tax liabilities of RMB53.2 million, RMB50.4 million, RMB16.1 million and RMB23.7 million, respectively. Current income tax liabilities as of the specified dates mainly represented the income tax payable for the year then ended according to the prevailing income tax rate. In addition, our current income tax liabilities as of December 31, 2017 and 2018 included adjustments in accordance with the applicable standards under the HKFRSs as a result of timing differences on the recognition of revenue, cost of sales and other operating expenses relating to the provision of our services. Historically, we recorded revenues upon the settlement of invoices with customers, and recorded relevant cost of sales and other operating expenses when we made the payments to suppliers or employees. We subsequently made adjustments to record revenues when services were rendered to customers, and to record relevant cost of sales and other operating expenses when they were incurred in accordance with applicable HKFRSs. Please refer to "Financial Information—Description of Certain Consolidated Balance Sheet Items—Current Income Tax

Liabilities" for details. As a result of such adjustments, we had outstanding payables of income tax, value-added tax and relevant surcharges for prior years. As of the Latest Practicable Date, we had paid the outstanding income tax, value-added tax and relevant surcharges payable based on the adjustments described above.

However, the final determination of the relevant tax authorities could be different and we may face adverse tax consequences if any of the relevant tax authorities determine that we have not fully or timely paid our taxes for the Track Record Period or any prior periods. Under applicable PRC laws and regulations, the relevant PRC authorities may demand that we pay the outstanding tax within a prescribed time period and we may be subject to a late payment fee equal to 0.05% of the outstanding amount for each day of delay; if we fail to make such payments within a prescribed time period, we may be subject to a fine of 50% to five times the amount of the outstanding tax payments. Any of these additional tax liabilities or adverse tax consequences could have a material adverse effect on our business, financial position and results of operations.

The recoverability of our contract assets is subject to uncertainties.

Our contract assets amounted to RMB59.9 million, RMB64.6 million, RMB50.8 million and RMB38.0 million as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. Our contract assets represented the unbilled revenue of our property engineering services provided to customers, when the cost-to-cost method of revenue recognized from our property engineering services exceeds the amount billed to the customers. Contract assets will be reclassified as trade receivables when the progress billings are issued as the payment is unconditional because only the passage of time is required before the payment is due. See "Financial Information—Description of Certain Consolidated Balance Sheet Items—Contract Assets." There is no assurance that we will be able to bill and receive the full amount of amounts due from contract customers or contract assets for contract works as we may not be able to reach an agreement with our customers on the value of our work done. If we are not able to do so, our results of operation, liquidity and financial position may be adversely affected.

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

Our financial assets at fair value through profit or loss primarily consist of fund products and wealth management products. We had financial assets at fair value through profit or loss in the amount of RMB66.6 million, RMB30.8 million, nil and RMB4.8 million as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. In 2017, 2018 and 2019 and the six months ended June 30, 2020, our fair value gains on these financial assets were RMB11.3 million, RMB8.3 million, RMB2.1 million and RMB0.5 million, respectively, which were recognized under our other gains/(losses) – net in our consolidated statements of comprehensive income. See "Financial Information—Description of Certain Consolidated Balance Sheet Items—Financial Assets Measured at Fair Value." Such financial assets are measured at fair value with significant unobservable inputs used in the valuation techniques and the changes in their fair value are recorded in our consolidated statements of comprehensive income, therefore directly affecting our results of operations. There is no assurance that we will not incur any fair value losses in the future. If we incur significant fair value losses on the financial assets, our results of operations, financial condition and prospects may be adversely affected.

The fair value measurement of our investment properties are subject to uncertainties and risk and the fair value change of such assets may materially and adversely affect our results of operations.

During the Track Record Period, we held certain retail units and car parks as investment properties for rental income. In addition, we purchased certain retail units and acquired the use rights of certain car parks from RiseSun Development Group and held them as investment properties for capital appreciation. During the Track Record Period, we recorded fair value gains on investment properties of RMB27.2 million, RMB5.3 million, RMB1.1 million and RMB3.6 million for the years ended December 31, 2018 and 2019 and the six months ended June 30, 2019 and 2020, respectively, and fair value losses on investment properties of RMB8.7 million for the year ended December 31, 2017. The amount of revaluation adjustments have been, and may continue to be, affected by the prevailing market conditions and subject to fluctuations and our determinations of fair value may differ materially from the values that would have been used if a ready market for these investment properties existed. We cannot assure you that our determinations will be accurate or the fair value of our investment properties will not fluctuate in the future, and any decrease in the fair value of our investment properties could have an adverse effect on our results of operations and financial condition.

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

As of December 31, 2017, 2018, 2019 and June 30, 2020, our contract liabilities amounted to RMB163.2 million, RMB169.6 million, RMB258.6 million and RMB336.5 million, respectively. Our contract liabilities primarily arise from the advance payments made by customers while the underlying services are yet to be provided. See "Financial Information—Description of Certain Consolidated Balance Sheet Items—Contract Liabilities." If we fail to fulfill our obligations under our contracts with customers, we may not be able to convert such contract liabilities into revenue, and our customers may also require us to refund the property management fees we have received, which may adversely affect our cash flow and liquidity condition, our ability to meet our working capital requirements and our results of operations and financial condition. In addition, if we fail to fulfill our obligations under our contracts with customers, it may adversely affect our relationship with such customers, which may also affect our reputation and results of operations in the future.

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

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

Our lease agreements have not been filed with the relevant PRC authorities and, as a result, we might be subject to administrative fines.

As of the Latest Practicable Date, we had not completed the administrative filings of the lease agreements relating to 77 properties we leased. These properties had an aggregate GFA of approximately 31,712 sq.m. According to applicable PRC administrative regulations, the lessor and the lessee of a lease agreement are required to file the lease agreement with relevant governmental authorities within 30 days after the execution of the lease agreement. If the filing is not made, the governmental authorities may require that the filing be made within a stated period of time, failing which, they may impose a fine ranging from RMB1,000 to RMB10,000 for each agreement that has not been properly filed. It is not clear under PRC law if the fine will be borne by the lessor or lessee. According to applicable PRC administrative regulations, lessors of the related leases need to provide us with certain documents (such as their business licenses or identification information) in order to complete the administrative filing. There can be no assurance that the lessors of our leased properties will be cooperative in the process of completing the filings. If we fail to complete the administrative filings within a period required by the relevant governmental authorities and relevant authorities determine that we shall be liable for failing to complete the administrative filings of all the relevant lease agreements, we might be subject to total fines of up to RMB770,000.

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

Our operations are affected by the regulatory environment and measures affecting the PRC property management industry. In particular, the fees that property management companies may charge in connection with property management services are strictly regulated and supervised by relevant PRC authorities. Please refer to "Regulatory Overview—Laws and Regulations Relating to Property Management Services and Other Related Services—Fees Charged by Property Management Enterprises" in this prospectus. In December 2014, the National Development and Reform Commission of the PRC issued the Circular of NDRC on the Opinions on Relaxing Price Controls in Certain Services (《國家發展和改革委員會關於放開部分服務價格意見的通知》) (發改價格[2014] 2755號) (the "**Circular**"), which requires provincial-level price administration authorities to abolish all price control or guidance policies on residential properties other than affordable housing, housing re-form properties and properties in old residential areas and preliminary property management agreements. Property management fees for affordable housing, housing-reform properties and properties in old residential areas and management fees under preliminary property management agreements remain subject to price guidance imposed by provincial level price administration departments and the administrative departments of housing and urban-rural development. Although we expect the price controls on residential properties to be relaxed over time pursuant to the Circular, our property management fees will continue to be subject to price controls until local regulations implementing the Circular are passed.

As of December 31, 2017, 2018 and 2019 and June 30, 2020, 116, 138, 163 and 173 projects managed by us were subject to price controls, which accounted for approximately 81.1%, 81.0%, 76.2% and 75.0% of our GFA under management as of the same dates, respectively. Although the price controls have not had any material adverse impact on our business as confirmed by our Directors, financial position or results of operations and we were able to maintain an overall positive gross profit margin for properties under our management during the Track Record Period, we cannot guarantee that the government-imposed limits on fees would not negatively affect our pricing capability and profit margin. We may experience diminished profit margins should our labor and other operating costs increase but we are unable to raise property management fees accordingly. If a property is managed on a lump sum basis, we may experience a decrease in profit margin. If a property is managed on a commission basis, in the event that the collected fees after deducting the commission are insufficient to cover property management expenses, the property owners are legally responsible for making up for such shortage. In our experience, however, given the stringent governmental regulations on property management fees, together with the difficulties we may face in obtaining the requisite votes at property owners' meetings, it may be impracticable to collect additional property management fees. We may therefore be forced to reduce costs, so as to strike a balance between collected property management fees and expenditures in relation to service provisions, or write off the uncollected payments on behalf of the residents.

The PRC government may also unexpectedly promulgate new laws and regulations related to other aspects of our industry. To the extent that they increase our compliance and operational costs, our business, financial position and results of operation could be materially and adversely affected.

We are affected by the PRC government regulations on the PRC real estate industry, which may limit our business growth.

We generated a majority 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 residential properties 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, please refer to "Regulatory Overview" of this prospectus.

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

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

We are required to obtain and maintain certain licenses, permits, certificates and approvals or complete certain filings 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 or complete necessary filings for us. 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. As of the Latest Practicable Date, three of our subsidiaries or branches had not completed the filing with the relevant government authorities for recruitment of security guards for four property management projects and as a result, we may be required to rectify within a prescribed period or pay fines. Please refer to "Business—Certificates, Licenses and Permits." Therefore, in the event that we fail to obtain or renew necessary government approvals or complete necessary filings, or encounter significant delays in obtaining or renewing necessary government approvals or completing necessary filings for any of our operations, we may not be able to carry out our business or continue with our development plans, and our business, financial condition and results of operations may be adversely affected.

Our business is significantly influenced by various factors affecting our industry and general economic conditions.

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

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

We are subject to extensive and increasingly stringent environmental protection laws, regulations and decrees that impose fines for violation of such laws, regulations or decrees. In addition, there is a growing awareness of environmental issues, and we may sometimes be expected to meet a standard which is higher than the requirement under the prevailing environmental laws and regulations. In addition, there is no assurance that more stringent environmental protection requirements will not be imposed in the future. 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 matters, our reputation may be damaged or we may be required to pay penalties or fines or take remedial actions and our operations may be suspended, any of which may materially and adversely impact our business, financial position, results of operations and growth prospects.

The preferential income tax treatment that we enjoy in the PRC may be altered or terminated.

We cannot assure you that the PRC policies on preferential tax treatment will not change or that any preferential tax treatment we enjoy or will be entitled to enjoy will not be terminated. According to the applicable PRC tax regulations, the statutory enterprise income tax rate in the PRC is 25%. Certain of our subsidiaries in the PRC qualified as "small low-profit enterprises" and were entitled to preferential income tax treatments during the Track Record Period. We cannot assure you that we will continue to enjoy the aforementioned preferential income tax treatments. If the applicable PRC tax regulations change, if we fail to renew any preferential tax treatment qualification in time or at all, or if any change or termination of preferential tax treatment occurs, the increase in our tax change or any other related tax liabilities could materially and adversely affect our results of operations and financial condition.

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

We recorded deferred tax assets of RMB16.4 million, RMB13.2 million, RMB12.6 million and RMB7.5 million, as of December 31, 2017, 2018 and 2019 and June 30, 2020, 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.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

PRC economic, political and social conditions as well as government policies could affect our business.

Given that our business operations are conducted in the PRC, our business and results of operations are subject to the economic and social policies and conditions of the PRC. The economy of the PRC differs from the economies of most developed countries in many respects, including but not limited to, structure, degree of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also negatively affect our operations. For example, our financial position and results of operations may be adversely affected by the PRC government's control over capital investment, price controls or any changes in tax regulations or foreign exchange controls that are applicable to us.

In the past, the PRC government has implemented economic reform measures emphasizing the utilization of market forces in the development of the PRC economy. The PRC economy has grown significantly in recent decades, but there can be no assurance that this growth will continue or continue at the same pace. The PRC government continues to play a significant role in regulating industrial development and the allocation, production, pricing and management of resources. In addition, demand for our services and our business, financial position and results of operations may be adversely affected by:

- development in the political environment or social conditions in the PRC;
- changes in laws, regulations or policies or the interpretation of laws, regulations or policies;
- measures which may be introduced to control inflation or deflation;
- changes in the rate or method of taxation; and
- imposition of additional restrictions on currency conversion and remittances abroad.

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 would in turn may affect our business.

Natural disasters, acts of war, occurrence of epidemics, and other disasters could affect our business and the national and regional economies in the PRC.

Our business could be affected by natural disasters, epidemics such as the human swine flu, also known as Influenza A (H1N1), H5N1 avian flu, severe acute respiratory syndrome, or, most recently, COVID-19 or another epidemic or pandemic. Any recurrence of those diseases or outbreak of any other similar diseases could result in a widespread health crisis that could adversely affect the economy and financial markets in China. For more details regarding the risks of COVID-19, please refer to "—Our business operations may be affected by the outbreak of COVID-19."

Our operations are also vulnerable to natural disasters or other catastrophic events, including wars, terrorist attacks, snowstorms, earthquakes, typhoons, fires, floods, power failures and shortages, water shortages, hardware failures, computer viruses, and similar events which are beyond our control. Furthermore, such natural disasters, public health and public security hazards were to strike in the future in China, especially in the areas where our operations are located, we might suffer loss as a result of business interruptions and our business, financial position and results of operations might be materially and adversely affected.

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

Under applicable PRC tax laws, regulations and rules, non-PRC resident individuals and non-PRC resident enterprises who are holders of our H Shares are subject to different tax obligations. Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) and its implementation regulations, non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for dividends received from us and the gains realized upon the sale or other disposition of the H Shares held by them. We are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdictions in which the foreign individuals reside, reduce or provide an exemption for the relevant tax obligations.

Generally, a tax rate of 10% shall apply to the dividends paid by companies listed in Hong Kong to non-PRC resident individuals, pursuant to Circular of the State Administration of Taxation on Individual Income Tax Collection Issues upon Abolishment of Document Guoshuifa [1993] No. 045 (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》). Where the 10% tax rate is not applicable, the withholding company shall: (i) return the excessive tax amount pursuant to the relevant procedures if the applicable tax rate is below 10%; (ii) withhold such income tax payable by the foreign individual at the applicable tax rate if the applicable tax rate is between 10% and 20%; and (iii) withhold such foreign individual income tax at a rate of 20% if no double tax treaty is applicable.

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

For non-PRC resident enterprises that do not have establishments or premises in China, or have establishments or premises in China but their income is not related to such establishments or premises, under the EIT Law, dividends paid by us and the gains realized by such non-PRC resident enterprises from the sales or other disposition of H Shares are subject to PRC enterprise income tax at a rate of 20%. In accordance with the EIT Law Implementation Rules and the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprise to Shareholders Which are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the SAT, such tax rate has been reduced to 10%, which is subject to a further reduction under an applicable treaty or a special arrangement between China and the jurisdiction of the residence of the relevant non-PRC resident enterprise. According to the Arrangements between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) which was promulgated on August 21, 2006 and became effective on December 8, 2006, any non-resident enterprise registered in Hong Kong that holds directly at least 25% of the shares of our Company shall pay enterprise income tax for the dividends declared and paid by us at a tax rate of 5% subject to the satisfaction of certain conditions such as approval by the relevant PRC tax authority. According to Announcement of the State Administration of Taxation on Issues Related to "Beneficial Owners" in Tax Agreements (《國家稅務總局關於稅收協定中"受益所有人"有關問題的公告》, which was promulgated on February 3, 2018 and became effective on April 1, 2018, the principle of substance over form and analysis of beneficial ownership shall be used to decide whether to grant preferential tax policies.

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

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

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Please refer to "Regulatory Overview—Laws and Regulations Relating to Foreign Exchange Control" in this prospectus. We receive substantially all of our revenue in Renminbi. The foreign exchange control system may prevent us from obtaining sufficient foreign currency to satisfy our currency demands. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or other payments to our shareholders, or otherwise satisfy our foreign currency denominated obligations, if any.

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

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 such as those experienced in the United States, European Union and other countries or regions, 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.

Payment of dividends is subject to restrictions under PRC law.

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

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

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

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. We cannot assure you 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 property management services.

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

As we are incorporated, our businesses are conducted, and our assets are located, in the PRC, our operations are governed principally by the PRC laws and regulations. The PRC legal system is based on written statutes, and prior court decisions can only be cited as reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation, finance, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. However, China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China, or may be unclear or inconsistent. In particular, since the property management service industry is in its early developmental stage in the PRC, the laws and regulations relating to this industry are unspecific and may not be comprehensive. Because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of PRC laws and regulations involve uncertainties and can be inconsistent. Even where adequate laws exist in China, the enforcement of existing laws or contracts based on existing laws may be uncertain or sporadic, and it may be difficult to obtain swift and equitable enforcement of a judgment by a PRC court. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until some time after such violation. Finally, any litigation in China may be protracted and result in substantial costs and the diversion of resources and management's attention. The materialization of all or any of these uncertainties could have a material adverse effect on our financial position and results of operations.

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

A majority of our senior management members reside in the PRC, and substantially all of the assets of those people and of our Group are located in the PRC. Therefore, it may be difficult for investors to effect service of process upon those persons inside the PRC or to enforce against us or them in the PRC any judgments obtained from non-PRC courts. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other developed countries. Therefore, recognition and enforcement in China of judgments of a court in any of these jurisdictions may be difficult or even impossible. On July 14, 2006, the Supreme People's Court of China and the Government of Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in

Civil and Commercial Matters (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》). Under this arrangement, in case any designated People's Court in China or Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, any party concerned may apply to the relevant People's Court of China or Hong Kong court for recognition and enforcement of the judgment. This arrangement became effective on August 1, 2008 and the outcome and effectiveness of any action brought under this arrangement remain uncertain.

RISKS RELATING TO THE GLOBAL OFFERING

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

The Offer Price of our H Shares is higher than the consolidated net tangible assets per Share immediately prior to the Global Offering. Therefore, purchasers of our H Shares in the Global Offering will experience an immediate dilution in unaudited pro forma adjusted consolidated net tangible assets of HK$6.21 per H Share, based on the Maximum Offer Price of HK$18.36 per Offer Share.

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

There has been no prior public market for our H Shares.

Prior to the Global Offering, there was no public market for our H Shares. The initial issue price range for our H Shares was the result of negotiations among us and the Sole Global Coordinator on behalf of the Underwriters, and the Offer Price may differ significantly from the market price for our H Shares following the Global Offering. We have applied for listing of, and permission to deal in, our H Shares on the Stock Exchange. A listing on the Stock Exchange, however, does not guarantee that an active trading market for our H Shares will develop, or if it does develop, will be sustained following the Global Offering or that the market price of our H Shares will not decline following the Global Offering.

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

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

- actual or anticipated fluctuations in our results of operations (including variations arising from foreign exchange rate fluctuations);
- news regarding recruitment or loss of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;

- changes in general economic conditions or other developments affecting us or our industry;
- price movements on international stock markets, the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- release of any lock-up or other transfer restrictions on the outstanding Shares or sales of perceived sales of additional Shares by our Company or other Shareholders.

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

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

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

Upon the completion of the Global Offering, assuming the Over-allotment Option is not exercised, there will be 282,000,000 Unlisted Domestic Shares representing 75.0% of the total share capital of the Company; pursuant to the Global Offering, there will be 94,000,000 issued H Shares, representing 25.0% of the total share capital of the Company. In addition, our unlisted Shares may be converted into H Shares, and such converted H Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted Shares, any requisite internal approval processes shall have been duly completed and the approval from the relevant regulatory authorities, including CSRC, shall have been obtained in accordance with the regulations of the State Council's securities regulatory authorities as well as regulations, requirements and procedures of relevant overseas stock exchanges. No class shareholder vote is required for the conversion of such Shares and the listing and trading of the converted Shares on an overseas stock exchange. Future sales, or perceived sales, of the converted Shares may adversely affect the trading price of H Shares.

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

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

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

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

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

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

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

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

Forward-looking information is subject to risks and uncertainties.

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

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

We did not pay or declare any dividends during the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020. On August 18, 2020, we declared a dividend in an amount of RMB149.5 million, which had been fully paid to our pre-Listing Shareholders as of the Latest Practicable Date. The payment and amount of dividends (if any) will depend upon our results of operations, cash flows, financial position, statutory and regulatory restrictions on the dividends paid by us, future prospects and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. We cannot guarantee that dividends of any amount will be declared or distributed in any year. Please refer to "Financial Information—Dividend Policy and Distributable Reserves" in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purposes of giving information to the public with regard to us. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in this prospectus misleading.

CSRC APPROVAL

The CSRC has given us its approval for the listing of our H Shares on the Hong Kong Stock Exchange and the Global Offering on August 11, 2020. In granting this approval, the CSRC does not accept responsibility for the financial soundness of our Company, or for the accuracy of any of the statements made or opinions expressed in this prospectus and the Application Forms.

As advised by our PRC Legal Advisers, our Company has obtained all necessary approvals and authorisations in the PRC in relation to the Global Offering and the Listing.

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

This Prospectus is published solely in connection with the Hong Kong Public Offering which forms part of the Global Offering. Neither the delivery of this Prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this Prospectus or that the information in it is correct as of any subsequent time.

UNDERWRITING

For applicants under the Hong Kong Public Offering, this Prospectus and the Application Forms set forth the terms and conditions of the Hong Kong Public Offering. The Listing is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to agreement on the Offer Price between the Company and the Sole Global Coordinator (on behalf of the Underwriters). The International Offering is expected to be fully underwritten by the International Underwriters. The Global Offering is coordinated by the Sole Global Coordinator.

For further information about the Underwriters and the underwriting arrangements, please see "Underwriting" section of this Prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by the Sole Global Coordinator (on behalf of the Underwriters) and us on or around Friday, January 8, 2021, and in any event no later than Sunday, January 10, 2021.

If, for any reason, the Sole Global Coordinator (on behalf of the Underwriters) and us are unable to reach an agreement on the Offer Price on or before Sunday, January 10, 2021, or such later date or time as may be agreed between the Sole Global Coordinator (on behalf of the Underwriters) and us, the Global Offering will not become unconditional and will lapse.

RESTRICTIONS ON OFFERS AND SALES OF THE OFFER SHARES

We offer the Hong Kong Offer Shares solely on the basis of the information contained and representations made in this Prospectus and the related Application Forms and on the terms and subject to the conditions contained in this Prospectus and the Application Forms.

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on the offers of the Offer Shares described in this Prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this Prospectus in any jurisdiction other than Hong Kong. Accordingly, this Prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this Prospectus and the offer and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING OF THE H SHARES ON THE HONG KONG STOCK EXCHANGE

The Company has applied to the Listing Committee for the granting of the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option). No part of the share or loan capital of the Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if the permission for the H Shares to be listed on the Hong Kong Stock Exchange pursuant to this prospectus has been refused before the expiration of three weeks from the date of the closing of the application lists or such longer period not exceeding six weeks as may, within the said three weeks, be notified to us by or on behalf of the Hong Kong Stock Exchange, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence at 9:00 a.m. on Friday, January 15, 2021. Save as disclosed in this prospectus, none of our share or loan capital are listed or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements in relation to the Over-allotment Option and stabilization are set out in "Structure of the Global Offering."

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed the H Share Registrar, and the H Share Registrar has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless the holder delivers a signed form to the H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

(i) agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the *PRC Company Law*, the *Special Regulations* and our Articles of Association;

(ii) agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we, acting for ourselves and for each of our Directors, Supervisors, managers and officers, agree with each Shareholder, to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the *PRC Company Law* or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorise the arbitration tribunal to conduct hearings in open session and to publish its award, which shall be final and conclusive;

(iii) agrees with us and each of our Shareholders that our H Shares are freely transferable by the holders of our H Shares; and

(iv) authorises us to enter into a contract on his or her behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association.

INFORMATION ON THE GLOBAL OFFERING

The Offer Shares are offered solely on the basis of the information contained and representations made in this Prospectus and the Applications Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this Prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by the Company, the Sole Sponsor, the Sole Global Coordinator, Joint Bookrunners and Joint Lead Managers, the Underwriters, or any of their respective directors, agents, employees or advisors or any other party involved in the Global Offering. For further details of the structure of the Global Offering, including its conditions, and the procedures for applying for Hong Kong Offer Shares, see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" sections of this Prospectus and the relevant Application Forms.

H SHARE REGISTRAR AND STAMP DUTY

All of the H Shares issued pursuant to applications made in the Global Offering will be registered on our H Share register of members to be maintained in Hong Kong by our H Share Registrar. Our principal register of members will be maintained by us at our head office in China.

Dealings in the H Shares registered in our H Share register of members will be subject to the Hong Kong stamp duty.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our H Shares on the Hong Kong Stock Exchange and the Company's compliance with the stock admission requirements of HKSCC, our H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS operational procedures in effect from time to time.

All necessary arrangements have been made for our H Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding and dealing in the H Shares. None of the Company, the Sole Sponsor, the Sole Global Coordinator, Joint Bookrunners and Joint Lead Managers, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchasing, holding, disposing of, or dealing in our H Shares or the exercise of any rights attaching to our H Shares.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedure for applying for Hong Kong Offer Shares is set out in "How to Apply for Hong Kong Offer Shares" section of this Prospectus and in the relevant Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in "Structure of the Global Offering" section of this Prospectus.

DIVIDEND PAYABLE TO THE HOLDERS OF H SHARES

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of H Shares will be paid to the Shareholders as recorded in our H Share register, and sent by ordinary post, at the Shareholders' own risk, to the registered address of each Shareholder.

LANGUAGE

If there is any inconsistency between the English version of this Prospectus and the Chinese translation of this Prospectus, the English version of this Prospectus should prevail. If there is any inconsistency between the Chinese names of the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like mentioned in this Prospectus and their English translations, the Chinese names shall prevail.

ROUNDING

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

EXCHANGE RATE CONVERSION

Solely for your convenience, this Prospectus contains translations of certain Renminbi amounts into Hong Kong dollars at specified rates. No representation is made that the Renminbi amounts could actually be converted into any Hong Kong dollar amounts at the rates indicated or at all. Unless we indicate otherwise, the translation of Renminbi into Hong Kong dollars was made at the rate of RMB1.00 to HK$0.8434.

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Geng Jianfu (耿建富)	Room 401, Unit 6, Building 37 Kangzhuang Community Kangzhuang Road Guangyang District Langfang Hebei Province PRC	Chinese
Xiao Tianchi (肖天馳)	72 Saina Rongfu Huaxiang Road Langfang Economic and Technological Development Area Langfang Hebei Province PRC	Chinese
Liu Yonggang (劉勇罡)	18-2-901, Saina Rongfu Langfang Economic and Technological Development Area Langfang Hebei Province PRC	Chinese
Non-executive Director		
Zhang Wenge (張文革)	Room 201, Unit 2, Building 8 Junlan Yuan, Guangyang District Langfang Hebei Province PRC	Chinese
Independent non-executive Directors		
Jin Wenhui (金文輝)	Room 402, Gate 11, 2/F, Shuiduizibeili Chaoyang District Beijing PRC	Chinese
Siu Chi Hung (蕭志雄)	Flat C, 5/F, Block 18 Phase C Village Gardens 44 Fa Po Street Kowloon Tong Hong Kong	Chinese
Tang Yishu (唐義書)	No. 2501, 20/F, Qingyou Yuan Beiyuan Jiayuan Chaoyang District Beijing PRC	Chinese

SUPERVISORS

Name	Residential Address	Nationality
Jing Zhonghua (景中華)	Nanyou Building 1088 Nanyou Road Nanshan District Shenzhen Guangdong Province PRC	Chinese
Dong Hui (董慧)	35 Henan Road Heping District Tianjin PRC	Chinese
Liu Jifeng (劉紀鋒)	Tongbai Village Guangyang District Langfang Hebei Province PRC	Chinese
Wang Jiandong (王建東)	Room 302, Unit 1, Building 15 Qiyuan Community, Youyi Road Langfang Economic and Technological Development Area Langfang Hebei Province PRC	Chinese
Zhang Yuanpeng (張元鵬)	10 Gaoxin South Road One Nanshan District Shenzhen Guangdong Province PRC	Chinese

For further information regarding our Directors and Supervisors, please refer to the section entitled "Directors, Supervisors and Senior Management" of this prospectus.

OTHER PARTIES INVOLVED IN THE GLOBAL OFFERING

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

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

Joint Bookrunners	**Huatai Financial Holdings (Hong Kong) Limited** 62/F, The Center 99 Queen's Road Central Hong Kong
	Haitong International Securities Company Limited 22/F Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	Soochow Securities International Brokerage Limited Level 17, Three Pacific Place 1 Queen's Road East Hong Kong
	UOB Kay Hian (Hong Kong) Limited 6/F, Harcourt House 39 Gloucester Road Hong Kong
	Fuyuan Securities Limited Suite 4806-07 48/F Central Plaza 18 Harbour Road, Wanchai Hong Kong
	BOCOM International Securities Limited 9th Floor, Man Yee Building 68 Des Voeux Road Central Hong Kong
	CCB International Capital Limited 12/F CCB Tower 3 Connaught Road Central Central Hong Kong
	China Securities (International) Corporate Finance Company Limited 18/F Two Exchange Square 8 Connaught Place Central Hong Kong
	CMB International Capital Limited 45/F., Champion Tower 3 Garden Road Central Hong Kong

Guotai Junan Securities (Hong Kong) Limited
27/F., Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

ICBC International Capital Limited
37/F, ICBC Tower
3 Garden Road, Hong Kong

Realord Asia Pacific Securities Limited
Suites 2402 24/F Jardine House
1 Connaught Place
Central
Hong Kong

Yue Xiu Securities Company Limited
1003-1005, Siu On Centre
188 Lockhart Road, Wanchai
Hong Kong

Alpha International Securities (HONG KONG) Limited
Room 10 9/F China Merchants Tower
Shun Tak Centre, 168-200 Connaught Road
Central
Hong Kong

ZJKF Securities Investment (Hong Kong) Limited
Unit 21C, Level 12, Infinitus Plaza
199 Des Voeux Road Central
Sheung Wan
Hong Kong

Joint Lead Managers . . . .

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

Haitong International Securities Company Limited
22/F Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Soochow Securities International Brokerage Limited
Level 17, Three Pacific Place
1 Queen's Road East
Hong Kong

UOB Kay Hian (Hong Kong) Limited
6/F, Harcourt House
39 Gloucester Road
Hong Kong

Fuyuan Securities Limited
Suite 4806-07 48/F Central Plaza
18 Harbour Road, Wanchai
Hong Kong

BOCOM International Securities Limited
9th Floor, Man Yee Building
68 Des Voeux Road Central
Hong Kong

CCB International Capital Limited
12/F CCB Tower
3 Connaught Road Central
Central
Hong Kong

China Securities (International) Corporate Finance Company Limited
18/F Two Exchange Square
8 Connaught Place
Central
Hong Kong

CMB International Capital Limited
45-46/F., Champion Tower
3 Garden Road
Central
Hong Kong

Guotai Junan Securities (Hong Kong) Limited
27/F., Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

ICBC International Securities Limited
37/F, ICBC Tower
3 Garden Road
Hong Kong

Realord Asia Pacific Securities Limited
Suites 2402 24/F Jardine House
1 Connaught Place
Central
Hong Kong

Yue Xiu Securities Company Limited
1003-1005, Siu On Centre
188 Lockhart Road, Wanchai
Hong Kong

Alpha International Securities (HONG KONG) Limited
Room 10 9/F China Merchants Tower
Shun Tak Centre, 168-200 Connaught Road
Central
Hong Kong

ZJKF Securities Investment (Hong Kong) Limited
Unit 21C, Level 12, Infinitus Plaza
199 Des Voeux Road Central
Sheung Wan
Hong Kong

Blackwell Global Securities Limited
26/F, Overseas Trust Bank Building
160 Gloucester Road, Wanchai
Hong Kong

Maxa Capital Limited
Unit 1908, Harbour Center
25 Harbour Road
Wanchai
Hong Kong

Legal advisers to our Company . . . .

As to Hong Kong law:
Sidley Austin
Level 39, Two International Finance Centre
8 Finance Street
Central
Hong Kong

As to PRC laws:
DeHeng Law Offices
12/F Tower B, Focus Place
19 Finance Street
Xicheng District
Beijing
PRC

Legal advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong law:* **Chungs Lawyers** 28/F, Henley Building 5 Queen's Road Central Central Hong Kong *As to PRC laws:* **Tian Yuan Law Firm** 10/F, China Pacific Insurance Plaza B 28 Fengsheng Lane Xicheng District Beijing PRC
Auditor and reporting accountant	**PricewaterhouseCoopers** *Certified Public Accountants and Registered Public Interest Entity Auditor* 22/F Prince's Building Central Hong Kong
Compliance adviser	**Maxa Capital** Unit 1908 Harbour Center 25 Harbour Road Wanchai Hong Kong
Receiving banks	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong **CMB Wing Lung Bank Limited** 45 Des Voeux Road Central Hong Kong

Headquarters in the PRC	81 Xiangyun Road Langfang Economic and Technological Development Area Langfang Hebei Province PRC
Registered Office in the PRC	East Daxiang Line and North Heyuan Road (Within Xianghe Xiandai Water Industry Co., Ltd.* (香河現代水業有限公司)) Jiangxintun Town Xianghe County Langfang Hebei Province PRC
Principal Place of Business in Hong Kong	40/F, Sunlight Tower 248 Queen's Road East Wanchai Hong Kong
Company's Website Address	**www.roiserv.com** *(information on this website does not form part of this prospectus)*
Joint Company Secretaries	Mr. Xiao Tianchi (肖天馳) 72 Saina Rongfu Huaxiang Road Langfang Economic and Technological Development Area Langfang Hebei Province PRC Mr. Wong Yu Kit (黃儒傑) *(An associate member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute)* 40/F, Sunlight Tower 248 Queen's Road East Wanchai Hong Kong
Authorized Representatives	Mr. Xiao Tianchi (肖天馳) 72 Saina Rongfu Huaxiang Road Langfang Economic and Technological Development Area Langfang Hebei Province PRC

	Mr. Wong Yu Kit (黃儒傑) 40/F, Sunlight Tower 248 Queen's Road East Wanchai Hong Kong
Audit committee	Mr. Siu Chi Hung (蕭志雄) *(Chairman)* Mr. Zhang Wenge (張文革) Mr. Jin Wenhui (金文輝)
Remuneration committee	Mr. Tang Yishu (唐義書) *(Chairman)* Mr. Geng Jianfu (耿建富) Mr. Jin Wenhui (金文輝)
Nomination committee	Mr. Geng Jianfu (耿建富) *(Chairman)* Mr. Siu Chi Hung (蕭志雄) Mr. Tang Yishu (唐義書)
H Share Registrar	**Tricor Investor Services Limited** Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Principal banks	**Agricultural Bank of China Co., Ltd.** **Langfang Guangyang Branch** 41 Guangyang Road Guangyang District Langfang Hebei Province PRC
	Bank of Langfang Co., Ltd. **Beihuan Road Branch** 1/F A Er Kadiya Lijing Garden 280 Beifeng Road Guangyang District Langfang Hebei Province PRC

In preparation for the Listing, we have sought the following waivers and exemption from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 and Rule 19A.15 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong and in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong. Currently, all of our executive Directors reside in the PRC.

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

(1) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange and ensure that they comply with the Listing Rules at all times. The two authorized representatives appointed are Mr. Xiao Tianchi (肖天馳), our executive Director, Board secretary and joint company secretary, and Mr. Wong Yu Kit (黃儒傑), our joint company secretary. Mr. Wong is ordinarily resident in Hong Kong. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of the authorized representatives is authorized to communicate on our behalf with the Stock Exchange;

(2) both our authorized representatives have means to contact all of our Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the Directors for any matters. 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 communication among the Stock Exchange, the authorized representatives and our Directors, (a) each Director has provided his mobile phone number, office phone number, fax number and email address to the authorized representatives; (b) in the event that a Director expects to travel, he will provide the phone number of the place of his accommodation to the authorized representatives or maintain an open line of communication via his mobile phone; and (c) all our Directors and the authorized representatives have provided their respective mobile phone numbers, office phone numbers, fax numbers and email addresses to the Stock Exchange;

(3) we have appointed Maxa Capital Limited as our compliance advisor, pursuant to Rule 3A.19 and 19A.05 of the Listing Rules, which has access at all times to our authorized representatives, Directors, senior management and other officers of our Company, and will act as an additional channel of communication between the Stock Exchange and us; and meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives or the compliance advisor, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change in our authorized representatives and/or the compliance advisor.

JOINT COMPANY SECRETARIES

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

We have appointed Mr. Xiao Tianchi (肖天馳) ("**Mr. Xiao**") and Mr. Wong Yu Kit (黃儒傑) ("**Mr. Wong**") as our joint company secretaries. Mr. Xiao is our executive Director and Board secretary and his biographical information is set out in the section headed "Directors, Supervisors and Senior Management" in this prospectus. Given Mr. Xiao's thorough understanding of the corporate governance matters of our Group, he is considered as a suitable person to act as a company secretary of our Company. In addition, as our core business and operations are substantially based and conducted in the PRC, our Directors believe that it is necessary to appoint Mr. Xiao as a company secretary whose presence in the headquarter of our Group enables him to attend to the day-to-day corporate secretarial matters concerning our Group. However, given Mr. Xiao does not possess a qualification stipulated in Rules 3.28 of the Listing Rules, he is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. Xiao as our joint company secretary on the condition that Mr. Xiao will be assisted by Mr. Wong who possesses the qualifications or experience as required under Rule 3.28 throughout the Waiver Period. In order to provide support to Mr. Xiao, we have appointed Mr. Wong who meets the requirements under Rule 3.28 and 8.17 of the Listing Rules, as a joint company secretary to provide assistance to Mr. Xiao, for the Waiver Period so as to enable Mr. Xiao to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge his duties. Mr. Wong is an associate member of the Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute. See "Directors, Supervisors and Senior Management" for the biographical information of Mr. Wong.

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

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions for our Company under the Listing Rules after the Listing. We have applied for, and the Stock Exchange has granted us, waivers strict compliance with (i) the announcement requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "Connected Transactions—(B) Continuing Connected Transaction subject to the Reporting, Annual Review and Announcement Requirements and Exempt from the Independent Shareholders' Approval Requirement"; and (ii) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "Connected Transactions—(C) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements." Please refer to the section entitled "Connected Transactions" in this prospectus for further information.

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

BACKGROUND AND METHODOLOGIES OF CIA

We purchased the right to use and quote various data from publications of CIA at a total cost of RMB800,000. CIA has extensive experiences researching and tracking the PRC property management industry, and has conducted research on the Top 100 Property Management Companies since 2008. In conducting its research, CIA primarily evaluates property management companies that have managed at least ten properties or have an aggregate GFA of 500,000 sq.m. or more in the previous three years. CIA uses research parameters and assumptions and gathers data from multiple primary and secondary sources, including (i) published statistics, websites and marketing materials of property management companies; (ii) surveys and data from the China Real Estate Index System and the China Real Estate Statistics Yearbooks; (iii) public data from governmental authorities; and (iv) data gathered previously for the property management companies. In addition, since 2008, CIA has published the ranking of the Top 100 Property Management Companies in terms of overall strength, primarily by evaluating data from the previous year in relation to management scale, operational performance, service quality, growth potential and social responsibility of the property management companies under consideration. In determining such rankings, CIA may assign the same ranking to multiple companies with the same or very close scores, and therefore it is possible that more than 100 companies may be classified as being among the Top 100 Property Management Companies in the industry. CIA may, upon specific request, prepare further rankings within the Top 100 Property Management Companies for certain indices. CIA assesses the growth potential of property management companies primarily by evaluating the growth rates of revenue, GFA under management and contracted but undelivered GFA, the total number of employees and employee composition. Data analysis in this section is primarily based on the data of the Top 100 Property Management Companies.

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) the COVID-19 outbreak will only affect China's economy stability in the short term and China's macro economy will return to steady growth after COVID-19 is controlled; (iii) government policies on the property management industry in China will remain unchanged during the forecast period; (iv) all published data by the relevant statistics bureaus is accurate; and (v) all collected information relating to residential sales transactions from the relevant local housing administrative bureaus is accurate.

THE PRC PROPERTY MANAGEMENT INDUSTRY

Overview of the Property Management Industry

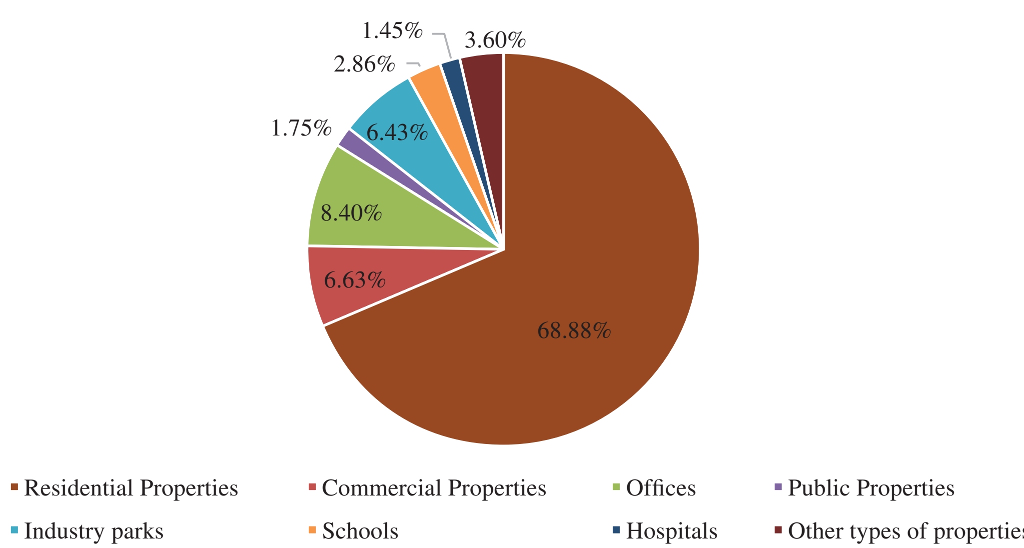
The history of the PRC property management industry may be traced back to the early 1980s when the first property management company in China was established. Since then, the PRC government has sought to construct and update a regulatory framework for the PRC property management industry in parallel with its growth. The PRC government promulgated an increasing number of regulations over the years, with the aim to establish an open market system for the property management industry to promote its rapid growth and standardized operation. PRC property management companies now provide services in relation to a wide range of properties in addition to residential properties, such as office buildings, shopping centers, industry parks, schools and hospitals, among others.

With the adoption of advance technologies, such as Internet of Things, big data, cloud computing, artificial intelligence and virtual reality, the property management companies are gradually replacing manual labor with automated operations. The PRC government has also promulgated a series of favorable policies supporting the development and modernization of property management industry. In addition, property management companies have gained wider access to capital markets for equity and/or debt financing in recent years. Driven by the technology development, governmental support and capital markets recognition, the property management industry is expected to maintain rapid growth.

Types of Managed Properties

Among the properties under management, residential properties account for the largest share in terms of total GFA under management. The chart below sets forth the percentage of each type of properties managed by the Top 100 Property Management Companies in terms of GFA under management as of December 31, 2019:

Type of Properties Managed by the Top 100 Property Management Companies as of December 31, 2019



Source: CIA

Property management companies have also sought to diversify the property portfolio under their management. The total GFA of non-residential properties managed by the Top 100 Property Management Companies increased by 129.8% from approximately 1,414.0 million sq.m. as of December 31, 2015 to approximately 3,248.9 million sq.m. as of December 31, 2019, representing a CAGR of 23.1%.

Major Fee Models in the Property Management Industry

In addition to revenue from property management services, property management companies in the PRC also generate revenue from value-added services, including value-added services to non-property owners and community value-added services.

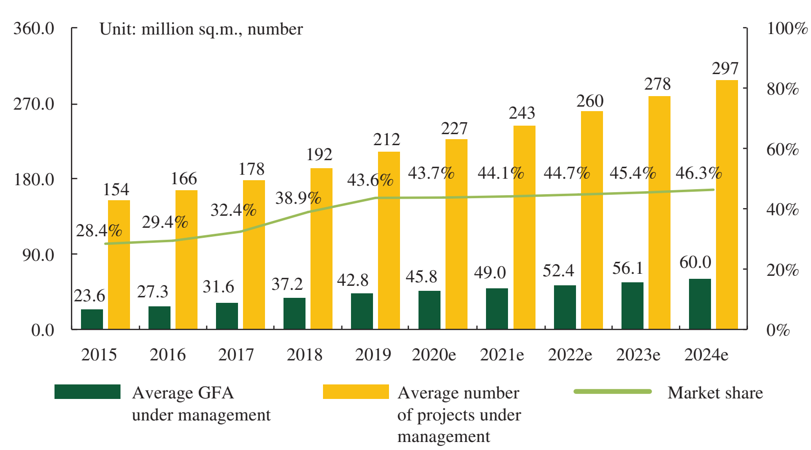
In the PRC, property management fees may be charged either on a lump sum basis or a commission basis. The lump-sum fee model is the dominant fee model in the property management industry in China, especially for residential properties. The lump-sum fee model can increase efficiency by dispensing certain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

Overview of the Top 100 Property Management Companies

In recent years, following the rapid urbanization and continuous growth in per capita disposable income, the GFA and number of properties managed by the Top 100 Property Management Companies have increased rapidly. The average total GFA under management by the Top 100 Property Management Companies increased from 23.6 million sq.m. in 2015 to 42.8 million sq.m. in 2019, representing a CAGR of 16.0%. The average number of projects under management by the Top 100 Property Management Companies increased from 154 as of December 31, 2015 to 212 as of December 31, 2019, representing a CAGR of 8.3%. The following chart sets forth the historical and projected average total GFA under management, average number of projects under management and total market share in terms of GFA under management of the Top 100 Property Management Companies for the years indicated:

Average Total GFA under Management,
Average Number of Projects under Management and Total Market Share
in Terms of GFA under Management of the Top 100
Property Management Companies, 2015-2024E

	CAGR (2015-2019)	CAGR (2020E-2024E)
Total GFA under Management	16.0%	7.0%
Average Number of Projects under Management	8.3%	7.0%
Total Market Share	11.3%	1.4%

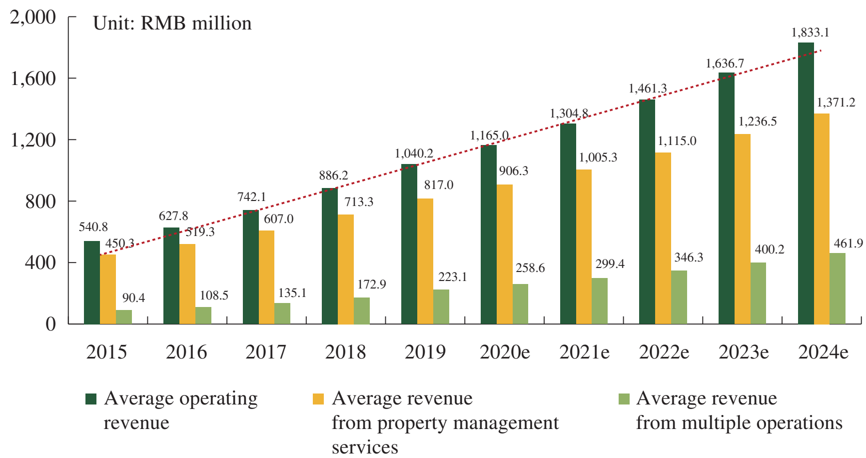


Source: National Bureau of Statistics of China and CIA

As a result of the growth in GFA and number of projects under management, the average revenue of the Top 100 Property Management Companies increased from approximately RMB540.8 million in 2015 to RMB1,040.2 million in 2019, representing a CAGR of 17.8%. The following chart sets forth the historical and projected average operating revenue, average revenue from property management services and average revenue from value-added services of the Top 100 Property Management Companies for the years indicated:

Average Operating Revenue, Average Revenue from Property Management Services and Average Revenue from Value-Added Services of the Top 100 Property Management Companies, 2015-2024E

	CAGR (2015-2019)	CAGR (2020E-2024E)
Average Operating Revenue	17.8%	12.0%
Average Revenue from Property Management Services	16.1%	10.9%
Average Revenue from Value-Added Services	25.3%	15.6%

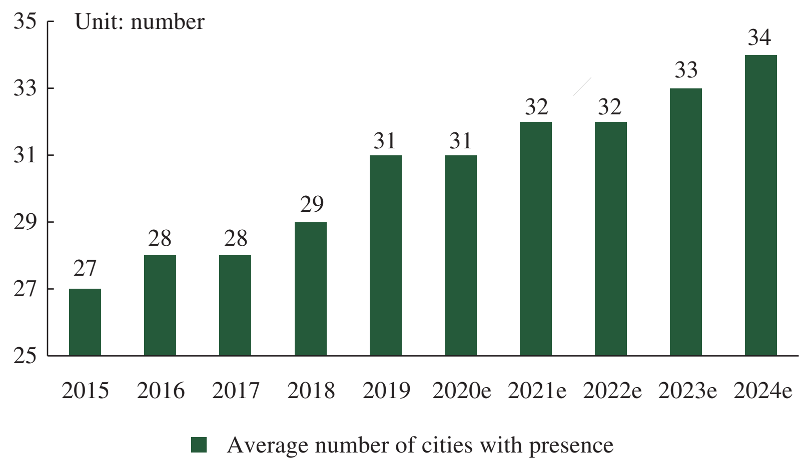


Source: CIA

The following chart sets forth the historical and projected average number of cities in which the Top 100 Property Management Companies had presence for the years indicated:

Average Number of Cities in Which the Top 100 Property Management Companies Had Presence, 2015-2024E

	CAGR (2015-2019)	CAGR (2020E-2024E)
Average Number of Cities	3.5%	2.3%



Source: CIA

The Macro-economy and Real Estate Market of the Bohai Economic Rim

A majority of our operations are located in the Bohai Economic Rim. Driven by the economic growth of Beijing and Tianjin Municipalities, the Bohai Economic Rim's economy has experienced steady growth from 2015 to 2019, except a minor contraction in 2018. According to CIA, in 2019, the nominal GDP of the Bohai Economic Rim reached RMB21.5 trillion, representing 21.7% of the nominal GDP in the PRC. In line with steady growth of macro-economy and per capita disposable income of urban residents, the real estate industry of the Bohai Economic Rim maintained stable growth. According to CIA, in 2019, the total GFA sold in the Bohai Economic Rim reached approximately 284.0 million sq.m., representing 16.5% of the total GFA sold in the PRC. Relying on the growth of macro-economy and development of real estate market, the property management market of the Bohai Economic Rim is expected to maintain stable growth.

OVERVIEW OF THE PROPERTY MANAGEMENT INDUSTRIES IN SELECTED REGIONS

Overview of the Property Management Market in the Bohai Economic Rim

According to CIA, from 2015 to 2019, the total GFA of properties under management in the Bohai Economic Rim increased from 4.2 billion sq.m. to 5.4 billion sq.m., representing a CAGR of 6.2%; from 2020 to 2024, the total GFA of properties under management in the Bohai Economic Rim is expected to grow at a CAGR of 4.7%, increasing from 5.6 billion sq.m. in 2020 to a projected 6.7 billion sq.m. in 2024.

Overview of the Property Management Market in the Yangtze River Delta Region

According to CIA, from 2015 to 2019, the total GFA of properties under management in the Yangtze River Delta region increased from 3.7 billion sq.m. to 5.3 billion sq.m., representing a CAGR of 9.1%; from 2020 to 2024, the total GFA of properties under management in the Yangtze River Delta region is expected to grow at a CAGR of 5.6%, increasing from 5.5 billion sq.m. in 2020 to a projected 6.8 billion sq.m. in 2024.

Overview of the Property Management Market in the Greater Bay Area

According to CIA, from 2015 to 2019, the total GFA of properties under management in the Greater Bay Area increased from 1.5 billion sq.m. to 2.1 billion sq.m., representing a CAGR of 8.5%; from 2020 to 2024, the total GFA of properties under management in the Greater Bay Area is expected to grow at a CAGR of 6.3%, increasing from 2.2 billion sq.m. in 2020 to a projected 2.8 billion sq.m. in 2024.

Overview of the Property Management Market in Central and Western China

According to CIA, from 2015 to 2019, the total GFA of properties under management in Central and Western China increased from 6.7 billion sq.m. to 8.7 billion sq.m., representing a CAGR of 7.0%; from 2020 to 2024, the total GFA of properties under management in Central and Western China is expected to grow at a CAGR of 5.1%, increasing from 9.1 billion sq.m. in 2020 to a projected 11.0 billion sq.m. in 2024.

GROWTH DRIVERS OF THE PRC PROPERTY MANAGEMENT INDUSTRY

According to CIA, the growth of the PRC property management industry depends on various key drivers. We discuss certain key growth drivers below.

Favorable Policies

In June 2003, the PRC government promulgated the Regulations on Property Management (物業管理條例), establishing a regulatory framework for the property management industry in China. Since then, a number of laws and rules have come into effect regulating various aspects of the property management industry and numerous policies enacted to promote its development. These include, but are not limited to, the Circular of the NDRC on the Opinions of Relaxing Price Controls in Certain Services (國家發展和改革委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 Announcement on Preferential Taxation for the Elderly Care, Child Care, Housekeeping and Other Community Living Services (關於養老、託育、家政等社區家庭服務業稅費優惠政策的公告). Furthermore, various provincial and municipal governments have issued their own rules and regulations to construct the regulatory frameworks for the local property management industries. We expect that the PRC property management industry will continue to grow on a national scale through government encouragement under the various regulatory frameworks.

The favorable policies also encourage the development of smart communities. In May 2014, the Ministry of Housing and Urban-rural Development issued Guidance on Intelligent Community Construction (Trial) (智慧社區建設指南(試行)), which recommended the modernization of community management by integrating modern technologies, public resources and commercial services into the management process. We believe that such policies will jointly create a supportive and orderly environment for the development of the property management industry and property management companies. For more information on laws and regulations related to the property management industry, please refer to "Regulatory Overview—Laws and Regulations Relating to Property Management Services and Other Related Services" in this prospectus.

In March 2015, the State Council promulgated the Reform Plan for Deepening Standardization Work (深化標準化工作改革方案), which encouraged the industry associations, societies and chambers of commerce to jointly formulate unified standard for different industries. 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) further promoted the standardization of property management, property leasing and other related services. We expect that such standardization will improve the service quality and reduce the operating cost of the property management industry.

New Opportunities in Property Management Services

Since late 2019, COVID-19 has spread across the world. Please refer to "Risk Factors—Our business operations may be affected by the outbreak of COVID-19." According to the data released on July 17, 2020 by the National Bureau of Statistics of China ("**National Statistics Bureau**"), China's GDP for the first half of 2020 decreased by 1.6% as compared with that of the first half of 2019. According to CIA, the PRC real estate market in general had been adversely affected in the short term as the COVID-19 pandemic curbed on-site sales and adversely affected consumers' willingness and power to purchase properties in China. During the six months ended June 30, 2020, the total GFA of buildings newly started construction in China amounted to 975.0 million sq.m., representing a decrease of 7.6% as compared to the corresponding period in 2019, according to CIA. During the same period, the total GFA of commodity properties transacted in China amounted to 694.0 million sq.m., representing a decrease of 8.4% as compared to the corresponding period in 2019, according to CIA.

Nevertheless, according to CIA, the China's real estate market has gradually recovered since April 2020 in line with the recovery of the national economy. In particular, investment into real estate development in the Bohai Economic Rim increased by 1.5% in the six months ended June 30, 2020 as compared to the corresponding period in 2019, according to CIA. According to CIA, the total GFA under management by property management service companies is expected to increase by 0.8% to 5.6 billion sq.m. as of June 30, 2020 as compared to December 31, 2019. On the basis of the above, it is expected that COVID-19 would not materially or adversely affect the property management industry in China.

While the COVID-19 outbreak may have created challenges in the business operations of property management companies, it also presented certain opportunities. During the COVID-19 outbreak in China, the PRC government imposed lockdown and various quarantine and travel restriction measures, most of which had been lifted as of the end of April 2020. Property management companies served a key role in the implementation of such measures. Property management companies that are capable of providing quality services that meet the residents' demands have gained higher customer satisfaction and loyalty. In addition, due to the quarantine restrictions, property management companies are encouraged to accelerate the development of mobile applications, internet platforms and smart community technologies to provide online products and services to their customers. Further, driven by the need of community services, old residential communities without a property management company will seek and engage property management companies to provide necessary community services. Moreover, in order to ease the difficulties that businesses encountered during the COVID-19 outbreak, the central, provincial and local governments in China implemented various measures, including, among others, tax relieve, preferential loans and exemptions from payments of social insurance and housing provident funds. Some provincial and local governments, such as provincial and local governments of Hubei, Zhejiang, Shaanxi, Shenzhen, Chengdu, Hefei and Guiyang, even directly subsidized property management companies for their contributions to the society during the COVID-19 outbreak.

Growth in Demand

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

Further Development of Capital Markets

Further development of the PRC capital markets provides growth opportunities and diversified funding channels for the property management industry. A number of policies regulating the capital markets have come into effect to improve the regulatory environment of capital markets, such as Several Opinions of the CSRC on Further Regulating the Exercise of Issuance Examination Power (關於進一步規範發行審核權力運行的若干意見), Several Opinions of the CSRC on Further Promoting the Development of National Equities Exchange and Quotations (關於進一步推進全國中小企業股份轉讓系統發展的若干意見) and the Measures for Hierarchical Management of Companies Listed on the National Equities Exchange and Quotations (全國中小企業股份轉讓系統掛牌公司分層管理辦法(試行)). According to CIA, as of March 30, 2020, there were 23 property management companies listed on the Stock Exchange, one property management company listed on the Shanghai Stock Exchange (上海證券交易所), two property management companies listed on the Shenzhen Stock Exchange (深圳證券交易所) and 40 property management companies listed on the National Equities Exchange and Quotations (全國中小企業股份轉讓系統).The development of capital markets enables the property management companies to obtain additional funding, diversify funding sources and achieve business expansion.

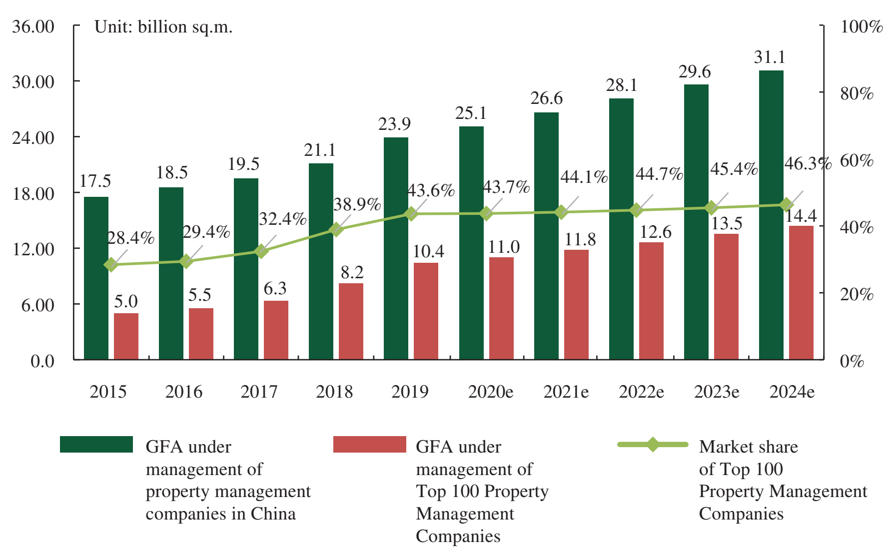
TRENDS IN THE PRC PROPERTY MANAGEMENT INDUSTRY

Increased Market Concentration and Competition

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

Total GFA under Management of Property Management Companies in China, Total GFA under Management by the Top 100 Property Management Companies and Aggregate Market Share of the Top 100 Property Management Companies, 2015-2024E

	CAGR (2015-2019)	CAGR (2020E-2024E)
Total GFA under Management of Property Management Companies in China	8.2%	5.5%
Total GFA under Management by the Top 100 Property Management Companies in China	20.5%	7.0%
Aggregate Market Share of the Top 100 Property Management Companies in China	11.3%	1.4%



Source: National Bureau of Statistics of China and CIA

Diversified Service Scope to Expand Revenue Sources

In response to evolving demands from customers, property management companies are diversifying their revenue streams by providing various value-added services. These services mainly include community value-added services, such as property common area operation, property agency, housekeeping and cleaning, elderly care and nursing services, and value-added services to non-property owners, such as pre-delivery services and consultancy services to property developers. As a result, property management companies are able to generate revenue from additional sources.

Increasing Adoption of Information Technology

Many property management companies have diversified services, reduced labor costs and enhanced profitability by leveraging information technologies such as cloud computing, Internet of Things, big data and artificial intelligence. For example, artificial intelligence technologies, such as smart entrance pass, smart building management, smart energy management, patrol robots, delivery robots and consultancy robots, largely reduced the labor costs of property management companies. In addition, by adopting new technologies and using e-service platforms, property management companies could effectively integrate and allocate resources to provide more diversified community value-added services and further expand their services to common space management, community finance, property agency and housekeeping. As a result, the revenue generated from value-added services increasingly becomes an important source of revenue for property management companies. Moreover, with the rapid technology developments, the property management companies are placing greater emphasis on recruiting and training professional and skilled employees to facilitate the implementation of smart management and information technologies and promote innovations to maintain their leading market positions.

Increased Market-Oriented Operations

Property management companies used to rely on their affiliated property development companies to acquire projects for management. According to CIA, it is common that property management service providers generate a significant portion of revenue from projects developed by affiliated property developers. It is common in the industry, according to CIA, that property management service providers have a close business relationship with property developers under the same ultimate controlling shareholders. Recently, property management companies are becoming more independent and market-oriented. The property management companies are proactively seeking new opportunities from Independent Third Party developers to expand business scale and market share. According to CIA, independent property management companies can set and adjust service price based on market conditions. In addition, independent property management companies can make timely response to market changes and residents' demands, offering services with higher quality.

Increasing Standardization of Services

Standardization allows property management companies to improve their service quality, and is the foundation for the sustainable expansion of business operations across regions. According to CIA, many of the Top 100 Property Management Companies have established internal standardized operating procedures to guide their provision of services. Information technology has played an increasingly important role in property management services in recent years. Property management companies use information technology to implement technological solutions for automating key business operations. Technological solutions minimize human error and allow property management companies to consistently apply their standardized procedures and quality standards. In turn, this reduces their reliance on manual labor and therefore the costs involved in hiring employees and engaging sub-contractors as well. Furthermore, centralized information technology enables property management companies to monitor the administrative and financial business operations of their branches, subsidiaries and offices, as well as to ensure that they are consistently applying policies, procedures and quality standards.

Increasing Labor and Operation Cost

The property management industry in the PRC is labor intensive. According to CIA, the average percentage of labor cost, which includes staff costs and sub-contractors costs, to cost of services of the Top 100 Property Management Companies increased by 2.0% from 55.8% in 2017 to 57.8% in 2018, and further increased by 1.3% to 59.1% in 2019. The minimum wage in various regions has increased in recent years. Property management companies need to recruit more staff to expand their property management scale and thus are expected to pay increasing staff salaries and benefits, as well as relevant training and management expenses.

The lump-sum fee model for property management fees is the dominant fee model in the property management industry in China and according to CIA, the ever-rising labor costs in recent years is a major challenge to the companies in the labor intensive property management industry to maintain sustainable development. Property management companies may experience a decrease in profit margin, or even losses, in light of increases in costs and expenses.

Increasing Demand for and Shortage of Professional Staff

The property management industry also faces challenges such as difficulty with recruitment of high quality staff with relatively low salary level to attract the right candidates, while at the same time property management companies are in need of sufficient talents reserves to improve service quality and to ensure the expansion of property management scale and future development. Development of property management companies may be hindered if they are not able to recruit sufficient suitable talents.

COMPETITION

Competitive Landscape

According to CIA, the PRC property management industry is fragmented and competitive, with approximately 130,000 property management service providers operating in the industry in 2018. The property management market in China is becoming increasingly concentrated. According to CIA, the aggregate market share of the Top 100 Property Management Companies was approximately 43.6% in terms of GFA under management in 2019. Our property management services primarily compete with large national, regional and local property management companies. Please refer to "Business—Competition."

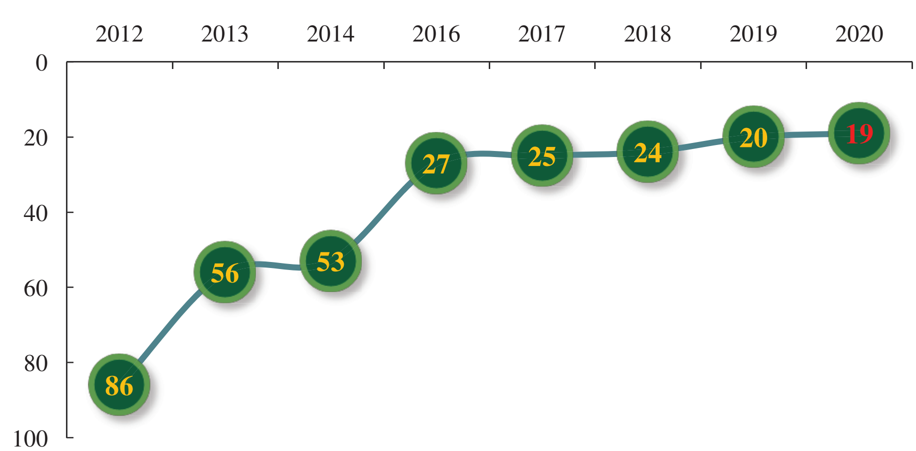
Our Competitive Position in the PRC

According to CIA, we have been ranked as one of the Top 100 Property Management Companies in terms of overall strength since 2012 and one of the top 30 among the Top 100 Property Management Companies in terms of overall strength for five consecutive years since 2016. According to CIA, in 2020, we were ranked 19th among the Top 100 Property Management Companies in terms of overall strength.

According to CIA, the annual ranking of the Top 100 Property Management Companies in terms of overall strength is prepared by CIA through assessing each company's performance in terms of five key factors, including management scale, operational performance, service quality, growth potential and social responsibility. Under these five key factors, CIA analyzes 21 specific indicators as follows:

Key Factors	Specific Indicators
Management scale	Total assets
	Total number of property management projects
	Total GFA under management
	Number of cities with business presence
Operational performance	Revenue
	Gross profit
	Net profit
	Revenue per employee
	Operating expense ratio
Service quality	Satisfaction of property owners
	Collection rate of property management fees
	Renewal rate of property management projects
	Number of star-level communities under management
Growth potential	Growth rate of revenue
	Growth rate of total GFA under management
	Total contracted GFA to be delivered for property management services
	Employee structure and number
Social responsibility	Total annual tax payment
	Number of jobs created
	Total GFA of affordable housing under management
	Total amount of donations

Our Ranking among the Top 100 Property Management Companies in Terms of Overall Strength, 2012-2020



Source: CIA

Among the 2020 Top 100 Property Management Companies, we were ranked 26th in terms of GFA under management as of December 31, 2019, 23rd in terms of contracted GFA as of December 31, 2019 and 32nd in terms of revenue for 2019.

Our Competitive Position in the Bohai Economic Rim

According to CIA, total GFA of properties under management in the Bohai Economic Rim in 2019 amounted to 5.4 billion sq.m., accounting for 22.4% of total GFA of properties under management in the PRC. According to CIA, we are a leading property management company in the Bohai Economic Rim and Hebei province. According to CIA, we were ranked 10th among the 2020 Top 100 Property Management Companies in terms of overall strength in the Bohai Economic Rim; in Hebei province, we were ranked first among the 2020 Top 100 Property Management Companies in terms of overall strength.

According to CIA, the property management industry in the Bohai Economic Rim is highly fragmented. According to CIA, among the 2020 Top 100 Property Management Companies, top 12 players in the Bohai Economic Rim in aggregate had a market share of approximately 9.0% as measured by GFA under management as of December 31, 2019, and the largest player had a market share slightly higher than 0.9%. According to CIA, we had a market share of 0.5% in the Bohai Economic Rim as measured by GFA under management as of December 31, 2019, which ranked us 12th among the 2020 Top 100 Property Management Companies.

The following tables set forth the top 10 among the 2020 Top 100 Property Management Companies in the Bohai Economic Rim in terms of overall strength, the top 12 property management companies among the Top 100 Property Management Companies in terms of GFA under management in the Bohai Economic Rim and the top 10 among the 2020 Top 100 Property Management Companies headquartered in the Bohai Economic Rim in terms of GFA under management and contracted GFA as of December 31, 2019:

Top 10 Property Management Companies by Overall Strength in the Bohai Economic Rim

Ranking	Company	Background information	Listing status
1	Company A	A property management service provider established in 1997, with a national service network covering more than 100 cities across the PRC, such as Chongqing, Chengdu, Beijing, Xi'an, Shanghai, providing property management service to residential properties, commercial properties, office buildings, schools, nursing homes, long-term apartments, transportation hubs, aviation logistics facilities and smart cities.	Unlisted
2	Company B	A property management service provider established in 1999, providing property management service to residential properties, municipal properties, commercial properties, industry parks and office buildings.	Unlisted
3	Company C	A large state-owned enterprise established in 2012, with property management service as its main business and covering 22 cities in 13 provinces across the PRC.	Unlisted
4	Company D	A wholly-owned subsidiary of a listed company established in 1999, providing property management service to high-end residential properties, high-end office buildings, commercial complexes, public facilities and industry parks.	Unlisted
5	Company E	A comprehensive asset value-added service integration provider established in 2000, with property management service as the core business, rooted in the PRC and Hong Kong, focusing on the Asia-Pacific with worldwide service network in more than 20 countries and regions.	Unlisted

Ranking	Company	Background information	Listing status
6	Company F	A property management service provider established in 1997, with a service network covering key cities in the PRC such as Beijing, Shanghai, Tianjin and Chongqing, providing service to residential properties, commercial properties, office buildings and hotels.	Unlisted
7	Company G	A property management service provider established in 2004, with a service network covering 16 cities in Shandong province and 25 provinces across the PRC, providing service to universities, hospitals, industry parks, high-end residential properties, office buildings and government properties, being the company managing the most universities in the PRC.	Unlisted
8	Company H	A property management service provider established in 1994, focusing on high-end commercial property operations, providing service to office buildings, commercial buildings, commercial complexes, low-density office parks, public properties, hospitals, schools and residential properties.	Listed
9	Company I	A large property management service provider in Northeast China, established in 1996, providing service to industry parks, office buildings, government properties, schools, administrative service centers, retail commercial properties and residential properties.	Unlisted
10	Our Group	A comprehensive property management service provider deeply rooted in the Bohai Economic Rim with a service network across China strategically covering core geographical areas such as the Yangtze River Delta region and the Greater Bay Area.	Unlisted

Top 12 Property Management Companies by GFA under Management in the Bohai Economic Rim among the Top 100 Property Management Companies

Ranking	Company	GFA Under Management as of December 31, 2019	Market Share
		(in million sq.m.)	(%)
1	Company B	More than 50	More than 0.9
2	Company A	More than 47	Approximately 0.9
3	Company N	More than 45	Close to 0.9
4	Company O	Close to 45	More than 0.8
5	Company C	More than 40	Approximately 0.8
6	Company P	Approximately 40	Close to 0.8
7	Company Q	More than 38	More than 0.7
8	Company I	More than 37	More than 0.7
9	Company G	More than 35	Close to 0.7
10	Company R	More than 30	More than 0.6
11	Company S	Close to 30	Close to 0.6
12	Our Group	28.7	0.5

Top 10 Property Management Companies by GFA under Management among the Top 100 Property Management Companies Headquartered in the Bohai Economic Rim

Ranking	Company	GFA Under Management as of December 31, 2019	Market Share
		(in million sq.m.)	(%)
1	Company B	More than 200	More than 14.0
2	Company A	Close to 160	More than 10.0
3	Company E	More than 150	More than 9.0
4	Company G	More than 120	More than 8.0
5	Company I	More than 100	More than 6.0
6	Company J	More than 50	More than 3.5
7	Our Group	50.3	3.3
8	Company K	More than 40	More than 2.5
9	Company L	More than 35	More than 2.0
10	Company D	More than 25	Close to 2.0

Top 10 Property Management Companies by Contracted GFA among the Top 100 Property Management Companies Headquartered in the Bohai Economic Rim

Ranking	Company	Contracted GFA as of December 31, 2019
		(in million sq.m.)
1	Company A	More than 400
2	Company B	More than 300
3	Company I	More than 200
4	Company E	More than 150
5	Company G	More than 130
6	Our Group	77.4
7	Company M	More than 70
8	Company J	More than 50
9	Company N	More than 45
10	Company K	More than 40

Source: CIA

Entry Barriers

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

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

- *Capital requirement*. Capital investment is required as the property management companies adopt automation and intelligent technologies to improve their management efficiency. During the transitioning from traditional property management to smart community management, the availability of sufficient funding poses high barriers to new participants with limited financing ability.

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

- *Specialization of talents and level of intelligence*. To ensure service quality, property management companies need to standardize and automate their operations to improve their capacity in managing an expanding portfolio of properties. Large-scale property management companies have more resources to invest in the standardization and automation of their operations than new participants. Furthermore, the wide application of the internet and modern technologies in the property management industry requires more and more specialized talents. New and small scale property management companies face increasing difficulties in competing against larger companies in recruiting and retaining qualified employees.

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

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 MOFCOM and SAMR came into effect and replaced the Provisional Measures for the Filing Administration of Establishment and Changes of Foreign-Invested Enterprises (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 enterprises 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 the 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 and prohibited categories shall be classified as belonging to the category of 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)》), both of which came into effect on July 30, 2019, property management industry is an industry that allows foreign investors to make investments.

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 Contractual 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 administration 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 Negative List.

Qualification of Property Management Enterprises

According to the Regulation on Property Management (《物業管理條例》) (Order No. 379 of the State Council), 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 credit worthiness administration.

According to the Measures for the Administration on Qualifications of Property Management Enterprises (《物業管理企業資質管理辦法》) (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, was amended on November 26, 2007 and was abolished on March 8, 2018, a system of qualification administration was once adopted and the qualifications of a property management enterprise was 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》) (Guo Fa [2017] No. 7), 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 Management Enterprises (《住房城鄉建設部辦公廳關於做好取消物業服務企業資質核定相關工作的通知》) (Jianbanfang [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 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 Management Enterprise (《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 Management 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.

Appointment of Property Management Enterprises

According to the Property Law of the PRC (《中華人民共和國物權法》) (Order No. 62 of the President), which was promulgated by the NPC on March 16, 2007 and came into effect on October 1, 2007, the owners of a building may manage the building and its affiliated facilities by themselves or by entrusting a 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 property 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 Regulation on Property Management (《物業管理條例》), the selecting, engaging and dismissing of property management enterprise shall be subject to the approval by owners who possess exclusive areas accounting for more than half of the total area of buildings and owners who account for more than half of the total number of owners. Where the construction entity selects any property management enterprise before the owners and/or the owners' general meeting do so, it shall conclude a written preliminary property management contract with the enterprise. A sales contract concluded by the construction entity and the realty buyer shall include the contents stipulated in the preliminary property management contract, and when the property management contract concluded by the owners' association and the property management enterprise takes effect, the preliminary property management contract shall be terminated.

According to 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, preliminary property management services shall be conducted by the property management enterprise employed by the construction entity before the owners or the owners' general meeting select a property management enterprise at its own discretion. The construction entity of residential buildings and non-residential buildings located in the same property management areas shall engage the property management enterprises of corresponding qualification through bid-invitation and bidding. In cases where there are less than three bidders or the residence scale is relatively small, the construction entity 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 property is located. According to the Regulation on Property Management (《物業管理條例》), where the developer fails to hire the property management enterprise through a bid-invitation and bidding process or hire the property management enterprise by agreement without the approval of relevant government authority, the competent real estate administrative department of the local government at the county level or above shall order it to rectify the situation within a prescribed time limit, issue a warning and impose a penalty of no more than RMB100,000.

In addition, Interpretation of the Supreme People's Court on Several Issues on the Specific Application of Law in the Trial of Cases of Disputes over Property Management Service (《最高人民法院關於審理物業服務糾紛案件具體應用法律若干問題的解釋》) (Fa shi [2009] No. 8), which was issued by the Supreme People's Court on May 15, 2009 and came into effect on October 1, 2009, stipulates the principles applied by the court when hearing disputes on specific matters between property owners and property management enterprises. For example, the preliminary property management contract signed according to the relevant laws and regulations by the property developer and the property management enterprise and the property management contract signed by the property owners' association and property management enterprises hired according to the relevant laws and regulations by the owners' general meeting are legally binding on property owners, and the people's court shall not support a claim if property owners plead on the basis that they are not a party to the contract. The court shall support a claim if property owners' association or property owners appeal to the court to confirm that the clauses of property management contracts which exempt the responsibility of property management enterprises or which aggravate the responsibility or exclude the rights of property owners' association or property owners are invalid.

Fees Charged by Property Management Enterprises

According to the 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 accompanying facilities and equipment and relevant sites, and ensuring 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 property and be priced under the government's guidance and market regulation respectively. In what way the charges are 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.

As agreed between the property owners and property management enterprises, the fees for the property management services can be charged either on a lump-sum basis or a commission basis. Fees on a lump-sum basis means the property owners pay the property management enterprise a fixed amount of property management fees, and the property management enterprise enjoys the profits and assumes the losses at its own risk. Fees on a commission basis means an agreed percentage or amount of the property management fees collected by the property management enterprise in advance is a commission paid to the property management enterprise, while the rest of such fees is exclusively used for expenses agreed in the property management contract, and the property owners enjoy the surplus or assume the shortage.

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, property management enterprises, during their provision of services to the property owners (inclusive of the property service as stipulated in the property management contract as well as other services entrusted by property owners), shall charge service fees at expressly marked prices, and display their service items, standards and other related contents. In case there's 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 NDRC on the Opinions for Decontrolling the Prices of Some Services (《國家發展改革委關於放開部分服務價格意見的通知》) (Fa Gai Jia Ge [2014] No. 2755) (the "**Decontrolling Service Price Opinions**"), which was promulgated by NDRC and became effective on December 17, 2014, price control on property services of non-government-supported houses and parking services in residential community was liberalized, including fees charged by a property service enterprise from property owners for the maintenance, conservation and management of non-government supported houses, the supporting facilities and equipment, and the relevant sites thereof, activities of maintaining the environment, sanitation, and relevant order within the property management regions, and other actions completed in accordance with the agreement of the property service contract, upon commission of the property owners. The provincial price authorities shall, jointly with the housing and urban-rural development administrative authorities, decide to implement government guidance prices for charges of property management for government-supported houses, houses under housing reform, old residence communities and preliminary property management service in light of the actual situation. In decontrolling the charges of property services for government-supported houses and implementing market-regulated prices, the affordability of the supported subjects shall be considered and a subsidy mechanism shall be established.

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、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 regulate property management charging standards and implements pricing cost supervision and examination on relevant property management enterprises. Property management pricing cost is determined according to the social average cost of property management services verified by the competent pricing department of the people's government. With the assistance of 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 on public facilities and equipment, green conservation costs, sanitation fee, order maintenance cost, public facilities and equipment as well as public liability insurance costs, office expenses, shared administration fee, fixed assets depreciation and other fees approved by property owners.

According to the Measures on Government Pricing Cost Supervision and Examination (《政府制定價格成本監審辦法》) (Order No. 8 of the NDRC) which was issued by the NDRC on October 30, 2017 and taking effect on January 1, 2018, if the pricing authority implements cost supervision and examination, the relevant business operators shall be informed in writing. The operator shall be obliged to provide the information required for the relevant goods or services cost supervision and examination after receiving the notice, and shall be responsible for the authenticity, legitimacy and completeness of the relevant information.

Property Management Service Outsourcing

According to the Regulations on Property Management, a property management enterprise may outsource a specific service within the property management area to a specialized service enterprise, but it shall not outsource all the property management business within such area to third parties. Where a property management enterprise outsource all the property management business within such area to third parties, the competent real estate administrative department of the local government at the county level or above shall order it to rectify the situation within a prescribed time limit, and impose on it a fine ranging from 30% to 50% of the price of the outsourcing contract.

Regulations on Real Estate Brokerage Business

In Accordance with the Urban Real Estate Administration Law of the PRC (《中華人民共和國城市房地產管理法》) issued by the Standing Committee of the National People's Congress (the "**SCNPC**") on July 5, 1994, amended on August 30, 2007, August 27, 2009 and August 26, 2019, which became effect on January 1, 2020, real estate intermediate service agencies include real estate consultants, real estate evaluation agencies, real estate brokerage agencies, etc. Real estate intermediate agencies shall meet the following conditions: (1) have their own name and organization; (2) have a fixed business site; (3) have the necessary assets and funds; (4) have a sufficient number of professionals; (5) other conditions specified by laws and administrative regulations.

According to the Administrative Measures for Real Estate Brokerage (《房地產經紀管理辦法》) which was jointly issued by MOHURD, NDRC and the Ministry of Human Resources and Social Security on January 20, 2011, came into effect on April 1, 2011 and revised on March 1, 2016, real estate brokerage refers to the acts of providing intermediary and agency services to and collecting commissions from clients by real estate brokerage institutions and real estate brokers for the purpose of promoting real estate transactions. Sufficient number of real estate agents shall be equipped to establish real estate brokerage agencies and their branches. Real estate brokerage agencies and their branches shall go to the competent housing and urban-rural development authority for handling the filing formalities within 30 days from the date of receiving business licenses. A real estate brokerage agency shall abide by the pricing laws and regulations and display its real estate brokerage service items, service details, fee rates and prices of relevant properties and other information at an eye-catching place in its premises. In accordance with the Decontrolling Service Price Opinions, price control on real estate brokerage services was cancelled.

Supervision on Internet Information Services

According to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) which was issued by the State Council on September 25, 2000, came into effect on the same day and amended on January 8, 2011, Internet information service refers to the provision of information through Internet to web users, and includes two categories: commercial and non-commercial. Commercial Internet information service refers to the provision with charge of payment of information through the Internet to web users or of web page designing, etc. Non-commercial Internet information service refers to the provision free of charge of public, commonly-shared information through the Internet to web users.

Entities engaged in providing commercial Internet information service shall apply for a license for value-added telecommunication services of Internet information services. As for the operation of non-commercial Internet information services, only a filing is required.

Internet information service provider shall provide services within the scope of their licenses or filing. Non-commercial Internet information service providers shall not provide services with charge of payment. In case an Internet information service provider changes its services, website address, etc., it shall apply for approval 30 days in advance at the relevant government department. In accordance with the abovementioned regulations, where an entity provides commercial Internet information service without a license or provides service beyond the scope of the license, provincial telecommunication administrative department shall order it to make correction within a prescribed time limit. Where there are illegal gains, such gains shall be confiscated; and a fine more than three times and less than five times of such gains shall be imposed. Where there is no illegal gain or the gain is less than RMB50,000, a fine of RMB100,000 to RMB1 million shall be imposed. Where the circumstance is serious, the website shall be ordered to shut down. Where an entity provides non-commercial Internet information service without a filing, provincial telecommunication administrative department shall order it to make corrections within a prescribed time limit and to shut down the website if it refused to make corrections.

In accordance with the Provisions on Administration of Mobile Internet Application Information Services (《移動互聯網應用程序信息服務管理規定》) which was issued by the Cyberspace Administration of China on June 28, 2016 and came into effect on August 1, 2016, entities providing information services through mobile Internet applications shall obtain relevant qualifications in accordance with law. Mobile Internet application provider shall not use mobile Internet application program to carry out activities prohibited by laws and regulations, such as endangering national security, disturbing public orders, and infringing other's legal rights and interests, or use mobile internet applications to produce, copy, publish and spread illegal information prohibited by laws and regulations.

The Cyberspace Administration of China shall be responsible for the supervision and administration of information on mobile Internet applications nationwide. The local cyberspace administrations shall be responsible for the supervision and administration of information on mobile Internet application program within the administrative regions.

Supervision and Control over Advertising Business

In accordance with the Advertising Law of the PRC (《中華人民共和國廣告法》) which was issued by the SCNPC on October 27, 1994, came into effect on February 1, 1995 and amended on April 24, 2015 and October 26, 2018, advertisement shall be expressed in a true, legal, healthy manners, in line with requirements of construction of socialist spiritual civilization and development of Chinese national fine cultural tradition, and shall not contain false or misleading content and defraud or mislead consumers. Advertisers, advertising agents and advertisement publishers shall abide by the laws, regulations and the principles of justice, honesty and fair competition in carrying out advertising activities. Local administrative departments for industry and commerce at and above the county level shall take charge of the supervision and administration on advertising within their respective administrative jurisdictions. Other relevant departments of the local people's governments at and above the county level shall take charge of the advertising management-related work within their respective scope of duties.

Development of the Resident Service Industry

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

Regulations on Catering Services

According to the Food Safety Law of the PRC (Amended in 2018) (《中華人民共和國食品安全法(2018修正)》) which was issued by the SCNPC, taking effect on June 1, 2009, and amended on April 24, 2015 and December 29, 2018 and the Administrative Measures for Food Operation Licensing (Amended in 2017) (《食品經營許可管理辦法(2017修正)》) which was issued by the China Food and Drug Administration, taking effect on October 1, 2015 and most recently amended on November 17, 2017, food sales and catering business in the PRC are subject to obtaining the food operation license in accordance with the laws. The principle of one license for one place shall apply to the licensing for food operation, that is, a food business operator shall obtain a food operation license for each operation site at which it carries out the food business. The food business operators shall meet food safety standards, establish and improve food safety management systems, provide employees with trainings on food safety knowledge, strengthen food inspections, establish and implement employees health management systems and raw materials control requirements, and be responsible for the safety of the food they sell.

LAWS AND REGULATIONS RELATING TO TAXATION

Enterprise Income Tax (the "EIT")

According to the EIT 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 SCNPC on March 16, 2007 and then amended respectively on February 24, 2017 and December 29, 2018, and came into effect on December 29, 2018, and the EIT Implementation Rules of the PRC (《中華人民共和國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 or non-resident enterprises. Resident enterprises refer to the enterprises established according to laws of the PRC in the PRC or established under the laws of foreign countries (regions) with the actual management body located in the PRC. Non-resident enterprises refer to the enterprises established under the laws of foreign countries (regions) with the actual management body located outside the PRC, which have establishment or place of business in the PRC, or have no establishment or place of business in the PRC but have incomes originating from the PRC.

The income tax rate for resident enterprises, including both domestic and foreign-invested enterprises shall typically be 25% commencing from January 1, 2008. 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 relationship 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避免雙重徵稅和防止偷漏稅的安排》), which was promulgated by the SAT and became effective on December 8, 2006, the 5% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong resident, provided that the recipient is a company that directly holds at least 25% of the capital of the PRC company; the 10% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong resident if the recipient is a company that directly holds less than 25% of the capital of the PRC company.

Pursuant to the Circular of the State Administration of Taxation on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) promulgated by the SAT 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 agreements: (i) such a fiscal 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 fiscal resident, at any time during the 12 months prior to the payment of the dividends, must reach a specified percentage.

Pursuant to the Administrative Measures for Agreements Treatment 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 SAT, and became effect on January 1, 2020, according to which, if non-resident taxpayers consider they are eligible for treatments under the treaties through self-assessment, they may, at the time of filing tax returns or making withholding tax filings through withholding agents, enjoy the treatments under the treaties, and shall concurrently collect and retain the relevant documents for inspection according to relevant regulations, and accept tax authorities' post-filing administration.

Value-added Tax

According to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) (Order No. 134 of the State Council), which was promulgated by the State Council on December 13, 1993, came into effect on January 1, 1994, and was amended on November 5, 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), which was 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 importation of 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 importing 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 SAT on March 23, 2016 and came into effect on May 1, 2016, the state started to fully implement the pilot change from business tax to value-added tax on May 1, 2016. All taxpayers of business tax in construction industry, real estate industry, financial industry and living service industry have been included in the scope of the pilot and should pay value-added tax instead of business tax.

According to the Circular of on Adjusting Value-added Tax Rates announced by the Ministry of Finance and the State Administration of Taxation (《財務部、稅務總局關於調整增值稅稅率的通知》) (Cai Shui [2018] No. 32), which was issued on April 4, 2018, from May 1, 2018, where taxpayers engage in a taxable sales activities for the VAT purpose or imports goods, the previous applicable 17% and 11% tax rates are adjusted to be 16% and 10% respectively.

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 SAT 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》) (Order No. 193 of the State Council) (the "**Foreign Exchange Administration Regulations**"), which was promulgated by the State Council 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 SAFE or its local counterparts is obtained.

LABOR LAWS AND REGULATIONS

Pursuant to the PRC Labor Law (《中華人民共和國勞動法》) (the **"Labor Law"**), which was promulgated by the SCNPC on July 5, 1994 and became effective on January 1, 1995 and subsequently amended on August 27, 2009 and December 29, 2018, 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 came into effect on January 1, 2008, and subsequently amended on December 28, 2012 and came into effect on July 1, 2013, and the Implementing Regulations of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), which was promulgated by the State Council and became effective on 18 September 2008, employers shall establish an employment relationship with employees on the date that they start employing the employees. To establish employment, a employment contract in written form shall be executed between employers and employees. Wages cannot be lower than local minimum wage. The employer must establish a system for labor safety and sanitation, strictly abide by State rules and standards, provide education regarding labor safety and sanitation to its employees, provide employees with labor safety and sanitation conditions and necessary protection materials in compliance with State rules, and carry out regular health examination for employees engaged in work involving occupational hazards.

Pursuant to the Interim Provisions on Labor Dispatching (《勞務派遣暫行規定》) issued by the Ministry of Human Resources and Social Security on January 24, 2014 and effective as of March 1, 2014, employers may only use dispatched workers for temporary, ancillary or substitute positions, and the number of dispatched workers shall not exceed 10% of the employers' total employees.

As required under the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) (the "**PRC Social Insurance Law**"), 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, 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 Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》》(Order No. 262 of the State Council) 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 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 fund payment and deposit registration in the housing provident fund administrative center. For enterprises who violate the above laws and regulations 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 shall order the relevant enterprises to make corrections within a designated period. Those enterprises failing to process registration and open provident fund accounts for their employees within designated period shall be subject to a fine ranging from RMB10,000 to RMB50,000. When enterprises violate those provisions and fail to pay the housing provident fund in full amount as due, the housing provident fund administrative center will order such enterprises to pay up the amount within a prescribed period; if those enterprises still fails to comply with the regulations upon the expiration of the above-mentioned time limit, further application will be made to the People's Court for mandatory 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, and amended on February 22, 1993, October 27, 2001, August 30, 2013, April 23, 2019 and taking 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》) (Order No. 358 of the State Council) which was promulgated by the State Council on August 3, 2002 and amended on April 29, 2014 and taking effect on May 1, 2014, trademarks approved for registration by the Trademark Office of National Intellectual Property Administration are registered trademarks. Trademark registrants shall enjoy the exclusive right in relation to the trademarks for which they are approved for registration and the goods for which they are approved for use, and shall be protected by law. 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 licensee uses the licensor's registered trademark, and the licensee 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, while non-filing of the licensing of a trademark shall not be contested against a good faith third party.

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》), which was issued by the SCNPC on March 12, 1984, taking effect on April 1, 1985, and amended on September 4, 1992, August 25, 2000 and December 27, 2008, the inventions, utility models and designs can be protected by the patent right. The State Intellectual Property Office is responsible for uniformly accepting and examining patent applications and granting patent rights in accordance with law. The patentee has the exclusive right to its patented product or method. Any entity or individual other than the patentee who wants to implement another person's patent must obtain permission from the patentee unless otherwise provided by law.

Copyright Law

The Copyright Law of the PRC (《中華人民共和國著作權法》) (No. 31 Order of the President), which was issued by the SCNPC on September 7, 1990, came into effect on June 1, 1991 and was amended on October 27, 2001 and February 26, 2010, specifies that works of Chinese citizens, legal persons or other organizations, including literature, art, natural sciences, social sciences, engineering technologies and computer software created in writing or oral or other forms, whether published or not, all own the copyright. Copyright holder can exercise multiple rights, including but not limited to the right of publication, the right of authorship and the right of reproduction. Unless otherwise stipulated by law, anyone who uses others' works shall enter into a licensing contract with the copyright holder.

The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) (No. 1 Order of the National Copyright Administration), which was issued by the National Copyright Administration on February 20, 2002, and came into effect on the same day, regulates the registration of software copyright, the exclusive licensing contract and transfer contracts of software copyright. The National Copyright Administration is mainly responsible for the registration and management of national software copyright and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center will grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulations on Protection of Computers Software (《計算機軟件保護條例》) (No. 339 Order of the State Council) issued by the State Council on December 20, 2001, came into effect on January 1, 2002 and revised on January 8, 2011 and January 30, 2013.

Domain Name

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) (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 with the true, accurate and complete information about the domain name holder's identity for the registration purpose. Any organization or individual who believes that the domain name registered or used by others infringes its legitimate rights and interests may apply to the domain name dispute resolution institution for arbitration or file a lawsuit with a people's court in accordance with the law.

REGULATIONS RELATED TO THE "FULL CIRCULATION" OF H-SHARE

"Full circulation" means listing and circulating on the Stock Exchange of the domestic unlisted shares of an H-share listed company, including unlisted Domestic Shares held by domestic shareholders prior to overseas listing, unlisted Domestic Shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, China Securities Regulatory Commission ("**CSRC**") announced the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》) (Announcement of the CSRC [2019] No. 22) ("**Guidelines for the 'Full Circulation'**").

According to the Guidelines for the "Full Circulation", shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for "full circulation". To file an application for "full circulation", an H-share listed company shall file the application with the CSRC according to the administrative licensing procedures necessary for the "examination and approval of public issuance and listing (including additional issuance) of shares overseas by a joint stock company". An H-share listed company may apply for "full circulation" separately or when applying for refinancing abroad. An unlisted domestic joint stock company may apply for "full circulation" when applying for an overseas initial public offering. After the application for "full circulation" has been approved by the CSRC, an H-share listed company shall submit a report on the relevant situation to the CSRC within

15 days after the conversion registration with the China Securities Depository and Clearing Corporation Limited ("**CSDC**") of the shares related to the application has been completed. After domestic unlisted shares are listed and circulated on the Stock Exchange, they may not be transferred back to China.

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

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

In order to fully promote the reform of H-shares "full circulation" and clarify the business arrangement and procedures for the relevant shares' registration, custody, settlement and delivery, CSDC has promulgated the Circular on Issuing the Guide to the Program for Full Circulation of H-shares (《關於發佈<H股"全流通"業務指南>的通知》in February, 2020, which specified the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, etc. On February 7, 2020, CSDC (Hong Kong) also promulgated the Guide to the Program for Full Circulation of H-shares (《中國證券登記結算(香港)有限公司H股"全流通"業務指南》) to specify the relevant escrow, custody, agent service of CSDC (Hong Kong), arrangement for settlement and delivery and other relevant matters.

HISTORY AND DEVELOPMENT

Overview

Our history can be traced back to 2000 when our Company was established on November 2, 2000 as a limited liability company under the applicable PRC laws, with an initial registered capital of RMB0.5 million. At the time of our establishment, our Company was directly owned as to 70% by RiseSun Real Estate Development and 30% by Xianghe Wanlitong Industrial Co., Ltd. (香河萬利通實業有限公司) ("**Xianghe Wanlitong**") (formerly known as Langfang Development District RiseSun Industrial Co., Ltd. ("廊坊開發區榮盛實業有限公司")). RiseSun Real Estate Development is a property development company established in 1996 in the PRC by Mr. Geng, our Ultimate Controlling Shareholder and Xianghe Wanlitong was also controlled by Mr. Geng when our Company was established. We have been providing property management and other related value-added services to the property developers including RiseSun Real Estate Development and property owners in the PRC since our inception. Mr. Geng has never been involved in our day-to-day management and business operation since the commencement of our business. As Mr. Geng has accumulated extensive experience in property development industry, he is currently serving as the chairman of the board of RiseSun Real Estate Development. As for the property management business of our Group, Mr. Geng had entrusted it to a management team led by Mr. Geng Jianfu, his brother. Given the past successful achievement of our Group led by our Directors and senior management, Mr. Geng has no intention of serving as our Director or a member of our senior management to participate in the day-to-day management of our Group and only remains as our Controlling Shareholder. See "Relationship with Controlling Shareholders" for more details.

Through 20 years of operations and industry experience, we have evolved into a comprehensive property management services provider deeply rooted in the Bohai Economic Rim with a service network across China strategically covering core geographical areas such as the Yangtze River Delta region and the Greater Bay Area. We were recognized as one of the Top 100 Property Management Companies in terms of overall strength by CIA since 2012, and our ranking moved up quickly from 86th in 2012 to 19th in 2020. As of June 30, 2020, we were contracted to manage 380 property management projects with an aggregate contracted GFA of approximately 80.6 million sq.m., covering 53 cities across 19 provinces, municipalities and autonomous regions in China.

Business Development Milestones

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

Year	Events
2000	We started managing our first project, Nanjing Fangzhou Garden (南京方州花園).
2005	We obtained the National First-Class Property Management Service Qualification (國家一級物業服務資質).
2007	We expanded our presence to Cangzhou, Hebei province, and started managing our first project in Cangzhou, RiseSun Alcadia Wencheng Garden (榮盛阿爾卡迪亞文承苑).
2009	We further expanded our presence to Xuzhou, Jiangsu province, and started managing our first project in Xuzhou, Xuzhou Alcadia (徐州阿爾卡迪亞).

Year	Events
2012	We were first named as one of the Top 100 Property Management Companies in terms of overall strength by CIA (中國物業服務百強企業) and were ranked 86th. We were recognized as one of the Top 15 Companies with Characteristic Service (特色服務企業十五強).
2013	Cangzhou Xinru Garden (滄州新儒苑), one of our projects under management, was awarded Top Ten Green Residential Community in Hebei Province (河北省十佳綠色社區).
2015	Our GFA under management exceeded 10 million sq.m.
2018	We obtained our first ISO9001, ISO14001 and ISO18001 certifications for quality management, environmental management and occupational health and safety, respectively.
2019	We were ranked 20th among the Top 100 Property Management Companies (中國物業服務百強企業) in terms of overall strength by CIA.
2020	We were ranked 19th among the Top 100 Property Management Companies (中國物業服務百強企業) in terms of overall strength by CIA.

OUR CORPORATE DEVELOPMENT

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

Our Company

Our Company was established in the PRC as a limited liability company on November 2, 2000 with an initial registered capital of RMB500,000. Upon its establishment, our Company was owned as to 70% by RiseSun Real Estate Development and 30% by Xianghe Wanlitong, both indirectly wholly owned by our Ultimate Controlling Shareholder. Our Company, both directly and through its branch offices, has been engaged in the provision of property management services and other related value-added services in the PRC since its establishment.

On June 11, 2003, a shareholders' resolution was passed to approve the increase of our registered capital from RMB500,000 to RMB3,000,000, of which the newly increased registered capital was contributed by RiseSun Real Estate Development. Upon completion of such increase of registered capital, our Company became owned as to 95% by RiseSun Real Estate Development and 5% by Xianghe Wanlitong.

On April 1, 2004, Xianghe Wanlitong entered into an equity transfer agreement with Mr. Zhang Jinhai (張金海), the then manager of our Company, pursuant to which Xianghe Wanlitong transferred its entire equity interest in our Company to Mr. Zhang Jinhai at a consideration of RMB119,500, which was determined after arm's length negotiations between the parties with reference to the net asset value of our Company as of December 31, 2003. Such equity transfer was made for the purpose of incentivizing Mr. Zhang Jinhai as a senior management of our Group. Upon completion of such transfer, our Company became owned as to 95% by RiseSun Real Estate Development and 5% by Mr. Zhang Jinhai.

Mr. Zhang Jinhai resigned in December 2006. Subsequent to his resignation, on December 8, 2006, Mr. Zhang Jinhai entered into an equity transfer agreement with RiseSun Real Estate Development, pursuant to which Mr. Zhang Jinhai transferred his entire equity interest in our Company to RiseSun Real Estate Development at a consideration of RMB150,000. The consideration was determined after arm's length negotiations between the parties with reference to the registered capital of our Company at the time of such transfer. Upon completion of such transfer, our Company became wholly owned by RiseSun Real Estate Development.

Our registered capital was increased from RMB3,000,000 to RMB5,000,000 in November 2007, and further increased to RMB55,000,000 in December 2018.

On July 24, 2019, RiseSun Real Estate Development passed a resolution approving an increase in the registered capital of our Company from RMB55,000,000 to RMB60,310,000 as a result of a capital contribution of RMB98,960,000 made by Zhonghong Kaisheng (RMB5,310,000 of such capital injection was credited to the registered capital of our Company and the remaining RMB93,650,000 was credited to capital reserve of our Company). The amount was paid up in cash on July 29, 2019. Upon completion of such capital contribution, our Company became owned as to 91.20% by RiseSun Real Estate Development and 8.80% by Zhonghong Kaisheng. For details on the background of Zhonghong Kaisheng, please refer to the paragraph headed "—Pre-IPO Investments—Investment by Zhonghong Kaisheng" in this section.

For the purpose of the Listing, on March 20, 2020, our Shareholders passed a resolution approving, among other matters, the conversion of our Company from a limited liability company into a joint stock company with limited liability. Pursuant to the promoters' agreement entered into by RiseSun Real Estate Development and Zhonghong Kaisheng, all the promoters approved the conversion of the net asset value of our Company as of July 31, 2019 into 258,267,000 shares at a ratio of 1:0.87725. Upon completion of the conversion on April 23, 2020, the share capital of our Company was RMB258,267,000 divided into 258,267,000 Shares with a nominal value of RMB1.00 each, of which RiseSun Real Estate Development and Zhonghong Kaisheng held 235,527,000 Shares and 22,740,000 Shares, respectively, representing approximately 91.20% and 8.80% of our share capital, respectively.

On May 22, 2020, our Shareholders passed a resolution approving an increase of our share capital from RMB258,267,000 to RMB282,000,000. For details, please refer to the paragraph headed "—4. Adoption of share incentive scheme" in this section. Upon completion of such increase of share capital, our Company was owned as to 83.52% by RiseSun Real Estate Development, 8.42% by Shengyide Commercial and 8.06% by Zhonghong Kaisheng.

Nanjing Luhe

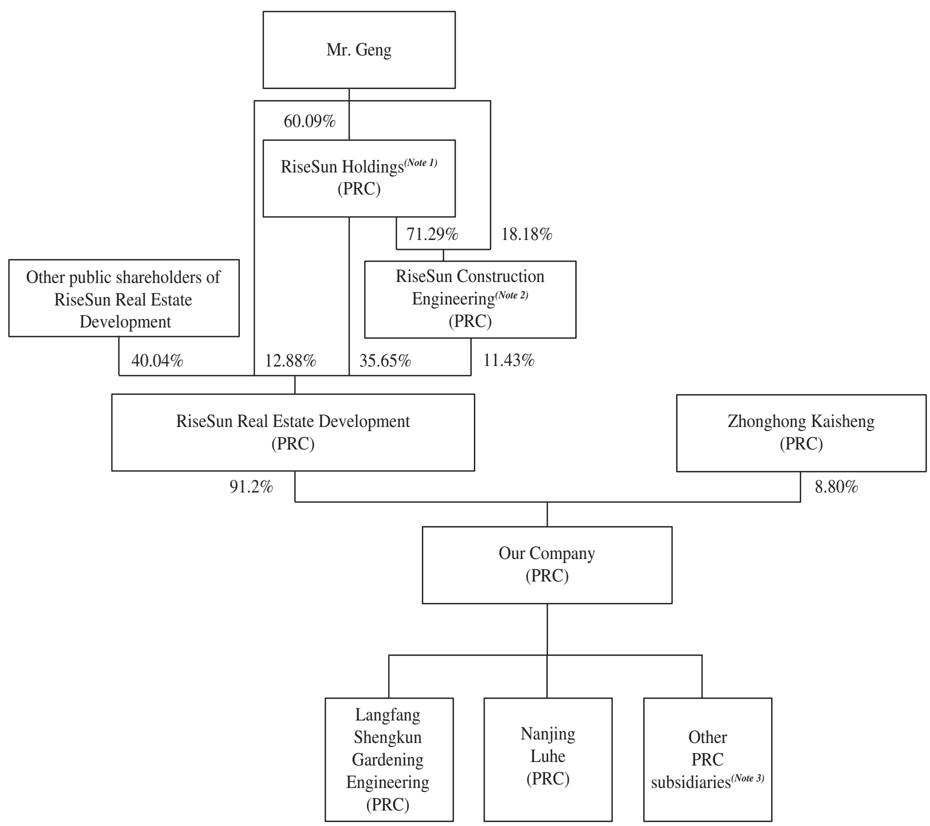
Nanjing Luhe was established in the PRC on March 15, 2001 as a limited liability company with an initial registered capital of RMB100,000. Upon its establishment, Nanjing Luhe was owned as to 55% by RiseSun Holdings and 45% by Nanjing RiseSun Agricultural Technology Development Co., Ltd. (南京榮盛農業科技開發有限公司) ("**Nanjing RiseSun**"). Nanjing RiseSun is a wholly-owned subsidiary of RiseSun Holdings. Since its establishment, Nanjing Luhe has been engaged in the provision of property management services in Jiangsu Province.

The registered capital of Nanjing Luhe was increased from RMB100,000 to RMB500,000 as a result of a capital contribution of RMB400,000 by our Company in August 2003. The registered capital of Nanjing Luhe was further increased from RMB500,000 to RMB3,000,000 as a result of a capital contribution of RMB2,500,000 by our Company in June 2008. Upon completion of the aforesaid increases of registered capital, Nanjing Luhe became owned as to 96.67% by our Company, 1.83% by RiseSun Holdings and 1.50% by Nanjing RiseSun.

On September 20, 2009, our Company, RiseSun Holdings and Nanjing RiseSun entered into equity transfer agreements, pursuant to which RiseSun Holdings and Nanjing RiseSun transferred their entire equity interest in Nanjing Luhe to our Company at a consideration of RMB55,000 and RMB45,000, respectively. The consideration was determined after arm's length negotiations between parties with reference to the registered capital of Nanjing Luhe at the time of such transfer. Upon completion of such transfer, Nanjing Luhe became our wholly-owned subsidiary.

REORGANIZATION

The following diagram illustrates our shareholding structure before the Reorganization.



1. The remaining shareholding of RiseSun Holdings is owned as to 5.00% by Mr. Geng Jianfu, our executive Director, 0.44% by Mr. Jin Wenhui, our independent non-executive Director and 34.47% by other Independent Third Party shareholders. Mr. Geng Jianfu is the brother of Mr. Geng.

2. The remaining shareholding of RiseSun Construction Engineering is owned as to 2.78% by Mr. Geng Jianfu, our executive Director, and 7.74% by other Independent Third Party shareholders.

3. Our Group has been engaged in the provision of property management services, value-added services to non-property owners and community value-added services via a number of subsidiaries which were established nationwide to cater the specific business operation. For details, please see "Statutory and General Information—A. Further Information about Our Group—6. Particulars of our subsidiaries" in Appendix V to this prospectus.

In preparation for the Listing, our Group underwent the following reorganization steps:

1. Acquisition of certain subsidiaries

As part of the Reorganization, our Company acquired 100% equity interest in the following companies from the relevant subsidiaries of RiseSun Real Estate Development to streamline our business structure and achieve clear business delineation between our Group and our Controlling Shareholders upon Listing.

Name of the acquired company	Principal business	Transferor	Transferee	Date of equity transfer agreement(s)	Interest being acquired	Consideration	Consideration basis
Yongqing Jingtai	Property management, primarily for industrial parks	RiseSun Xingcheng (Yongqing) Investment Co., Ltd. (榮盛興城(永清)投資有限公司)	Our Company	September 28, 2019	100%	RMB1,884,599.11	After arm's length negotiations with reference to the then net asset value of Yongqing Jingtai
Zhangjiakou RiseSun Jingxuan	Property management, primarily for industrial parks	RiseSun Zhangjiakou Xuanhua New Town Development Co., Ltd. (榮盛張家口宣化新城開發有限公司)	Our Company	November 1, 2019	100%	Nil	With reference to the negative net asset value and in status of deficit of Zhangjiakou RiseSun Jingxuan as of August 31, 2019
Tangshan Pujie	Property management, primarily for residential properties	Tangshan RiseSun Properties Development Co., Ltd. (唐山榮盛房地產開發有限公司)	Our Company	April 9, 2020	100%	Nil	With reference to the negative net asset value and in status of deficit of Tangshan Pujie as of March 31, 2020
Jiangsu Pujie	Property management, primarily for residential properties	Nanjing Huaou Shundu Real Estate Co., Ltd. (南京華歐舜都置業有限公司)	Our Company	April 13, 2020	100%	Nil	With reference to the negative net asset value and in status of deficit of Jiangsu Pujie as of March 31, 2020

All of the above acquisitions had been properly and legally completed and settled and all applicable regulatory approvals obtained as of the Latest Practicable Date.

2. Disposal of the entire equity interest of Langfang Shengkun Gardening Engineering

Langfang Shengkun Gardening Engineering was established to provide landscape construction, landscape gardening and flower seedling cultivation services in 2014. With a view to focusing on the development of our core business and achieving clear business delineation between our Group and the businesses conducted by our Controlling Shareholders, our Company entered into an equity transfer agreement with Langfang Shengkun Commercial Management Co., Ltd. (廊坊市盛坤商業管理有限公司) ("**Langfang Shengkun Commercial Management**"), a wholly-owned subsidiary of RiseSun Real Estate Development on September 29, 2019, pursuant to which our Company transferred our entire equity interest in Langfang Shengkun Gardening Engineering to Langfang Shengkun Commercial Management at nil consideration, which was determined after arm's length negotiations between the parties taking into account that Langfang Shengkun Gardening Engineering was loss-making at the time of such transfer. Upon completion of such transfer, Langfang Shengkun Gardening Engineering ceased to be our subsidiary.

As confirmed by our Directors, Langfang Shengkun Gardening Engineering had complied with the applicable laws and regulations in all material respects, and had not been involved in any material legal, regulatory, arbitral or administrative proceedings, investigations or claims before its disposal. As confirmed by our PRC Legal Advisor, Langfang Shengkun Gardening Engineering had complied with relevant and applicable PRC laws and regulations in all material respects prior to its disposal.

3. Conversion into a joint stock limited liability company

On April 23, 2020, our Company was converted from a limited liability company into a joint stock company with limited liability. For details, please refer to the paragraph headed "Our Corporate Development—Our Company" in this section.

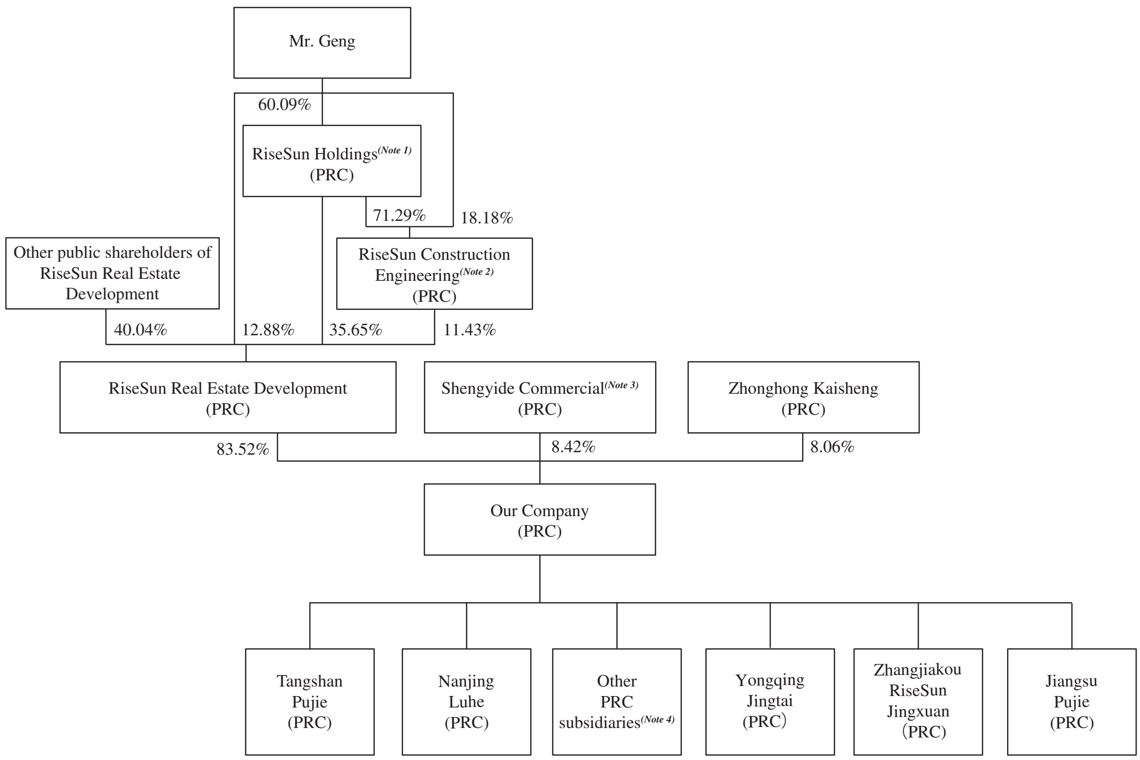
4. Adoption of share incentive scheme

In order to retain talent for achieving our strategic and operational goals, on May 22, 2020, our Shareholders passed a resolution approving the adoption of a share incentive scheme. For the purpose of implementing such scheme, Shengyide Commercial was established and the share capital of our Company increased from RMB258,267,000 to RMB282,000,000 as a result of the additional capital contribution of RMB104,757,700 made by Shengyide Commercial on May 22, 2020. RMB23,733,000 of such capital injection was credited to the registered share capital of our Company and the remaining RMB81,024,700 was credited to the capital reserve of our Company. The amount of such capital injection was paid up in cash on May 22, 2020. Upon completion of such increase of share capital, our Company became owned as to approximately 83.52% by RiseSun Real Estate Development, 8.06% by Zhonghong Kaisheng and 8.42% by Shengyide Commercial. For details on the background of Shengyide Commercial, please refer to the paragraph headed "—Pre-IPO Investments—Investment by Shengyide Commercial" in this section.

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

Shareholding Structure of our Group after the Reorganization

The following diagram illustrates our shareholding structure after the Reorganization and immediately prior to the Global Offering:



1. For details, please refer to Note 1 of the diagram illustrating our shareholding structure before the Reorganization in this section.

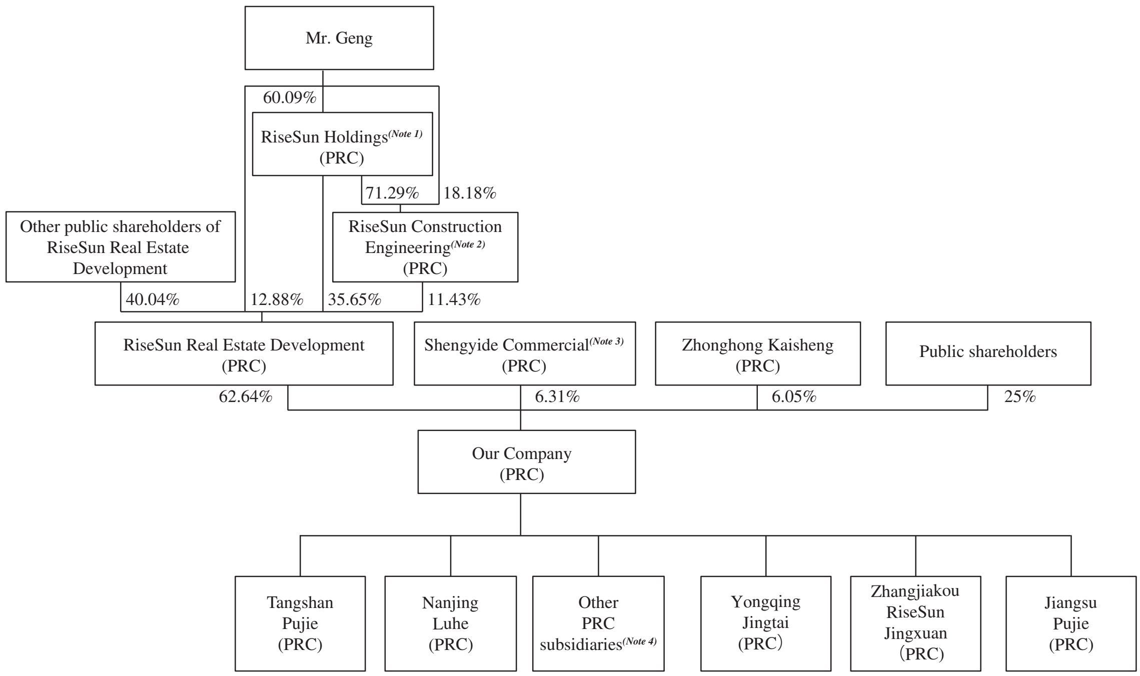
2. For details, please refer to Note 2 of the diagram illustrating our shareholding structure before the Reorganization in this section.

3. As of the Latest Practicable Date, Shengyide Commercial was owned as to 11.20% by Mr. Geng Jianfu, being our executive Director and chairman of our Board, 6.17% by Mr. Xiao Tianchi, being our executive Director and secretary of our Board, 7.07% by Mr. Liu Yonggang, being our executive Director and general manager, 5.13% by Mr. Zhang Wenge, being our non-executive Director, 5.38% by Ms. Dong Hui, being our Supervisor, 2.92% by Mr. Liu Jifeng, being our Supervisor, 5.18% by Mr. Lai Hongfei, being our deputy general manager, 5.18% by Mr. Meng Qingbin, being our deputy general manager, 4.40% by Mr. Xu Bin, being our chief financial officer, 33.45% by our employees and 13.92% by Independent Third Parties. Ms. Liu Hongxia, an Independent Third Party, is the general partner and the remaining partners are the limited partners.

4. Our Group has been engaged in the provision of property management services, value-added services to non-property owners and community value-added services via a number of subsidiaries which were established nationwide to cater the specific business operation. For details, see "Statutory and General Information—A. Further Information about Our Group—6. Particulars of our subsidiaries" in Appendix V to this prospectus.

Shareholding Structure of our Group after the Global Offering

The following diagram illustrates our shareholding structure immediately following the Global Offering (assuming the Over-allotment Option is not exercised):



1. For details, please refer to Note 1 of the diagram illustrating our shareholding structure before the Reorganization in this section.

2. For details, please refer to Note 2 of the diagram illustrating our shareholding structure before the Reorganization in this section.

3. For details, please refer to Note 3 of the diagram illustrating our shareholding structure after the Reorganization and immediately prior to the Global Offering in this section.

4. For details, please refer to Note 4 of the diagram illustrating our shareholding structure after the Reorganization and immediately prior to the Global Offering in this section.

PRE-IPO INVESTMENTS

Investment by Zhonghong Kaisheng

On July 24, 2019, our Shareholders passed a resolution approving the increase of our registered capital from RMB55,000,000 to RMB60,310,000 through a capital injection in the amount of RMB98,960,000 by Zhonghong Kaisheng. RMB5,310,000 of such capital injection was credited to the registered capital of our Company and the remaining RMB93,650,000 was credited to the capital reserve of our Company. Zhonghong Kaisheng was established on December 12, 2015 as a joint stock company with limited liability and was owned as to 48.33% by Ms. Geng Fanchao (the daughter of Mr. Geng and the spouse of our executive Director, Mr. Xiao Tianchi), 2.0% by the spouse of Mr. Geng, 2.9% by Mr. Geng Jianfu (one of our executive Directors and the brother of Mr. Geng), 0.17% by Mr. Jing Zhonghua (one of our Supervisors) and 46.6% by the employees of RiseSun Development Group and/or their associates as of the Latest Practicable Date.

Set out below is a summary of the details of the pre-IPO investment by Zhonghong Kaisheng:

Name of investor:	Zhonghong Kaisheng
Amount of capital injection:	RMB98,960,000
Number of Shares subscribed for:	22,740,000 (the Shares it holds after the conversion of our Company into a joint stock company with limited liability)
Basis of determination of capital injection Amount:	Based on the fair value of our Group as of December 31, 2018 as assessed by an independent valuer
Date of completion of capital injection:	July 29, 2019
Investment cost per share and discount over the mid-point of the Offer Price Range (assuming no exercise of the Over-allotment Option):	Approximately RMB4.35 per Share (equivalent to approximately HK$5.16 per Share), representing a discount of approximately 67.6% to the mid-point of the Offer Price Range of HK$13.46 to HK$18.36
Use of proceeds:	For supplementing the working capital of our Group
Shareholding in our Company immediately upon completion of the pre-IPO investments:	8.06%
Shareholding in our Company immediately after the Global Offering (assuming no exercise of the Over-allotment Option):	6.05%
Strategic benefits:	Such investment would supplement the working capital of our Company and enable our Company to fulfil the requirement on minimum number of promoters for establishment of a joint stock company with limited liability
Lock-up:	Zhonghong Kaisheng has provided an undertaking that it will not, within one year following the Listing Date, dispose of any of the Shares held by it
Special rights:	Zhonghong Kaisheng is not entitled to any special rights under the pre-IPO investment
Public float:	The Shares held by Zhonghong Kaisheng will not be considered as part of the public float as the Shares are Unlisted Domestic Shares

As of the Latest Practicable Date, all of the proceeds from the pre-IPO investment made by Zhonghong Kaisheng had been utilized.

Investment by Shengyide Commercial

In order to retain talent for achieving our strategic and operational goals, on May 22, 2020, our Shareholders passed a resolution approving the increase of our share capital from RMB258,267,000 to RMB282,000,000 through a capital injection in the amount of RMB104,757,700 by Shengyide Commercial. RMB23,733,000 of such capital injection was credited to the registered capital of our Company and the remaining RMB81,024,700 was credited to the capital reserve of our Company. Shengyide Commercial was established on May 13, 2020 pursuant to a limited partnership agreement signed by the partners of Shengyide Commercial. As of the Latest Practicable Date, Ms. Liu Hongxia (劉紅霞), an employee of RiseSun Real Estate Development and an Independent Third Party, was the general partner and four of our Directors, namely Mr. Geng Jianfu (耿建富), Mr. Xiao Tianchi (肖天馳), Mr. Liu Yonggang (劉勇罡) and Mr.

Zhang Wenge (張文革), two of our Supervisors, namely Ms. Dong Hui (董慧) and Mr. Liu Jifeng (劉紀鋒), three of our senior management members, namely Mr. Lai Hongfei (賴鴻飛), Mr. Meng Qingbin (孟慶斌) and Mr. Xu Bin (許斌), 23 employees of our Group and 12 employees of RiseSun Real Estate Development were the limited partners of Shengyide Commercial. For details of the shareholding structure of Shengyide Commercial, please refer to note 3 of the chart illustrating our shareholding structure immediately before the Global Offering in this section.

Set out below is a summary of the details of the pre-IPO investment by Shengyide Commercial:

Name of investor:	Shengyide Commercial
Amount of capital injection:	RMB104,757,700
Number of Shares subscribed for:	23,733,000
Basis of determination of capital injection amount:	Based on the fair value of our Group as of July 31, 2019 as assessed by an independent valuer
Date of completion of capital injection:	May 22, 2020
Investment cost per share and discount over the mid-point of the Offer Price Range (assuming no exercise of the Over-allotment Option):	Approximately RMB4.41 per Share (equivalent to approximately HK$5.23 per Share), representing a discount of approximately 67.1% to the mid-point of the Offer Price Range of HK$13.46 to HK$18.36
Use of proceeds:	For supplementing the working capital of our Group
Shareholding in our Company immediately upon completion of the pre-IPO investments:	8.42%
Shareholding in our Company immediately after the Global Offering (assuming no exercise of the Over-allotment Option):	6.31%
Strategic benefits:	The investments made by certain employees of our Group pursuant to the share incentive scheme would increase the morale of the participants and their loyalty to our Group. The investment by Shengyide Commercial would supplement the working capital of our Company
Lock-up:	Shengyide Commercial has provided an undertaking that it will not, within one year following the Listing Date, dispose of any of the Shares held by it
Special rights:	Shengyide Commercial is not entitled to any special rights under the pre-IPO investment
Public float:	The Shares held by Shengyide Commercial will not be considered as part of the public float as the Shares are Unlisted Domestic Shares

Note:

1. An amount of RMB52,378,100 was advanced by a subsidiary of RiseSun Holdings, one of our Controlling Shareholders, to the partners of Shengyide Commercial on normal commercial terms for the payment of the capital injection.

As of the Latest Practicable Date, approximately 15% of the proceeds from the pre-IPO investment made by Shengyide Commercial had been utilized.

As advised by our PRC Legal Advisor, DeHeng Law Office, each of the pre-IPO investments made by Zhonghong Kaisheng and Shengyide Commercial complied with the applicable listing rules and regulations of the Shenzhen Stock Exchange.

Sole Sponsor's Confirmation

On the basis that (i) the consideration for the pre-IPO investments has been settled more than 28 clear days before the date of our submission of the listing application to the Stock Exchange; and (ii) none of Zhonghong Kaisheng nor Shengyide Commercial is entitled to any special rights under the pre-IPO investments, the Sole Sponsor has confirmed that the terms of the pre-IPO investments by Zhonghong Kaisheng and Shengyide Commercial are in compliance with (i) the Guidance Letter HKEx-GL29-12 issued by the Stock Exchange in January 2012 and as updated in March 2017; and (ii) the Guidance Letter HKEx-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017.

OVERVIEW

We are a comprehensive property management service provider deeply rooted in the Bohai Economic Rim with a service network across China strategically covering core geographical areas such as the Yangtze River Delta region and the Greater Bay Area. We have been recognized as one of the Top 100 Property Management Companies in terms of overall strength by CIA since 2012, and our ranking moved up quickly from 86th in 2012 to 19th in 2020. As of June 30, 2020, we had a total of 272 property management projects under management with an aggregate GFA under management of 52.4 million sq.m., covering 30 cities across 14 provinces, municipalities and autonomous regions in China. As of June 30, 2020, we were contracted to manage 380 property management projects with an aggregate contracted GFA of 80.6 million sq.m., covering 53 cities across 19 provinces, municipalities and autonomous regions in China.

We provide diversified services through three business lines, namely, property management services, value-added services to non-property owners and community value-added services. Our portfolio of managed properties comprises (i) residential properties and (ii) non-residential properties, including (a) commercial properties, such as shopping malls, office buildings and serviced apartments, and (b) public and other properties, such as industry parks, schools, factories and parks.

We have maintained a long-standing strategic business relationship with RiseSun Development Group, a leading property developer in China. We have been contracted to manage the properties developed by RiseSun Development Group since 2000. Please refer to "—Our Strategic Business Relationship with and Reliance on RiseSun Development Group" for details. In 2018, we began to expand our business to manage properties developed by Independent Third Party property developers by leveraging our well-established market position and brand awareness.

We achieved robust growth during the Track Record Period in terms of business scale and financial performance. Our GFA under management grew from 36.2 million sq.m. as of December 31, 2017 to 41.6 million sq.m. as of December 31, 2018, and further to 50.3 million sq.m. as of December 31, 2019, representing a CAGR of 17.9% from 2017 to 2019. As of June 30, 2020, our GFA under management further grew to 52.4 million sq.m. Our contracted GFA grew from 56.8 million sq.m. as of December 31, 2017 to 63.4 million sq.m. as of December 31, 2018, and further to 77.4 million sq.m. as of December 31, 2019, representing a CAGR of 16.7% from 2017 to 2019. As of June 30, 2020, our contracted GFA further grew to 80.6 million sq.m. Our revenue increased from RMB732.0 million in 2017 to RMB901.9 million in 2018, and further to RMB1,282.0 million in 2019, representing a CAGR of 32.3% from 2017 to 2019. Our revenue increased by 37.4% from RMB556.6 million for the six months ended June 30, 2019 to RMB764.9 million for the same period in 2020. Our profit and total comprehensive income increased from RMB38.3 million in 2017 to RMB72.3 million in 2018, and further to RMB113.2 million in 2019, representing a CAGR of 71.8% from 2017 to 2019. Our profit and total comprehensive income increased by 98.1% from RMB52.9 million for the six months ended June 30, 2019 to RMB104.8 million for the same period in 2020.

COMPETITIVE STRENGTHS

A comprehensive property management service provider deeply rooted in the Bohai Economic Rim with a service network across China strategically covering core geographical areas such as the Yangtze River Delta region and the Greater Bay Area

Since our inception in 2000, through 20 years of operations, we have become a comprehensive property management service provider deeply rooted in the Bohai Economic Rim with a service network across China strategically covering core geographical areas such as the Yangtze River Delta region and the Greater Bay Area. We have been recognized as one of the Top 100 Property Management Companies in terms of overall strength by CIA since 2012, and our ranking moved up quickly from 86th in 2012 to 19th in 2020. As of the Latest Practicable Date, we had been contracted to manage 431 projects located in 62 cities across 19 provinces, municipalities and autonomous regions in China.

We are deeply rooted in the Bohai Economic Rim. According to CIA, we had a market share of 0.5% in the Bohai Economic Rim as measured by GFA under management as of December 31, 2019, which ranked us 12th among the 2020 Top 100 Property Management Companies. According to CIA, in the Bohai Economic Rim, we were ranked 10th among the 2020 Top 100 Property Management Companies in terms of overall strength; in Hebei province, we were ranked first among the 2020 Top 100 Property Management Companies in terms of overall strength. According to CIA, the Bohai Economic Rim is the economic powerhouse of Northern China and had a nominal GDP of RMB21.5 trillion in 2019, accounting for approximately 21.7% of China's nominal GDP, playing a key role in driving the development of regional and national economies.

In addition to solidifying our market position in the Bohai Economic Rim, we have established a service network across China. We strategically expanded into regions with relatively high level of economic development, population density and per capita disposable income, such as the Yangtze River Delta region, the Greater Bay Area and core cities in Central and Western China. We develop our service network under the guiding principle of "*two horizontal networks, two vertical networks and three city clusters* (兩橫、兩縱、三集群)." "Two horizontal networks" refer to regions along the Yangtze River and the Longhai Railway. "Two vertical networks" refer to regions along the Beijing-Shanghai Railway and the Beijing-Guangzhou Railway. "Three city clusters" refer to city clusters located in the Bohai Economic Rim, the Yangtze River Delta region and the Pearl River Delta region. As of the Latest Practicable Date, we had been contracted to manage projects located in 24 cities in the Bohai Economic Rim (including regional core city such as Tianjin and Beijing), 12 cities in the Yangtze River Delta region (including regional core cities such as Shanghai and Hangzhou), four cities in the Greater Bay Area, and 22 cities in Central and Western China (including regional core cities such as Chengdu and Chongqing).

During the Track Record Period, we achieved robust growth in terms of business scale and financial performance. Our GFA under management grew from 36.2 million sq.m. as of December 31, 2017 to 41.6 million sq.m. as of December 31, 2018, and further to 50.3 million sq.m. as of December 31, 2019, representing a CAGR of 17.9% from 2017 to 2019. As of June 30, 2020, our GFA under management further grew to 52.4 million sq.m. Our contracted GFA grew from 56.8 million sq.m. as of December 31, 2017 to 63.4 million sq.m. as of December 31, 2018, and further to 77.4 million sq.m. as of December 31, 2019, representing a CAGR of 16.7% from 2017 to 2019. As of June 30, 2020, our contracted GFA further grew to 80.6 million sq.m. Our revenue increased from RMB732.0 million in 2017 to RMB901.9 million in 2018, and further to RMB1,282.0 million in 2019, representing a CAGR of 32.3% from 2017 to 2019. Our revenue increased by 37.4% from RMB556.6 million for the six months ended June 30, 2019 to RMB764.9 million for the same period in 2020. Our profit and total comprehensive income increased from RMB38.3 million in 2017 to RMB72.3 million in 2018, and further to RMB113.2 million in 2019, representing a CAGR of 71.8% from 2017 to 2019. Our profit and total comprehensive income increased by 98.1% from RMB52.9 million for the six months ended June 30, 2019 to RMB104.8 million for the same period in 2020.

We believe by leveraging our leading market position in the Bohai Economic Rim, strategic service network, extensive industry experience and outstanding professional skills, we are well positioned to capture the development opportunities brought by the rapid growth of the property management industry in China.

Strategic business relationship with RiseSun Development Group and fast-growing business development capabilities

We have maintained a long-standing strategic business relationship with RiseSun Development Group, a leading property developer in China, which lays a firm ground for our sustainable and rapid growth. Established in 1996, RiseSun Real Estate Development was listed on the Shenzhen Stock Exchange on August 8, 2007 (stock code: 002146.SZ) and was the first property developer headquartered in Hebei province listed on a stock exchange in China by way of initial public offering. RiseSun Development Group has consistently been ranked among top 20 in the Top 100 Real Estate Enterprises in China in terms of overall strength by CIA since 2013, and was ranked 16th for four consecutive years since 2017. The contracted sales of RiseSun Development Group in 2017, 2018 and 2019 and the six months ended June 30, 2020 was 6.4 million sq.m., 9.8 million sq.m. and 11.0 million sq.m. and 4.3 million sq.m., respectively. According to the 2020 interim report of RiseSun Development Group filed with the Shenzhen Stock Exchange, as of June 30, 2020, RiseSun Development Group had a total land bank of approximately 40.4 million sq.m.

While maintaining its leading market position in the real estate industry, RiseSun Development Group has actively ventured into new business lines and established a comprehensive industrial chain with real estate development as its core business, spanning across industry park development, healthcare, tourism, design, hotel, real estate financing and other businesses. RiseSun Development Group has maintained a leading market position in China in terms of industry park development, and was ranked 7th among the Top 10 Industry Park Operation Enterprises in China in 2020 (2020中國產業園區運營十強企業). In 2019, RiseSun Development Group developed industry parks with an aggregate GFA of approximately 179,600 sq.m. As of December 31, 2019, RiseSun Development Group had a land bank for industry park development of approximately 565,500 sq.m. Leveraging RiseSun Development Group's strong market presence in the industry park development business, we have established a portfolio of industry parks under our management that were developed by RiseSun Development Group. In addition, we applied our extensive experience to managing industry parks developed by Independent Third Party property developers. As of June 30, 2020, we managed industry parks with an aggregate GFA under management of approximately 1.0 million sq.m. According to CIA, in 2020, we were ranked 6th among Top 100 Property Management Companies in the Bohai Economic Rim in terms of GFA under management for industry parks. As of the Latest Practicable Date, we managed industry parks with an aggregate GFA under management and contracted GFA of approximately 1.2 million sq.m. and approximately 1.5 million sq.m., respectively. We strive to provide customized services to enterprises and customers in the industry parks under our management by upgrading our property management services to cater to their diversified needs.

During the Track Record Period, we were initially engaged to provide property management services to all of the properties developed by RiseSun Development Group. During the Track Record Period, our tender success rate with respect to properties developed by RiseSun Development Group was 100.0%. Benefiting from our leading market position in the regions where RiseSun Development Group operates and our capabilities of providing comprehensive property management services and value-added services, the long-term cooperation equips us with an in-depth understanding of RiseSun Development Group's stringent demands and requirements for property management services and enables us to constantly provide high quality services to property owners and residents, which in turn add value to the marketability of the properties developed by RiseSun Development Group. We believe that our long-standing and stable business relationship with RiseSun Development Group will allow us to continue benefiting from its diverse and large-scale property portfolio. We expect that the extensive property pipeline of RiseSun Development Group would lay a concrete foundation for our sustainable growth. As of June 30, 2020, we were contracted to manage 351 property projects developed by RiseSun Development Group, consisting of 261 projects under management with an aggregate GFA under management of 51.7 million sq.m. and 90 contracted but undelivered projects with an aggregate contracted GFA of 25.2 million sq.m. Among these contracted but undelivered projects, 27 projects with an aggregate contracted GFA of 14.2 million sq.m. located in 15 cities are expected to be delivered to us in the year ending December 31, 2020, and 63 projects with an aggregate contracted GFA of 11.0 million sq.m. located in 27 cities are expected to be delivered to us after 2020. Such delivery schedule may be subject to changes, as it relates to the subsequent developments of RiseSun Development Group and its actual delivery to us, which are beyond our control.

Leveraging our extensive industry experience and brand recognition, we have been expanding business cooperation with Independent Third Party property developers. We established a business development department in November 2018 to oversee and facilitate the collaboration with Independent Third Party property developers. As of the Latest Practicable Date, we had an aggregate GFA under management of approximately 917,100 sq.m. and an aggregate contracted GFA of approximately 4.3 million sq.m. with respect to properties developed by Independent Third Party property developers.

In addition, as of the Latest Practicable Date, we had entered into 46 framework agreements and strategic cooperation agreements with Independent Third Party property developers, which typically set forth their intention to engage us as the property management services provider, the relevant project proposed to be managed by us and its GFA, and the proposed scope of our services and property management fees. According to CIA, property developers typically only enter into such framework agreements and strategic cooperation agreements with property management service providers that meet their requirements for future engagement, and the execution of such agreements demonstrates property developers' recognition of a service provider's credentials, track record and reputation. A number of these agreements provide that the property developers shall, to the extent permitted by law, endeavor to engage us as their property management service provider. These agreements are generally not legally binding in nature, and contain conditions precedent such as the completion of a tender and bidding process in respect of the agreements. These agreements typically terminate once a preliminary property management service contract is entered into. The properties proposed to be managed by us under these framework agreements and strategic cooperation agreements had an aggregate GFA of approximately 50.2 million sq.m. as of the Latest Practicable Date.

We believe by cooperating with Independent Third Party property developers, we will further grow our business, increase our market share, enrich and diversify our property portfolio, and expand our customer base.

A diversified portfolio of managed properties and services leading to diversified revenue streams

We have a diversified portfolio of properties under management and contracted properties, comprising residential properties, commercial properties (such as shopping malls, office buildings and serviced apartments), and public and other properties (such as industry parks, schools, factories and parks). As of the Latest Practicable Date, we managed residential properties with an aggregate GFA under management of approximately 52.7 million sq.m. and an aggregate contracted GFA of approximately 82.1 million sq.m., and non-residential properties with an aggregate GFA under management of approximately 5.4 million sq.m. and an aggregate contracted GFA of approximately 7.6 million sq.m.

In addition to quality property management services, we are also dedicated to providing diversified value-added services to non-property owners, primarily including property developers, and property owners and residents. For property developers, our services cover their entire property development process from planning, construction, sales to delivery, including property engineering services, preliminary planning and design consultancy services, sales assistance services, property delivery services and after-sales services. For property owners and residents, we provide one-stop community value-added services through both online and offline channels, covering (i) home-living services which primarily include community retail and commercial procurement services and home repairs, maintenance and housekeeping services and (ii) property space management services which primarily include turnkey furnishing services and property brokerage services.

For community retail services, we launched a comprehensive retail model integrating our online shopping, offline convenience stores and home delivery services. Our online shopping mall focuses on high-end consumer goods and our offline convenience stores focus on groceries. The targeted retail model lowers our operating costs and ensures product quality. Our headquarters directly manage the offline convenience stores. With such a streamlined management structure, we are able to respond to requests and resolve issues in a timely manner. We believe our comprehensive retail model, coupled with our home delivery services where we help our customers shop and deliver groceries to the customer's door, provide convenient shopping experience to our customers. Our community retail services generate a stable source of revenue for us, and also increase our interaction with property owners and residents, which lead to stronger customer loyalty and a higher satisfaction level.

For property brokerage services, we deploy a Sales and Lease Operation System (租售業務系統) which consists of a "property dictionary" system and a "resident-property matching" system. These systems securely manage customer information and efficiently match supplies and demands of the properties. Our property brokerage services cover major aspects of a real estate transaction, including but not limited to used property sales and leasing, property registration and transfer consultation and property custodian.

We believe our diversified portfolio of managed properties and service offerings will enable us to generate stable revenue from multiple channels and help us capture evolving market opportunities.

One-stop omni-channel service platform dedicated to satisfying customers' demands

We are dedicated to building a "*Space + Emotion* (空間+情感)" service chain. In addition to continuously enhancing customer satisfaction, we strive to provide services under various scenarios focused on property space management and customers' community attachment. Our one-stop omni-channel service platform integrates online and offline information and resources to deliver an engaging user experience. Through the diversified and high-quality services offered on our online and offline platforms with a view to satisfy customers' needs, we endeavor to create a relaxing and homey environment in communities under our management.

"Rice Community (米飯公社)," our customer-oriented mobile application, has five major functional modules, covering property management services such as online payment, online request for repair and maintenance, report and feedback, and community value-added services such as community group purchase and "Rice Mall (米飯商城)" retail service. Online payment makes it more convenient for property owners and residents to pay property management fees. In the six months ended June 30, 2020, 31.4% of our property management fees were collected through online payment. The online request for repair and maintenance and the report and feedback functions provide easy channels for residents to submit requests and feedbacks. We require our employees to respond to requests or complaints within a specified period of time, which enhances our customer satisfaction level. The community group purchase and "Rice Mall (米飯商城)" retail service functions fulfill the purchasing needs of our customers. As of December 31, 2017, 2018 and 2019 and June 30, 2020 and the Latest Practicable Date, our "Rice Community (米飯公社)" mobile application had approximately 236,200, 291,400, 483,400, 529,200 and 767,400 registered users, respectively.

Our comprehensive retail model, integrating online shopping, offline convenience stores and home delivery services, provides a community retail experience with a full range of merchandise from multiple channels for customers to choose. We launched "Rice Mall (米飯商城)," our online retail service module, in May 2018. As of the Latest Practicable Date, "Rice Mall (米飯商城)" offered over 2,200 stock keeping units, or SKUs, of products covering consumer goods, home appliances, beauty and personal care products, fresh produce and electronics. Our offline convenience stores are located in the communities that we manage, making it convenient for property owners and residents to purchase goods. As of the Latest Practicable Date, our offline convenience stores offered more than 52,540 SKUs of products. Based on our analysis and understanding of our customers' buying habits, we provide a curated product assortment in our offline convenience stores targeting the varied needs of property owners and residents. We also provide home delivery service to better serve our consumers. The full integration between "Rice Mall (米飯商城)" and offline convenience stores fulfills residents' needs for an easy and quick shopping experience.

By analyzing data collected from the online service platform, we have accumulated a solid grasp of the specific needs of our customers which enables us to provide high-quality services. More specifically, we use the data to improve the existing community value-added services based on the special features of different community lifestyles. It allows us to bring better service to customers and capture various business opportunities.

Standardized operation system and advanced information technology

We are committed to ensuring our service quality. We believe a standardized operation will help us consistently deliver high-quality services to our customers and enhance operational efficiency. We have established a standardized operation system that covers major aspects of our property management services. We have also compiled a service handbook detailing standards for the services we provide. Moreover, we obtained ISO 14001 environmental management certification, ISO 9001 quality management system certification and OHSAS18001 occupational health and safety management system certification in recognition of our service quality.

In addition, we have established a suite of information technology systems to manage our operations, primarily comprising the Tianyan System (天眼系統), 400 Call Center, Work Order Management System and "Rice Community (米飯公社)" mobile application, Tianwen System (天問系統), FM Equipment Management System (FM設備管理系統), Space Operation System (空間運營系統), Sales and Lease Operation System (租售業務系統) and Retail Information System (零售思訊系統). Please refer to "Business—Digitalization, Operation Automation and Procedure Standardization" for further details of our information technology systems.

Our digitalization, operation automation and procedure standardization have improved our operational efficiency and reduced operating costs. Our revenue per employee increased by 91.3% from approximately RMB80,000 in 2017 to approximately RMB153,000 in 2019. Our GFA under management per employee increased by 51.3% from approximately 3,900 sq.m. as of December 31, 2017 to approximately 5,900 sq.m. as of December 31, 2019, and further increased to approximately 6,300 sq.m. as of June 30, 2020.

Our digitalization, operation automation and procedure standardization also enable us to provide high-quality service while increasing operational efficiency. According to CIA, in 2019, our property management services received a higher customer satisfaction score than the industry average. We received a number of accolades and awards for projects managed by us. For example, our "Jiangnan Jinyuan (江南錦苑)" in Handan was recognized as the "Model Property Management Standardization Projects in Hebei Province in 2019 (2019年度河北省物業管理標準化示範項目)" by Hebei Property Management Institute (河北省物業管理行業協會); our "Ronghuafu (榮華府)" in Nanjing was recognized as "Model Property Management Standardization Projects in Nanjing (南京市物業管理示範項目)" by Nanjing Real Estate & Housing Guarantee Bureau (南京市住房保障和房產局) in 2020; our "RiseSun • Dongchang Shoufu (榮盛 • 東昌首府)" in Jinan was recognized as "Exemplary Property Management Project in Shangdong (山東省物業服務行業文明創建示範項目)" by Shandong Housing & Urban Development Bureau (山東省住房和城鄉建設廳) in 2020; our "Jinxiu Guandi (錦繡觀邸)" in Langfang was ranked among Top 10 Property Management Projects in Hebei Province in 2018 (河北省物業管理2018年度十佳項目) by Hebei Property Management Institute (河北省物業管理行業協會); our "Yangguang Xinyuan (陽光馨苑)" in Langfang was recognized as one of the "Model Property Management Standardization Projects in Hebei Province in 2018 (河北省物業管理2018年度標準化示範項目)" by Hebei Property Management Institute (河北省物業管理行業協會); and our "RiseSun • Ziti Dongjun (榮盛 • 紫提東郡)" in Chengdu was ranked as the "Property Service Branding Project in Sichuan Province in 2018 (2018年度四川省物業服務品牌項目)" by Sichuan Real Estate Association (四川省房地產業協會).

Visionary management team with extensive industry experience and knowledge

Our management team has extensive industry experience, vision and knowledge, and is key to our success. Our senior management team has profound knowledge in the property management industry and outstanding professional skills, with an average of over 12 years of work experience in the property management industry. Mr. Liu Yonggang (劉勇罡), our executive Director and general manager in charge of overall operation management, has over 15 years of experience in the property management industry. Mr. Lai Hongfei (賴鴻飛), our deputy general manager in charge of quality management and business development, has over 18 years of experience in the property management industry. Mr. Meng Qingbin (孟慶斌), our deputy general manager in charge of community value-added services, brand and information technology, has over 13 years of experience in value-added service industry. We also have a stable and highly professional team of regional managers who on average have been with us for over five years, and more than half of whom had work experience in renowned property management companies.

We focus on cultivating talents and providing systematic trainings catering to individual needs. For example, we provide trainings on market analysis and operating strategy to our senior management, trainings on team management and resource integration to mid-level management staff, and trainings on business professionalism and standardized operation to the project managers. In 2019, we organized approximately 1,900 training sessions and approximately 8,000 employees participated in these sessions.

We have also established a competitive compensation structure and a performance assessment system, providing equity incentives and performance-based salaries and bonuses. We provide incentives based on evaluation of employees' performance in a number of areas, such as business development, value-added services, service quality and overall performance. We provide incentives and bonuses on a combination of monthly, quarterly, annual and mid-to-long-term basis, and on regular and matter-specific basis, to motivate our employees' contribution. Meanwhile, we also focus on developing our corporate culture so that our employees will have a sense of mission and responsibility to contribute to the corporate objectives and form a united driving force for our growth.

BUSINESS STRATEGIES

Continue to enhance brand value

Our brand is our important asset. Our brand represents our service philosophy of "convenient and comfortable" and our high service quality. We believe customer recognition of our brand will bring more business opportunities. We plan to continue enhancing our brand recognition through the following measures: (i) improving service quality and establishing a quality brand image. We strive to improve the service quality for each of our managed property in order to enhance the customer satisfaction level and improve brand recognition; (ii) organizing advertisement and other brand building activities. We plan to organize community cultural activities and brand building campaigns to increase publicity through different channels; and (iii) actively involving in industry development, including participating in the formulation of industry standards and attending industry summits and conferences. We believe that a trustworthy brand will enable us to obtain more property management projects, as well as enhancing our bargaining power, which will further improve our financial performance and competitiveness.

Further expand our business scale and market share

Leveraging our leading market position in the Bohai Economic Rim, strategic service network, and brand recognition and awareness, we aim to further expand our business and market share and achieve organic growth.

We plan to further expand our cooperation with RiseSun Development Group through improving our capabilities of managing diversified types of properties. By expanding such cooperation, we expect to solidify and expand our market share in cities we currently have operations in, and also penetrate into new regions. Leveraging our extensive property management service experience, we also plan to offer property management consultancy services to property developers and small- and medium-sized property management service companies.

We also plan to expand our collaboration with Independent Third Party property developers. Leveraging our strategic presence in the Bohai Economic Rim, the Yangtze River Delta region, the Greater Bay Area and Central and Western China, we expect to further penetrate into target markets across China. For properties with a GFA of over 1 million sq.m. or municipal service properties, we may form joint ventures with independent third-party property developers to manage those properties developed by such developers. The Independent Third Party property developer and us will enter into agreements to form the joint venture, which will be the entity to procure property management service mandates and provide property management services. We believe the relationship with the property developer, the knowledge of the specific service needs of such property developer combined with our property management experience, would increase the chances for the joint venture to secure property management services contracts for the property projects developed by such property developer. According to CIA, it is a common strategy for sizable property management companies, including many listed property management companies, to expand their market share and business scale rapidly through setting up joint ventures and developing business alliances with Independent Third Party property developers which do not have established property management businesses of their own. We believe these strategic collaborations will enable us to: (i) strengthen our business relationship with these business partners and increase our chances of securing property management service contracts for properties developed by them; (ii) share the risk and costs with them arising from entering into new markets; and (iii) leverage the geographic coverage and customer base of our business partners to enlarge our market shares and diversify the sources and types of property projects under our management. The key factors we will consider in selecting targets for joint ventures include the credit worthiness of business partner, geographical location, legal compliance, target customer group, local population, project scale, construction standards and investment returns. During the Track Record Period and up to the Latest Practicable Date, we had established one such joint venture with an Independent Third Party property developer but no property management service contracts had been awarded to such joint venture as the relevant projects were still under development. In addition, as of the Latest Practicable Date, we had entered into framework agreements with five Independent Third Party property developers to set up joint ventures, in which we will hold the majority of the equity interests, to jointly manage properties to be developed by these developers. The properties under these agreements had an aggregate estimated contracted GFA of approximately 27.9 million sq.m., including residential properties and parks.

We plan to provide property management services to an increasing number of commercial properties, public properties, industry parks, film and television bases and municipal roads, so as to increase our market share in the management of non-residential properties. As of the Latest Practicable Date, we were managing three municipal road projects located in Hebei province that were developed by RiseSun Development Group and had entered into certain framework agreements and strategic cooperation agreements with Independent Third Party property developers for the proposed management of film and television bases. Please refer to "—Competitive Strengths—Strategic business relationship with RiseSun Development Group and fast-growing business development capabilities" for a summary of key terms of such agreements. We believe that leveraging our established market position, existing service network and extensive property management experience, which we believe are compatible between residential as well as non-residential properties, we can cater to our customers' needs for these non-residential properties in a timely and satisfactory fashion and gradually build up and diversify our property management portfolio.

For industry park management, we plan to enrich our service offerings to cater to the needs of enterprises in the industry parks. We expect to offer more value-added services such as dining services, hotel operation, and facilities and equipment management services. Leveraging our sophisticated management model and extensive experience which we believe are applicable to the management of industry parks, we plan to expand our cooperation with Independent Third Party property developers to manage industry parks developed by them. In particular, leveraging our experience in managing logistics centers, which are a type of industry parks, such as the Shaliang Logistics Park (沙良物流園) in Inner Mongolia, we plan to seek cooperation with Independent Third Party property developers in cities where we have existing operations so as to expand our property management portfolio of logistics centers and other types of industry parks.

Meanwhile, we plan to engage in selective acquisitions to expand our business. Our selection criteria for potential target companies include but are not limited to: (i) GFA under management of over 1.0 million sq.m.; (ii) operating revenue in the latest financial year of over RMB20.0 million; (iii) compliance of business operations with laws and regulations; and (iv) diversity in the portfolio of managed properties. We will prioritize in assessing potential acquisition or investment targets with a portfolio of managed properties covering tier-one or new tier-one cities, such as Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin and Chengdu, or those with a diversified portfolio of managed properties, such as commercial properties, industry parks, schools and hospitals. Through the investment in or acquisition of these companies, we expect to expand our geographic coverage, reinforce our competitive edge in economically developed regions, diversify our portfolio of managed properties and enhance our brand awareness. As of the Latest Practicable Date, we had not identified any acquisition or investment targets, and had not entered into any definitive agreement for the acquisition of any company. Please refer to "Future Plans and Use of Proceeds."

Continue to enrich our community value-added services

Through analyzing data on property owners and residents' behaviors collected during the provision of property management services, we continuously enhance our understanding of our customers' needs and preferences. Leveraging our big data analytics capabilities, we can make informed business decisions to effectively market our services and improve our service quality. In particular, we utilize our big data analytics capabilities to enrich the services and products offerings of our community value-added services in response to the highly demanded services from property owners and residents in their daily life.

Our one-stop omni-channel service platform is centered around the community living scenarios, allowing users to submit online request for repair and maintenance and complaints and feedback, and also connecting users with offline convenience stores, property brokerage services and other services. With respect to community retail services, we plan to increase the coverage of our offline convenience stores and further improve customers' shopping experience by expanding product offerings and adopting intelligent operation systems. With respect to our property brokerage services, we plan to further expand our services to cover upstream and downstream services relating to real estate transactions, such as intermediary services relating to the sales and leasing of properties managed by us. In addition, we plan to establish an "all-in-one community card (社區一卡通)" system which will integrate online and offline resources and provide property owners and residents with access to high-quality home living services offered by vendors located in the one-kilometer radius surrounding the communities

We plan to expand our turnkey furnishing services to provide property owners with services covering the whole life-cycle of their properties. We expect to cooperate with suppliers of quality home furniture and appliances to decorate and renovate sample rooms as illustration to new property owners. In addition, we plan to offer renovation, cleaning and remodeling services for used properties. Moreover, we plan to further diversify our community value-added service offerings to cover housekeeping services, community elderly care and healthcare services. We also plan to integrate professional services such as indoor air quality improvement, housekeeping and cleaning, appliance cleaning services and provide these services to property owners and residents based on their needs.

We may also acquire downstream companies with community services that are complementary to our community value-added services, including, among others, companies engaged in decoration and renovation, education and training and housekeeping services. Please refer to "Future Plans and Use of Proceeds."

Further invest in technologies, develop and promote smart community management

We will further invest in information technology and digitized operation platforms to enhance our service quality and operational efficiency. We plan to build a resource management system and a remote data and video surveillance center and to upgrade our Carpark Entry and Exit Management System to achieve functions such as car park management and electronic payment through scanning QR code. We also plan to build intelligent management platforms, property management service platforms and value-added service platforms to enrich service scenarios and improve user experience. These new systems and functions are expected to integrate into our existing digital systems using devices connected by the Internet of Things technology and other information technologies, which enables us to collect real-time data from our equipment and facilities and to remotely monitor their operation status and receive warnings of malfunction incidents. We expect that digitalized management will enhance our ability to collect and analyze operational data and thus our manpower and other resources can be allocated and utilized more efficiently without compromising our service quality.

Meanwhile, we plan to continuously upgrade our one-stop omni-channel service platform to enrich service scenarios and improve user experience. We expect that our service quality and customer satisfaction will be enhanced by such initiatives. We also plan to roll out digitalized and automated management tools to the communities managed by us, such as patrol vehicles, auto street-sweeping cars and surveillance drones, which are expected to improve service quality and reduce our reliance on manual labor. We expect the increased coverage of information technology systems and community management tools will enhance our service quality and operational efficiency. Please refer to "Future Plans and Use of Proceeds."

Continue to improve staff motivation mechanism to attract, cultivate and retain talents

We plan to adhere to the "talent-oriented" management policy and will respond quickly to the human resource demands and adopt measures to optimize the allocation of human resources. We plan to further strengthen the functionality of our human resource administration, and establish human resource development plans. We have developed a "one-thirds by three" talent system. For our key operational roles and management positions, one third are from leading companies, one third are from internal promotion, and one third are management trainees hired through on-campus recruitment. To continue with innovation and creation, we also plan to recruit top-tier talents with advanced information technology skills. In addition, to enhance talents retention and promotion, we expect to continue providing a comprehensive and competitive compensation incentive system. Also, we will build career advancement tracks centered on leadership, professional skills and corporate culture for employees working at different lines of business and in different fields, and provide promotion opportunities based on the employees' skills. With these measures, we expect to continue to enhance our human resource management and to foster the continuous development of our employees and our Group.

OUR BUSINESS MODEL

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

Property management services . . We provide property developers, property owners and residents with a wide range of property management services, primarily including security, cleaning, greening and gardening, and repair and maintenance services. Our portfolio of managed properties comprises (i) residential properties and (ii) non-residential properties primarily including (a) commercial properties, such as shopping malls, office buildings and serviced apartments, and (b) public and other properties, such as industry parks, schools, factories and parks. During the Track Record Period, all of our property management fees were charged on a lump sum basis.

Value-added services to non-property owners . . . . We offer a comprehensive range of value-added services to non-property owners, primarily property developers. These services primarily comprise (i) property engineering services, (ii) sales assistance services and (iii) other services which primarily include preliminary planning and design consultancy services, property delivery services and after-sales services.

Community value-added services . . . . We provide community value-added services to property owners and residents. We categorize these services into two types: (i) home-living services which primarily include community retail and commercial procurement services and home repairs, maintenance and housekeeping services and (ii) property space management services which primarily include turnkey furnishing services and property brokerage services.

To extend our client reach beyond the physical boundaries and provide standardized services to our clients effectively and cost-efficiently, we deploy a one-stop omni-channel service platform comprising our "Rice Community (米飯公社)" and "Rice Home (米到家)" mobile applications. Please refer to "—Our One-Stop Omni-Channel Service Platform" below.

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

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Property management services	458,502	62.7	552,739	61.3	703,218	54.8	329,077	59.1	444,202	58.0
Value-added services to non-property owners . . .	198,633	27.1	267,555	29.7	431,769	33.7	166,498	29.9	250,598	32.8
Community value-added services	74,837	10.2	81,596	9.0	147,052	11.5	61,069	11.0	70,110	9.2
Total	**731,972**	**100.0**	**901,890**	**100.0**	**1,282,039**	**100.0**	**556,644**	**100.0**	**764,910**	**100.0**

PROPERTY MANAGEMENT SERVICES

Overview

We have been contracted to manage the properties developed by RiseSun Development Group since 2000. In 2018, we began to expand our business to manage properties developed by Independent Third Party property developers. As of December 31, 2017, 2018 and 2019 and June 30, 2020, our total GFA under management was approximately 36.2 million sq.m., 41.6 million sq.m., 50.3 million sq.m. and 52.4 million sq.m., respectively. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, revenue generated from property management services amounted to approximately RMB458.5 million, RMB552.7 million, RMB703.2 million, RMB329.1 million and RMB444.2 million, respectively, accounting for 62.7%, 61.3%, 54.8%, 59.1% and 58.0%, respectively, of our total revenue for the same periods.

Over the years, we have established a presence across China. As of June 30, 2020, we had a total of 272 property management projects under management with an aggregate GFA under management of 52.4 million sq.m., covering 30 cities across 14 provinces, municipalities and autonomous regions in China. As of June 30, 2020, we were contracted to manage 380 property management projects with an aggregate contracted GFA of 80.6 million sq.m., covering 53 cities across 19 provinces, municipalities and autonomous regions in China. The table below sets forth the breakdowns of our (i) contracted GFA, (ii) GFA under management, (iii) number of property management projects for contracted GFA, and (iv) number of property management projects for GFA under management as of the dates indicated:

	As of December 31,			**As of June 30,**	
	2017	**2018**	**2019**	**2019**	**2020**
	'000 sq.m.	**'000 sq.m.**	**'000 sq.m.**	**'000 sq.m.**	**'000 sq.m.**
Contracted GFA	56,839	63,435	77,440	67,664	80,573
GFA under management	36,208	41,576	50,305	44,312	52,405
	Number	**Number**	**Number**	**Number**	**Number**
Number of property management projects for contracted GFA	253	283	361	314	380
Number of property management projects for GFA under management ..	177	205	261	223	272

Growth of Our Property Management Service Portfolio

We have been rapidly expanding our property management service portfolio during the Track Record Period primarily by obtaining new property management service contracts. Going forward, we intend to increase our business scale and market share through organic growth and by pursuing strategic acquisition and investment opportunities. Please refer to "—Business Strategies—Further expand our business scale and market share" in this section. The table below indicates the movement of our contracted GFA and GFA under management during the Track Record Period:

	As of December 31,						**As of June 30,**			
	2017		**2018**		**2019**		**2019**		**2020**	
	Contracted GFA	**GFA under management**	**Contracted GFA**	**GFA under management**	**Contracted GFA**	**GFA under management**	**Contracted GFA**	**GFA under management**	**Contracted GFA**	**GFA under management**
	'000 sq.m.	**'000 sq.m.**	**'000 sq.m.**	**'000 sq.m.**	**'000 sq.m.**	**'000 sq.m.**	**'000 sq.m.**	**'000 sq.m.**	**'000 sq.m.**	**'000 sq.m.**
As of the beginning of the period	47,104	32,663	56,839	36,208	63,435	41,576	63,435	41,576	77,440	50,305
New engagements[(1)]	10,025	3,835	6,596	5,368	14,005	8,729	4,229	2,736	4,761	2,613
Terminations[(2)]	(290)	(290)	–	–	–	–	–	–	(1,628)	(513)
As of the end of the period	**56,839**	**36,208**	**63,435**	**41,576**	**77,440**	**50,305**	**67,664**	**44,312**	**80,573**	**52,405**

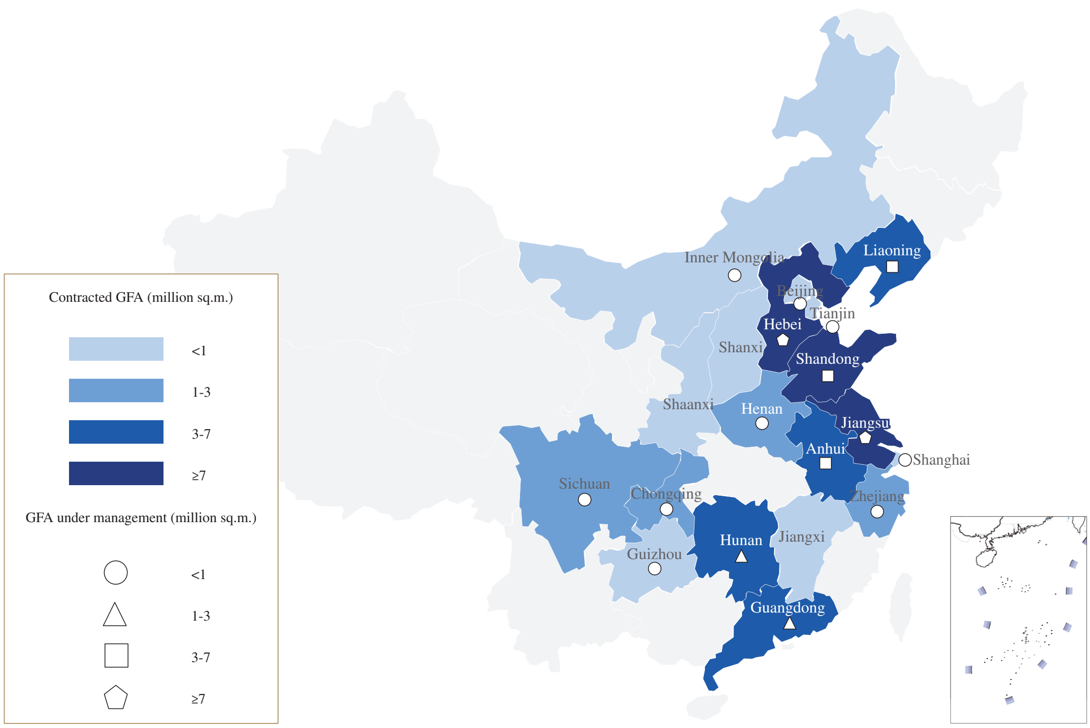
Notes:

(1) In relation to residential communities and non-residential communities we manage, new engagements primarily include preliminary property management service contracts for new properties developed by property developers and property management service contracts for residential communities replacing their previous property management service providers.

(2) In 2017, the termination was because we voluntarily withdrew from one property management service contract due to its low profit margin and reallocated our resources to more profitable engagements in an effort to optimize our property management portfolio. In the six months ended June 30, 2020, terminations were because (i) we terminated five property management service contracts relating to holiday resort properties in June 2020 as detailed in the "Relationship with Controlling Shareholders" section and (ii) we voluntarily chose not to renew two out of the four property management service contracts expired during this period due to their low profit margin.

Our Geographic Presence

The map below illustrates our geographic presence as of the Latest Practicable Date in terms of GFA under management and contracted GFA in each region:



The tables below set forth a breakdown of our revenue generated from property management services, GFA under management and number of projects under management by geographic region for the periods or as of the dates indicated:

	Year ended December 31,						**Six months ended June 30,**			
	2017		**2018**		**2019**		**2019**		**2020**	
	Revenue		**Revenue**		**Revenue**		**Revenue**		**Revenue**	
	RMB'000	**%**	**RMB'000**	**%**	**RMB'000**	**%**	**RMB'000**	**%**	**RMB'000**	**%**
							(Unaudited)			
Bohai Economic Rim(1)	292,800	63.8	336,742	60.9	426,169	60.6	198,466	60.3	261,714	58.8
Yangtze River Delta region(2)	112,641	24.6	145,264	26.3	187,815	26.7	88,058	26.8	124,180	28.0
Greater Bay Area and surrounding regions(3)	18,253	4.0	29,213	5.3	36,747	5.2	18,230	5.5	21,103	4.8
Central and Western China(4)	34,808	7.6	41,520	7.5	52,487	7.5	24,323	7.4	37,205	8.4
Total	**458,502**	**100.0**	**552,739**	**100.0**	**703,218**	**100.0**	**329,077**	**100.0**	**444,202**	**100.0**

	As of December 31,									As of June 30,					
	2017			2018			2019			2019			2020		
	GFA under management		Number of projects under management	GFA under management		Number of projects under management	GFA under management		Number of projects under management	GFA under management″		Number of projects under management	GFA under management		Number of projects under management
	’000 sq.m.	%		’000 sq.m.	%		’000 sq.m.	%		’000 sq.m.	%		’000 sq.m.	%	
Bohai Economic Rim[(1)]	21,460	59.3	111	24,217	58.2	128	28,663	57.0	153	25,012	56.4	133	30,594	58.4	163
Yangtze River Delta region[(2)]	8,703	24.0	39	10,264	24.7	44	13,298	26.4	60	12,004	27.1	54	13,607	26.0	64
Greater Bay Area and surrounding regions[(3)]	1,566	4.3	7	1,566	3.8	7	1,964	3.9	11	1,627	3.7	8	1,801	3.4	9
Central and Western China[(4)]	4,479	12.4	20	5,529	13.3	26	6,380	12.7	37	5,669	12.8	28	6,403	12.2	36
Total	**36,208**	**100.0**	**177**	**41,576**	**100.0**	**205**	**50,305**	**100.0**	**261**	**44,312**	**100.0**	**223**	**52,405**	**100.0**	**272**

Notes:

(1) In this region, we provided property management services to projects located in Hebei, Liaoning, Inner Mongolia and Shandong.

(2) In this region, we provided property management services to projects located in Shanghai, Jiangsu and Zhejiang.

(3) In these regions, we provided property management services to projects located in Huizhou in the Greater Bay Area and other cities in Guangdong.

(4) In this region, we provided property management services to projects located in Guizhou, Henan, Hunan, Sichuan, Anhui and Chongqing.

In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, revenue generated from property management services provided in relation to properties developed by RiseSun Development Group amounted to approximately RMB458.5 million, RMB552.5 million, RMB701.7 million, RMB328.9 million and RMB440.9 million, respectively, accounting for 100.0%, 99.9%, 99.8%, 99.9% and 99.3%, respectively, of our revenue from property management services. For information concerning the business delineation between RiseSun Development Group and us, please refer to "Relationship with Controlling Shareholders."

The tables below set forth a breakdown of our revenue generated from property management services, GFA under management and contracted GFA by source of projects and stage of projects as of the dates or for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Revenue		Revenue		Revenue		Revenue		Revenue	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Properties developed by RiseSun Development Group[(1)]										
– Preliminary stage for residential properties[(2)]	412,193	89.9	487,462	88.1	607,693	86.4	291,799	88.7	388,201	87.5
– Property owners' association stage for residential properties[(3)]	23,924	5.2	25,956	4.7	26,600	3.8	19,547	5.9	20,951	4.7
– Non-residential properties[(4)]	22,385	4.9	39,038	7.1	67,385	9.6	17,528	5.3	31,746	7.1
Subtotal	458,502	100.0	552,456	99.9	701,678	99.8	328,874	99.9	440,898	99.3
Other sources of projects[(5)]										
– Preliminary stage for residential properties[(2)]	–	–	–	–	195	0.0	–	–	944	0.2
– Property owners' association stage for residential properties[(3)]	–	–	–	–	865	0.1	–	–	1,163	0.2
– Non-residential properties[(4)]	–	–	283	0.1	480	0.1	203	0.1	1,197	0.3
Subtotal	–	–	283	0.1	1,540	0.2	203	0.1	3,304	0.7
Total	**458,502**	**100.0**	**552,739**	**100.0**	**703,218**	**100.0**	**329,077**	**100.0**	**444,202**	**100.0**

	As of December 31,									As of June 30,					
	2017			2018			2019			2019			2020		
	GFA under management		Number of properties	GFA under management		Number of properties	GFA under management		Number of properties	GFA under management		Number of properties	GFA under management		Number of properties
	’000 sq.m.	%		’000 sq.m.	%		’000 sq.m.	%		’000 sq.m.	%		’000 sq.m.	%	
Properties developed by RiseSun Development Group[(1)]															
– Preliminary stage for residential properties[(2)]	33,022	91.2	151	38,219	91.9	174	42,900	85.3	205	40,455	91.2	186	43,861	83.7	210
– Property owners’ association stage for residential properties[(3)]	1,976	5.5	8	1,976	4.8	8	3,092	6.1	14	2,426	5.5	11	3,302	6.3	15
– Non-residential properties[(4)]	1,210	3.3	18	1,375	3.3	22	4,059	8.1	34	1,398	3.2	24	4,486	8.6	36
Subtotal	36,208	100.0	177	41,570	100.0	204	50,051	99.5	253	44,279	99.9	221	51,649	98.6	261
Other sources of projects[(5)]															
– Preliminary stage for residential properties[(2)]	–	–	–	–	–	–	74	0.1	2	–	–	–	159	0.3	3
– Property owners’ association stage for residential properties[(3)]	–	–	–	–	–	–	121	0.2	1	–	–	–	121	0.2	1
– Non-residential properties[(4)]	–	–	–	6	0.0	1	59	0.1	5	33	0.1	2	476	0.9	7
Subtotal	–	–	–	6	0.0	1	254	0.5	8	33	0.1	2	756	1.4	11
Total	**36,208**	**100.0**	**177**	**41,576**	**100.0**	**205**	**50,305**	**100.0**	**261**	**44,312**	**100.0**	**223**	**52,405**	**100.0**	**272**

	As of December 31,									As of June 30,		
	2017			2018			2019			2020		
	Contracted GFA		Number of properties	Contracted GFA		Number of properties	Contracted GFA		Number of properties	Contracted GFA		Number of properties
	'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%	
Properties developed by RiseSun Development Group[(1)]												
– Preliminary stage for residential properties[(2)]	52,621	92.6	216	58,120	91.7	239	64,699	83.5	277	66,415	82.5	285
– Property owners' association stage for residential properties[(3)]	1,976	3.5	8	1,976	3.1	8	3,695	4.8	14	3,905	4.8	15
– Non-residential properties[(4)]	2,242	3.9	29	3,126	4.9	35	6,362	8.2	50	6,515	8.1	51
Subtotal	56,839	100.0	253	63,222	99.7	282	74,756	96.5	341	76,835	95.4	351
Properties developed by Independent Third Party property developers												
– Preliminary stage for residential properties[(2)]	–	–	–	213	0.3	1	2,131	2.7	11	2,731	3.3	16
– Property owners' association stage for residential properties[(3)]	–	–	–	–	–	–	121	0.2	1	121	0.2	1
– Non-residential properties[(4)]	–	–	–	–	–	–	432	0.6	8	886	1.1	12
Subtotal	–	–	–	213	0.3	1	2,684	3.5	20	3,738	4.6	29
Total	**56,839**	**100.0**	**253**	**63,434**	**100.0**	**283**	**77,440**	**100.0**	**361**	**80,573**	**100.0**	**380**

Notes:

(1) Refers to properties solely developed by RiseSun Development Group and properties that RiseSun Development Group jointly developed with other property developers in which RiseSun Development Group held a controlling interest.

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

(3) Refers to property management service contracts entered into with property owners' associations for the management of residential properties.

(4) Refers to property management service contracts entered into with customers for the management of non-residential properties.

As of December 31, 2017, 2018 and 2019 and June 30, 2020, our undelivered GFA for which we have entered into property management service contracts was approximately 20.6 million sq.m., 21.9 million sq.m., 27.1 million sq.m. and 28.2 million sq.m., respectively.

In 2017, 2018 and 2019, our renewal rate was 100%. In the six months ended June 30, 2020, only four property management service contracts expired, which were all entered into with property owners, and we voluntarily chose not to renew two of them due to their low profit margin; we successfully renewed the other two property management service contracts expired during this period. In 2017, 2018 and 2019 and the six months ended June 30, 2020, our retention rate was 99.4%, 100%, 100% and 97.5%, respectively. In 2017, our retention rate was lower than 100%, because we voluntarily withdrew from one property management service contract due to its low profit margin. In the six months ended June 30, 2020, our retention rate was lower than 100%, because (i) we terminated five property management service contracts relating to holiday resort properties in June 2020 as detailed in the "Relationship with Controlling Shareholders" section and (ii) we voluntarily chose not to renew two out of the four property management service contracts expired during this period due to their low profit margin.

The table below sets forth the expiration schedule of our property management service contracts for properties under our management as of June 30, 2020:

	GFA under management	Number of property management service contracts
	'000 sq.m.	
Property management service contracts without fixed terms[(1)]	44,790	234
Property management service contracts with fixed terms expiring in		
Year ending December 31, 2020	2,572	11
Year ending December 31, 2021	2,282	10
Year ending December 31, 2022	885	7
Year ending December 31, 2023 and beyond	1,876	10
Subtotal	7,615	38
Total	**52,405**	**272**

Note:

(1) Property management service contracts without fixed terms are generally preliminary management contracts entered into with property developers. They will terminate automatically when property owners' associations are established and a new property management service contract is entered into and becomes effective.

Scope of Services

We provide quality property management services to enhance the living experience of property owners and residents. The routine customer services we provide generally include concierge services, day-to-day service response, regular customer visits, inquiry handling, daily greetings and community event organization. In addition, we provide the following major categories of property management services:

- *Security services*. We seek to provide quality security services to ensure that the properties we manage are safe and in good order. Our daily security services include patrolling, electronic access control, video surveillance, car park security, visitor management, emergency response and fire safety. We delegate certain security services to third-party sub-contractors.

- *Cleaning, greening and gardening services*. We provide general cleaning and hygiene maintenance services, as well as greening and gardening services to the properties we manage through our subsidiaries and third-party sub-contractors. Our cleaning services mainly focus on cleaning and maintenance of the properties. Our greening and gardening services mainly include watering, pruning, weeding, pesticide application and seedling replenishment.

- *Repair and maintenance services*. We are generally responsible for the maintenance of (i) common area facilities such as lifts, escalators and central air conditioning facilities; (ii) fire and safety facilities such as fire extinguishers and fire alarm systems; (iii) security facilities such as entrance control gates and surveillance cameras; and (iv) utility facilities such as electricity generators, power distribution equipment, water pump rooms, water supply and drainage systems. We provide certain repair and maintenance services through our subsidiaries and third-party sub-contractors.

As of June 30, 2020, we employed 7,591 on-site personnel and engaged 155 sub-contractors to provide property management services.

Types of Properties under Management

Our diversified portfolio of managed properties comprises (i) residential properties and (ii) non-residential properties, including (a) commercial properties, such as shopping malls, office buildings and serviced apartments and (b) public and other properties, such as industry parks, schools, factories and parks.

The tables below set forth a breakdown of our revenue generated from property management services, GFA under management and number of projects under management by type of property as of the dates or for the periods indicated:

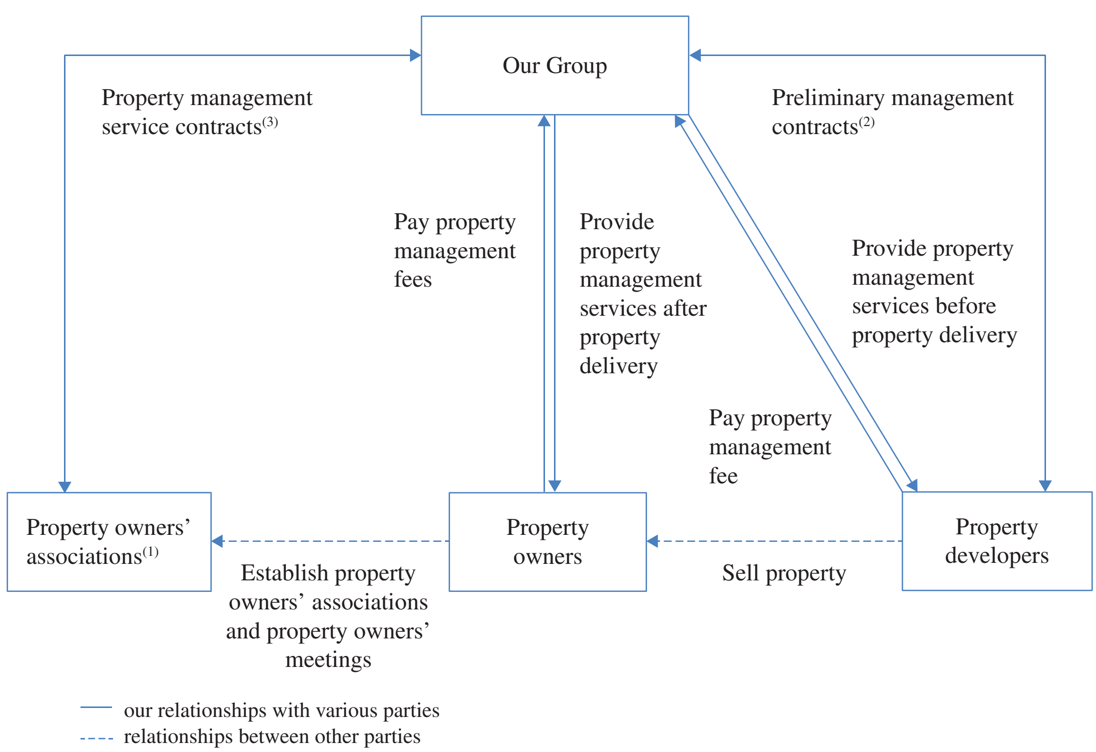
	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Revenue		Revenue		Revenue		Revenue		Revenue	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Residential properties	436,117	95.1	513,418	92.8	635,023	90.3	311,346	94.6	411,259	92.6
Non-residential properties										
– Commercial properties	22,385	4.9	39,038	7.1	67,385	9.6	17,693	5.4	27,526	6.2
– Public and other properties	–	–	283	0.1	810	0.1	38	0.0	5,417	1.2
Subtotal	22,385	4.9	39,321	7.2	68,195	9.7	17,731	5.4	32,943	7.4
Total	**458,502**	**100.0**	**552,739**	**100.0**	**703,218**	**100.0**	**329,077**	**100.0**	**444,202**	**100.0**

	As of December 31,									As of June 30,					
	2017			2018			2019			2019			2020		
	GFA under management		Number of projects under management	GFA under management		Number of projects under management	GFA under management		Number of projects under management	GFA under management		Number of projects under management	GFA under management		Number of projects under management
	'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%	
Residential properties	34,998	96.7	159	40,195	96.7	182	46,188	91.8	222	42,881	96.8	197	47,444	90.5	229
Non-residential properties															
– Commercial properties	1,210	3.3	18	1,375	3.3	22	2,169	4.3	33	1,404	3.2	25	2,099	4.0	34
– Public and other properties	–	–	–	6	0.0	1	1,948	3.9	6	27	0.0	1	2,862	5.5	9
Subtotal	1,210	3.3	18	1,381	3.3	23	4,117	8.2	39	1,431	3.2	26	4,961	9.5	43
Total	**36,208**	**100.0**	**177**	**41,576**	**100.0**	**205**	**50,305**	**100.0**	**261**	**44,312**	**100.0**	**223**	**52,405**	**100.0**	**272**

During the Track Record Period, we generated a substantial portion of our revenue from managing residential properties. While residential properties are expected to continue to generate a substantial portion of our revenue, we are seeking to diversify our property management portfolio to include other types of properties, such as shopping malls, office buildings and industry parks.

Property Management Fees

During the Track Record Period, all of our property management fees were charged on a lump sum basis. The diagram below illustrates relationships among various parties involved in our property management services.



Notes:

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

(2) A preliminary management contract is a type of property management service contract that we enter into with a property developer before the properties are delivered to property owners, and is legally binding on all future property owners in accordance with the relevant PRC laws.

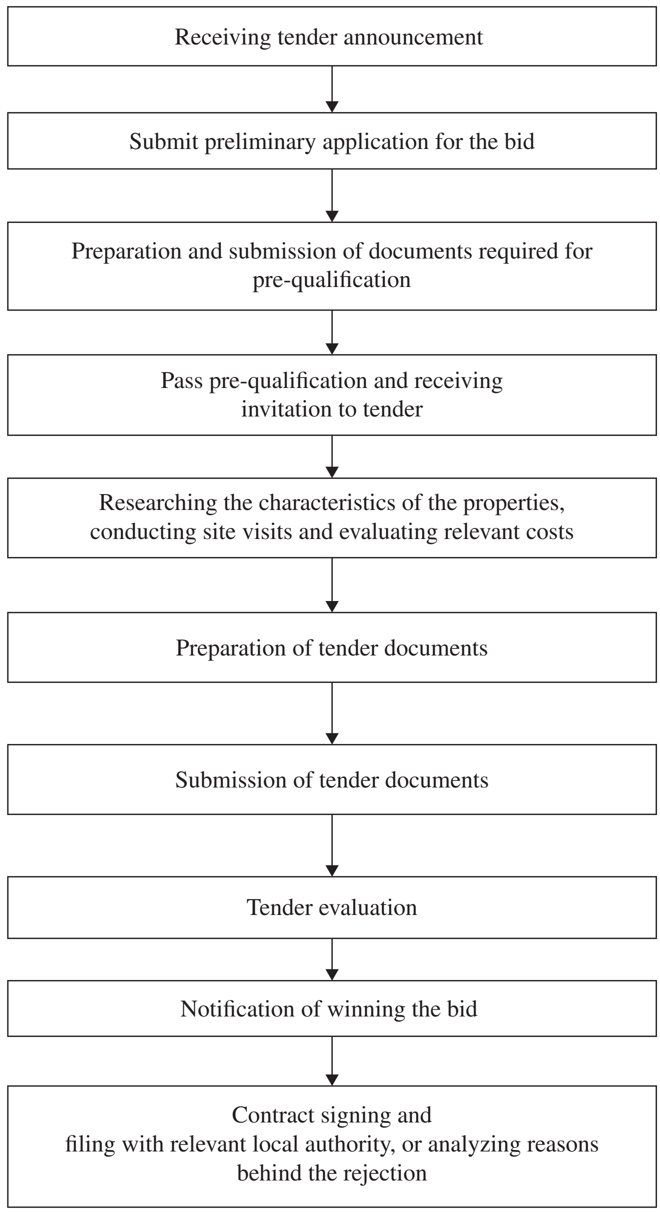
(3) A property management service contract entered into between a property owners' association and us is legally binding on all property owners in accordance with the relevant PRC laws.

We charge a pre-determined property management fee per sq.m. of GFA under management on an annual, quarterly or monthly basis, which is an all-inclusive fee for the property management services provided by us. We are entitled to retain the full amount of property management fees collected from property developers, property owners and residents as revenue and bear the costs incurred in providing our property management services, and recognize such costs as our cost of sales.

Prior to negotiating and entering into our property management service contracts, we seek to form, as accurately as possible, an estimate as to our cost of sales. Our cost of sales includes expenses associated with, among others, labor and sub-contracting costs, purchasing of supplies and equipment, repair and maintenance of common areas, management and operation of our office facilities, cleaning and garbage disposal and security services. As we bear such expenses ourselves, our profit margins are affected by our ability to control and reduce our cost of sales. If the amount of property management fees that we charge is insufficient to cover our cost of sales, we may suffer losses as we are not entitled to collect the shortfall from our customers. Please refer to "Risk Factors—Risks Relating to our Business and Industry—We may be subject to losses and decreased profit margins if we fail to effectively anticipate or control our costs in performing our property management services." During the Track Record Period, although we incurred losses with respect to certain projects managed under lump sum basis, we were able to maintain an overall positive gross profit margin for properties under our management. We incurred losses in an aggregate amount of RMB21.6 million, RMB27.1 million, RMB8.3 million and RMB3.3 million, respectively, with respect to 39, 36, 19 and 22 projects managed on a lump sum basis, respectively, in 2017, 2018 and 2019 and the six months ended June 30, 2020. Losses incurred for these projects were primarily due to the relatively large costs incurred at the early stage of our management of such projects in connection with staff set-up and deployment and coordination of third-party service providers. During the Track Record Period, we continued to manage certain of those loss-making projects with a view to gradually improving their profitability through various cost-saving measures and complementing their property management service revenue with that from introduction of wider scope of value-added services. We have implemented various technological initiatives, internal control policies and standardized procedures to reduce costs and prevent or reduce such shortfall. For more information, please refer to "—Digitalization, Operation Automation and Procedure Standardization." We will continuously monitor the profitability of these loss-making projects, and evaluate the option to terminate their property management service contracts if these projects continue to incur losses and are not expected to generate profits in the near future.

Property Management Service Contracts

We generally obtain preliminary property management service contracts through tender and bidding, a process whereby property developers evaluate and select from multiple property management service providers. The flow chart below illustrates each stage of our typical tender and bidding process for obtaining preliminary property management service contracts:



We provide property management and other related services to the projects developed by RiseSun Development Group and Independent Third Party property developers. We procure most of our initial property management service engagements from property developers through standard public tender and bidding procedures regulated by applicable PRC laws and regulations. During the Track Record Period, our tender success rate with respect to properties developed by RiseSun Development Group was 100.0%. In 2018, we began to expand our business to manage properties developed by Independent Third Party property developers by leveraging our well-established market position and brand awareness. In 2019, we participated in 15 tender and bidding processes for properties developed by Independent Third Party property developers, and our tender success rate was 33.3%. The relatively low bidding success rate for projects developed by Independent Third Party property developers was primarily due to (i) our effort to explore more business opportunities from Independent Third Parties by actively participating in tender and bidding processes and (ii) the necessary time to take in order to gain the trust and confidence from Independent Third Party property developers to establish cooperative relationship with them. In an effort to enhance our market outreach capabilities, we improved team work and collaborations among our marketing personnel and refined task allocations at various stages of the tender and bidding process. We conduct market research and project assessment before submitting our bids and review our performance in the tender and bidding processes. During the six months ended June 30, 2020, while we did not adjust our pricing policies, we participated in five tender and bidding processes for properties developed by Independent Third Party property developers and achieved a tender success rate of 80.0%.

As of the Latest Practicable Date, for nine property management projects, the relevant property developers did not organize the required tender and bidding process and directly engaged us to provide property management services (the "**Relevant Property Management Projects**"). Such properties had an aggregate GFA under management of approximately 1.0 million sq.m. as of the Latest Practicable Date. Our revenue from property management services for such properties amounted to approximately RMB12.5 million, RMB12.2 million, RMB16.2 million, RMB8.5 million and RMB10.2 million, respectively, in 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, accounting for approximately 2.9%, 2.3%, 2.4%, 2.6% and 2.3%, respectively, of our total revenue for the same periods. Invitations to tender are usually issued by property developers. Under PRC laws and regulations, property developers are required to select property management companies for preliminary property management service contracts for residential properties through the tender process. According to the Regulations on Property Management, a residential property developer may be required to take rectification measures within a prescribed period and pay fines up to RMB100,000 if it fails to comply with such tender and bidding requirement. Please refer to "Regulatory Overview—Laws and Regulations Relating to Property Management Services and Other Related Services—Appointment of Property Management Enterprises" in this prospectus. If there are fewer than three bidders or for any small scale properties, the property developer can select and hire a qualified property management company by directly entering into an agreement with the approval of the real estate administrative department of the relevant district or county government where the property is located. A tender process is also required for engaging property management service providers for services over a designated amount in relation to non-residential properties owned by the PRC government agencies, institutions or organizations according to the Government Procurement Law of the PRC (《政府採購法》) and relevant laws and regulations.

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

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

Key Terms of Contract with Property Developers

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

- *Scope of services*. A contract with a property developer typically sets out the scope of services by phase. After the construction of the property is completed, we generally provide property management services to public areas and facilities, including security, cleaning, greening and gardening, repair and maintenance.

- *Performance standards*. The contract sets out specific standards for the main services we provide such as elevator maintenance and equipment examination.

- *Property management fees*. The contract sets out the amount of property management fee. The property developer is responsible for paying the property management fees for unsold property units, which fees typically begin to accrue upon the execution of the property management service contract and delivery of the first unit to a buyer. If we have agreed to manage car parks, the preliminary property management service contract will also specify the fees payable for such services. Property developers pay a daily surcharge, at a certain percentage of the overdue amount, for overdue property management fees.

- *Property developers' obligations*. The property developer is primarily responsible for obtaining a commitment from every property buyer that it will comply with the property management service contract, assisting us in providing property management services and providing us with documents relevant to our property management services as stipulated in the property management service contracts.

- *Sub-contracting*. We are allowed to outsource part of the property management services to sub-contractors but we are responsible for the performance of our sub-contractors.

- *Term of service and termination*. The contract typically does not have fixed terms and terminates only when the relevant property owners' association is established and a new property management service contract is entered into with us and becomes effective to replace the existing one. Generally, we will have the right to terminate the contract in the event that we are unable to perform our contractual obligations because the property developer breaches the contract and fails to rectify within a specified period.

- *Dispute resolution*. Parties are typically required to resolve any contractual disputes through negotiations first before resorting to court proceedings or arbitration.

After delivery of the properties by property developers to the property owners, property owners may form and operate property owners' general meetings and property owners' associations to manage the properties. The Property Law of the PRC, the Regulations on Property Management and the Guidance Rules of the Owners' Meeting and the Property Owner's Association stipulate that property owners' associations may be established by the affirmative votes of owners who own more than half of the GFA of the community and who account for more than half of the total number of the property owners at property owners' meetings, although the establishment of property owners' associations is not compulsory for any type of properties. According to the Interpretations of the Supreme People's Court on Issues Relating to Application of Laws for Trial of Property Management Service Dispute Cases (《最高人民法院關於審理物業服務糾紛案件具體應用法律若干問題的解釋》) (the "**Interpretations**"), a preliminary property management service contract entered into between a property developer and a property management service company in accordance with the PRC laws and regulations is legally binding on the relevant property owners. According to the Interpretations, where any property owner contends that the preliminary property management service contract is not applicable on the ground that he/she is not a party to the contract, the relevant People's Court shall not uphold such claim. According to the Regulations on Property Management, a sales contract concluded by a property developer and a property buyer shall include the contents stipulated in the relevant preliminary property management service contract. Therefore, as advised by our PRC Legal Advisor, DeHeng Law Offices, the preliminary property management service contracts entered into with property developers in compliance with the aforementioned regulations are legally binding on the relevant future property owners as the property sale and purchase agreements that property owners enter into with property developers shall include the content of the preliminary property management service contracts. In cases where we have signed preliminary management contracts without fixed terms, according to PRC laws, property owners are legally obligated to pay property management fees directly to us for the services we continue to render as the preliminary property management services contracts remain binding on them even if they are not parties to such contracts until a property owners' association is formed and enters into a new property management service contract with us and such new contract becomes effective. As advised by our PRC Legal Advisor, DeHeng Law Offices, under PRC law, we are not required to enter into a property management contract with property owners prior to the formation of a property owners' association. Nevertheless, when the property developers deliver properties to property owners and before a property owners' association is formed, while the preliminary property management service contracts remain legally binding on the relevant property owners and govern the contractual relationship between the property owners and us, we typically enter into separate agreements with the property owners that contain substantially similar terms as those in the preliminary property management service contracts with a view to highlighting their legal obligations. After a property owners' association is formed, we typically separately enter into a property management service contract with the property owners' association (on behalf of the property owners), which becomes the master agreement that is legally binding on the property owners and governs the contractual relationship between the property owners and us. In practice, we use the preliminary property management service contracts entered into with the property developers and the property management service contracts entered into with the property owners' association to manage our contractual relationship with the property owners, and to determine property management fees, payment schedule and other rights and obligations of the parties. In addition, according to the Regulations on Property Management, where there is only one owner, or where there are a few owners and they all agree not to form the property owners' general meeting, the owner(s) shall (jointly) perform the duties of the property owners' general meeting and the property owners' association, such as entering into a property management service contract with a property management service provider.

As of June 30, 2020, 16 residential communities under our management had established property owners' associations, accounting for approximately 7.0% of the total number of residential communities under our management. The property owners' associations are independent from us. In order to secure and continue to secure property management service contracts, we must consistently provide quality services at competitive prices. According to the Regulations on Property Management, property owners may hire or dismiss property management service providers by votes from more than half of the property owners who own over half of the GFA of delivered properties at the property owners' meeting. The property owners' association may either hire a new property management service provider through the tender and bidding process or select one based on specific standards regarding terms and conditions of service, quality and price. Please refer to "Regulatory Overview—Laws and Regulations Relating to Property Management Services and Other Related Services—Appointment of Property Management Enterprises."

Key Terms of Dealing with Property Owners

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

- *Scope of services*. Under a typical contract with a property owners' association, we provide general property management services, including, among others, repair and maintenance of public facilities and equipment, maintenance of common areas, greening, gardening, cleaning, security, fire control and emergency response. If the property owners or residents request other services, such as parking and maintenance of properties, they will sign separate service contracts with us. In addition, we may also agree to collect utility charges from property owners and residents on behalf of utility companies. We may outsource certain services to qualified sub-contractors.

- *Property management fees*. The contract sets out the amount of property management fees. Property owners and residents are responsible for paying the property management fees, which shall be proportional to the size of the GFA they occupy. If the property owners and residents request other services not covered within our general scope of services, they shall also pay service fees either as separately agreed under the relevant agreements entered into between property owners and residents and us or as set out in the standard fee schedules applicable to the specific communities. Property owners and residents contribute to the public funds reserved for the repair and maintenance of public facilities and common areas. If we have agreed to manage car parks, the property management service contract will also detail the fees payable for such services. Property owners and residents pay surcharges at a fixed percentage of the overdue amount for overdue property management fees.

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

- *Sub-contracting*. We are allowed to outsource part of the property management services to sub-contractors but we are responsible for the performance of our sub-contractors.

- *Terms and termination*. These contracts typically have a duration of three years. Generally, these contracts may be terminated by mutual consent and do not provide either party with a unilateral termination right prior to the expiration date.

- *Dispute resolution*. Parties are typically required to resolve any contractual disputes through negotiations or mediations first before resorting to court proceedings or arbitration.

Our Pricing Policy

We generally price our services based on a number of factors, including (i) the type and location of the property, (ii) the scope and standard of our services, (iii) our estimated expenses, (iv) our target profit margin, (v) the profile of property owners and residents, (vi) local government's guidance price on property management fees (where applicable), and (vii) the pricing of comparable properties. For more details, please refer to the section entitled "Risk Factor—Risks Relating to Our Business and Industry—We are susceptible to changes in the regulatory landscape of the PRC property management industry" in this prospectus. Under the property management service contracts, if we want to raise the property management fees, we need to publicize the fee adjustment plan, adjustment reasons, changes of costs and other relevant information. In addition, we need to negotiate with the property owners' associations and obtain consent from property owners' meetings. If the property owners' general meeting and the property owners' associations have not yet been established, we need to obtain the affirmative votes of owners who own more than half of the GFA of the community and who account for more than half of the total number of the property owners.

The relevant price administration department and construction administration department of the State Council are jointly responsible for the supervision over and administration of the fees charged in relation to property management services, and such fees may need to refer to government guidance prices. Please refer to the section entitled "Regulatory Overview—Laws and Regulations Relating to Property Management Services and Other Related Services—Fees Charged by Property Management Enterprises" in this prospectus.

In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, the average property management fees we charged for residential properties were approximately RMB1.4 per sq.m./month, RMB1.5 per sq.m./month, RMB1.6 per sq.m./month, RMB1.5 per sq.m./month and RMB1.6 per sq.m./month, respectively.

In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, the average property management fees we charged for residential properties developed by RiseSun Development Group were approximately RMB1.4 per sq.m./month, RMB1.5 per sq.m./month, RMB1.6 per sq.m./month, RMB1.5 per sq.m./month and RMB1.6 per sq.m./month, respectively. In 2018, we began to expand our business to manage properties developed by Independent Third Party property developers. In both 2019 and the six months ended June 30, 2020, the average property management fees we charged for residential properties developed by Independent Third Party property developers were approximately RMB1.6 per sq.m./month. In the six months ended June 30, 2019, we did not manage any residential property developed by Independent Third Party property developers.

Payment and Credit Terms

We charge property management fees on an annual, quarterly or monthly basis. Property management fees are due for payment by customers upon the issuance of a demand note. We generally do not grant credit terms to customers for the property management fees we charge. For details about our accounting policies regarding trade receivables, please refer to "Financial Information—Certain Significant Accounting Policies, Estimates and Judgments—Trade Receivables" in this prospectus.

To the extent permitted by relevant laws and regulations, we charge property owners at the properties in some cities that we manage utility fees for water and electricity consumed by public facilities, public equipment and in common areas in proportion to the GFA occupied by them in addition to the agreed property management fees.

We primarily accept payments for property management fees through online transfers or third party platforms such as WeChat Pay and Alipay. Property owners and residents can also make payments through "Rice Community (米飯公社)" or scanning of QR code. After the property management fees become overdue, we generally remind our customers of the outstanding amount by sending text messages or conducting phone calls. For a customer who fails to pay after three phone calls, we may visit the customer in person to ask for the payment. If the outstanding fees remain unpaid six months after the original due date, we may issue a demand letter through attorneys via registered mail or express courier, and if the outstanding fees remain unpaid one year after the original due date, we may file a lawsuit against such customer to claim the outstanding amounts.

VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

We provide a wide spectrum of value-added services to non-property owners, primarily property developers through different phases of the property development and sales process. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our revenue generated from our value-added services to non-property owners amounted to approximately RMB198.6 million, RMB267.6 million, RMB431.8 million, RMB166.5 million and RMB250.6 million, respectively, accounting for approximately 27.1%, 29.7%, 33.7%, 29.9% and 32.8% of our total revenue for the same periods, respectively.

The table below sets forth a breakdown of our revenue from value-added services to non-property owners by service type for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Property engineering services	122,807	61.9	143,814	53.7	211,587	49.0	76,940	46.2	110,155	43.9
Sales assistance services	63,040	31.7	98,922	37.0	158,091	36.6	63,443	38.1	90,364	36.1
Other services[(1)]	12,786	6.4	24,819	9.3	62,091	14.4	26,115	15.7	50,079	20.0
Total	**198,633**	**100.0**	**267,555**	**100.0**	**431,769**	**100.0**	**166,498**	**100.0**	**250,598**	**100.0**

Note:

(1) Including preliminary planning and design consultancy services, property delivery services and after-sales services.

For our value-added services to non-property owners, the credit terms of trade receivables vary according to the terms agreed with customers, normally ranging from 0 to 30 days.

Property Engineering Services

We provide property engineering services to property developers on an as-needed basis. We carry out small-scale building works, primarily including community security system installation, power connection and distribution lines and signage installation, project dewatering and construction site fence installation and also provide engineering consulting services. We offer these services either by our own staff or through sub-contractors. We generally charge our fees based on a markup on top of the costs incurred for our services on a per-transaction basis based on the scope and work schedule of the project, which markup varies among different types of property engineering services, depending on the amount of construction materials and manpower involved. Our overall markup for property engineering services ranged from 4.0% to 10.9% during the Track Record Period.

Sales Assistance Services

We may be engaged by property developers under service agreements to provide sales assistance services. Pursuant to the agreements, we deploy staff on-site to assist property developers in carrying out marketing activities, and provide services related to the cleaning, security, maintenance and management of the display units. Under our sales assistance service agreements, we are obligated to follow the service standards specified by our customers, while our customers are obligated to provide us with the facilities and equipment necessary to provide our services. We provide our sales assistance services through our own employees and sub-contractors. We have implemented quality standards for our sales assistance services and regularly assess the quality of such services. Our sales assistance service contracts generally have a term of up to one year and can be renewed by our customers upon prior notice. We typically charge a fixed fee for the provision of sales assistance services for the contract term which is payable by customers on a quarterly basis. Such fee is determined on a cost plus basis by taking into consideration factors such as the nature and scope of the services, the headcount and positions of the staff we deploy and the size, location and positioning of the properties involved. We generally charge our fees based on a markup typically ranging from 13.0% to 17.0% on top of the costs incurred for our services.

Other services

Preliminary Planning and Design Consultancy Services

We provide preliminary planning and design consultancy services to property developers during the planning and construction stages and assess the projects to make sure that property, facility layouts, building design and construction quality meet the requirements of property management and the needs of targeted property owners and residents. We provide preliminary planning and design consultancy services to property developers from the perspective of property management with respect to property development site selection, positioning, preliminary planning and design, engineering and construction. Property developers engage us for such services to improve their own project design and performance more from the end users' perspective as we have closer access to property owners and residents' needs and requirements through our provision of property management and community value-added services on a daily basis and we possess the operating data of property facilities throughout the management of the projects. Our preliminary planning and design consultancy services involve on-site consulting during construction to facilitate the understanding of the needs of end-users of properties, so that property developers may design buildings that conform as much as possible to expected standards. We will participate in the creation and review of blueprints and other construction planning documents. The scope of our assessment covers individual units, common areas and facilities and landscapes. During construction, we will conduct on-site inspections from time to time and follow up on any quality issues we may find from the property management service provider's perspective.

Since 2020, we expanded our service scope to cover smart community designing during the planning stage of property development. We started to offer such services in response to increased customer demand in view of the trend of adopting smart-living technologies in property planning and development. We provide smart community designing services to property developers who expect to use our property management expertise to refine their property project designs, including but not limited to the design of smart access control systems, security patrolling systems, public facilities monitoring systems and car park management systems. For our preliminary planning and design consultancy services, we generally charge our fees by GFA and a unit fee per sq.m. typically ranging from RMB2.0 to RMB5.0, taking into account the nature and scope of the specific project and the services provided.

Property Delivery Services

We provide property delivery services to property developers. We provide pre-delivery cleaning services by cleaning the units for property developers to make the properties suitable for delivery and improve their customer satisfaction rate. We also provide pre-delivery inspection services by conducting on-site examination and undertaking various tests to detect potential defects, focusing on the functionality, quality and design of the properties that will likely affect property owners' satisfaction and the properties' suitability for delivery. In addition, for the upcoming property management services that will be provided after the property delivery, we conduct preparatory work which includes business registration and other related procedures, personnel training and procurement of equipment and materials used for our daily operation. Moreover, when the property developers deliver the properties to their customers, we will also provide on-site assistance to facilitate the smooth property delivery. We offer our property delivery services through our employees and sub-contractors. We typically collect fees for such services by charging a lump sum fee pursuant to relevant service agreements. For our property delivery services, we generally enter into service agreements and charge our fees by GFA and price per sq.m. We typically charge RMB2.5 per sq.m. to RMB5.5 per sq.m. for pre-delivery cleaning services, RMB5.0 per sq.m. for pre-delivery inspection services and RMB6.0 per sq.m. for preparatory work.

After-Sales Services

We provide after-sales services to property developers with a focus on ensuring the quality of the properties sold, which mainly include housing repair services. In case of any quality issues and defects, such as leaks and wall cracks, on newly completed residential and non-residential properties upon delivery, the property developer would liaise with us for our housing repair services. In 2017 to 2019, we also provided sales services to property developers where we helped them market and sell unsold parking spaces after their delivery of newly completed properties. We generally charge our fees based on a markup on top of the costs incurred for our services. Our markup varies depending on the mix of services provided which typically ranges from 10.0% to 40.0%.

COMMUNITY VALUE-ADDED SERVICES

In order to improve the community living experience of owners and residents in the properties under our management and create more value for our services, we provide a wide variety of community value-added services to property owners and residents. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our revenue generated from community value-added services amounted to approximately RMB74.8 million, RMB81.6 million, RMB147.1 million, RMB61.1 million and RMB70.1 million, respectively, representing 10.2%, 9.0%, 11.5%, 11.0% and 9.2% of our total revenue for the same periods, respectively. Our community value-added services primarily consist of home-living services and property space management services.

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

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Home-living services	54,409	72.7	50,001	61.3	105,300	71.6	35,545	58.2	51,613	73.6
Property space management services	20,428	27.3	31,595	38.7	41,752	28.4	25,524	41.8	18,497	26.4
Total	**74,837**	**100.0**	**81,596**	**100.0**	**147,052**	**100.0**	**61,069**	**100.0**	**70,110**	**100.0**

Home-Living Services

We offer home-living services to property owners and residents with a focus on their daily needs. The main home-living services we provide include:

- *Community retail and commercial procurement services.* We offer a variety of selected consumer goods via offline convenience stores, as well as online shopping platforms with delivery services. As of June 30, 2020, we had a total of 35 offline convenience stores which were located in the communities under our management. In the six months ended June 30, 2020, these offline convenience stores facilitated approximately 321,580 transactions and the total volume of sales was approximately RMB14.0 million. Our online retail service module within "Rice Community (米飯公社)" mobile application, "Rice Mall (米飯商城)," offers a wide range of products. We also established online chat groups in "Rice Mall (米飯商城)", from which our property owners and residents can place orders at discounted prices and select our delivery services. In the six months ended June 30, 2020, "Rice Mall (米飯商城)" facilitated more than 27,000 transactions and the total volume of sales was approximately RMB6.9 million. In addition, leveraging our ability to source products from suppliers at discounted prices through bulk purchases, we provide commercial procurement services to other companies. We primarily procure office supplies, cleaning supplies, food and beverage, and labor protection supplies for companies engaged in property development, construction, and security and cleaning service businesses. We purchase products from suppliers with wholesale prices and generate profit from the difference between the wholesale price offered by the supplier and the price we charge to the customers. Our markup varies depending on the types of the products and market prices.

- *Home repairs, maintenance and housekeeping services*. Our home repairs, maintenance and housekeeping services mainly include household cleaning services and repair and installation of home appliances and fixtures. We offer these services either by ourselves or through sub-contractors. We directly work with property owners and residents who request such services and charge property owners and residents for our services in according to pricing schedules, which may vary depending on the properties.

Property Space Management Services

We provide property space management services to property owners and residents, which primarily include:

- *Turnkey furnishing services*. We provide turnkey furnishing services to property owners and residents, which help them create a move-in ready residence and improve property value through enhancement of interior decoration. We enter into collaboration agreements with third-party merchants and make available of their products and services, primarily including furniture, home appliances, construction materials, accessories and decoration services, to property owners and residents. Based on the orders received from property owners and residents, the merchants will make deliveries to them through our coordination. Pursuant to the collaboration agreements, we charge referral fees from the merchants at a percentage of their sales price.

- *Property brokerage services*. We provide property brokerage services to property owners that involve assisting in the searches for tenants or buyers, marketing and liaising and coordination with potential tenants or buyers. Leveraging the active engagement and close relationships with the residents that we have nurtured through our property management operations, we have access to potential property buyers with proven purchasing power, through which we are positioned to help property sellers maximize the value of their properties. Once potential tenants or buyers are accepted by the property owner, we will help guide the property owner to close the sale or lease transaction. We generally charge service fees on a fixed rate calculated as a percentage of sale price or rental according to the contract associated with the property brokerage services between the property owner and us. Under PRC law, a company engaged in property brokerage services shall complete filings with competent local authorities and shall meet certain conditions as necessary to carry out its business. For further details, please refer to "Regulatory Overview—Laws and Regulations Relating to Property Management Services and Other Related Services—Regulations on Real Estate Brokerage Business." As advised by our PRC Legal Advisor, DeHeng Law Offices, we have completed all requisite filings with competent local authorities in order to carry out our property brokerage services.

In 2017 and 2018, we entered into commercial arrangements with owners of certain retail units and car parks, pursuant to which we leased those retail units and car parks and held them for rental income. Under these commercial arrangements, we agreed to lease such retail units and car parks for a period ranging from five to ten years and to pay rents to their owners at a pre-determined amount each year. We sub-leased those retail units and car parks and collected rental income or interest income on finance lease. In addition, we purchased certain retail units and acquired the use rights of certain car parks from RiseSun Development Group and held them for capital appreciation. Please refer to "Financial Information—Description of Certain Consolidated Balance Sheet Items—Investment Properties" for further details.

EFFECTS OF THE COVID-19 OUTBREAK

Effects of the COVID-19 Outbreak on Our Business Operations

According to the data released on July 17, 2020 by the National Bureau of Statistics of China ("**National Statistics Bureau**"), China's GDP for the first half of 2020 decreased by 1.6% as compared with that of the first half of 2019. According to CIA, the PRC real estate market in general had been adversely affected in the short term as the COVID-19 pandemic curbed on-site sales and adversely affected consumer's willingness and power of property purchasing in China. During the six months ended June 30, 2020, the total GFA of buildings newly started construction in China amounted to 975.0 million sq.m., representing a decrease of 7.6% as compared to the corresponding period in 2019, according to CIA. During the same period, the total GFA of commodity properties transacted in China amounted to 694.0 million sq.m., representing a decrease of 8.4% as compared to the corresponding period in 2019, according to CIA.

Nevertheless, according to CIA, the China's real estate market has gradually recovered since April 2020 in line with the recovery of the national economy. In particular, investment into real estate development in the Bohai Economic Rim increased by 1.5% in the six months ended June 30, 2020 as compared to the corresponding period in 2019, according to CIA. According to CIA, the total GFA under management by property management service companies is expected to increase by 0.8% to 5.6 billion sq.m. as of June 30, 2020 as compared to December 31, 2019. On the basis of the above, it is expected that COVID-19 would not materially and adversely affect the property management industry in China.

Despite the outbreak of COVID-19, we achieved steady growth in terms of business scale and financial performance. Our GFA under management increased by 4.2% from 50.3 million sq.m. as of December 31, 2019 to 52.4 million sq.m. as of June 30, 2020. Our contracted GFA increased by 4.0% from 77.4 million sq.m. as of December 31, 2019 to 80.6 million sq.m. as of June 30, 2020. Apart from the increase in costs in purchasing of the preventive necessities, in the six months ended June 30, 2020, our revenue increased steadily by 37.4% to RMB764.9 million from RMB556.6 million for the same period in 2019, primarily due to the continued increase in our GFA under management as a result of our business growth.

To the best of our Directors' knowledge, as of the Latest Practicable Date, there had been no confirmed 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. To the best of our Directors' knowledge, as of the Latest Practicable Date, there had been seven confirmed cases of COVID-19 infection of residents in the properties managed by us. We have adopted a series of measures to minimize the implications. The residents in the affected communities were immediately put into home quarantine after these confirmed cases were discovered. We strictly followed the procedure promulgated by the local governments to cooperate with medical care personnel and local government officers and enhanced the entry and exit control and the overall management of the communities with confirmed cases, while offering additional services to the affected residents, such as grocery delivery and more frequent disinfection measures, to provide a convenient and secure living environment for our customers. The home quarantine was subsequently lifted after the officials determined that these confirmed cases did not cause further spread of the disease. Our business operations in the affected communities were not suspended or otherwise disrupted. Our Directors confirm that these confirmed cases among our residents did not cause any material disruption or adverse effect on our business operations.

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 sub-contractors 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, in view of the nature of our business, our Directors do not expect that our Group will encounter any material disruptions of our supply chain given that we do not rely on any particular service sub-contractors or material suppliers and there are many other readily available sub-contractors and suppliers in the market as backups. In view of the foregoing, our Directors are confident that our Group can continue to provide our services and discharge our obligations under existing contracts. In addition, our Directors believe that it creates an opportunity for us to further develop our online shopping platforms and delivery services and to establish a more bonded relationship with our residents since we also take extensive preventive measures to safeguard the hygiene of the community and the health of our residents during the outbreak, which may enhance our brand value and customer loyalty.

Unlike other industries such as retail and manufacturing which may be subject to extensive or even complete suspension of operations for a period of time as a result of the COVID-19 outbreak, given the nature of our business operations, our Directors are of the view that the risk of our Group having to suspend our operations is remote. Since the outbreak of COVID-19 and up to the Latest Practicable Date, our settlement of account receivables had been slightly slowed down as a result of the COVID-19 outbreak. Please refer to "Financial Information—Trade and Other Receivables and Prepayments—Trade Receivables" for further details. Other than that, we had not experienced any material difficulty in collecting property management fees from our customers. We do not expect to experience any material difficulty in collecting property management fees from our customers considering that property management fees would typically account for only a small portion of the household expenses of our residents. Since the outbreak of COVID-19 and up to the Latest Practicable Date, we had not experienced any delay in the provision of property management services due to delays in the delivery of properties by property developers. Since the outbreak of COVID-19 and up to the Latest Practicable Date, we had experienced delays in the provision of property engineering services for a period ranging from two to four months for 29 projects, all of which were developed by RiseSun Development Group, due to delays in the development of these properties. Notwithstanding such delays, we achieved rapid growth in revenue from our property engineering services due to the continued business expansion, which increased by 44.0% from RMB76.9 million in the six months ended June 30, 2019 to RMB110.2 million for the same period in 2020. Although the short-term demand for certain of our community value-added services, such as property brokerage services, had been affected by the outbreak of COVID-19, our revenue from community value-added services grew steadily as we continued to diversify service offerings and expand properties under management. Our revenue from community value-added services increased by 14.8% from RMB61.1 million in the six months ended June 30, 2019 to RMB70.1 million for the same period in 2020. Based on the above, our Directors are of the view that the COVID-19 outbreak has not resulted in, and is not expected to result in any material adverse effect on our operations and financial performance.

In the unlikely event that we are forced to reduce or suspend part of our business operations as a result of the COVID-19 outbreak, whether due to government policy or any other reasons beyond our control, our Directors are of the opinion that, after taking into account the financial resources available to us including the estimated net proceeds of the Global Offering and our expected cash generated from operating activities, we will have sufficient working capital to satisfy our requirements for at least the next 12 months following the date of this prospectus. We also estimate that, in the unlikely event mentioned above and based on the assumptions below, our Group will remain financially viable for approximately 20 months. Our key assumptions of the worst case scenario where our business is forced to be suspended due to the impact of COVID-19 include: (i) all of our operations would cease; (ii) no revenue would be generated; (iii) staff cost would be reduced to 50% to 60% of the usual level; (iv) only 10% of the net proceeds from the Global Offering can be used for general business operations and working capital purposes; (v) there would be no dividend payment; and (vi) trade and other receivables would be settled based on historical settlement pattern, and trade and other payables would be settled as they fall due.

The abovementioned extreme situation may or may not occur. The abovementioned analysis is for illustrative purpose only and our Directors currently assessed that the likelihood of such situation is remote. The actual impact caused by the outbreak of COVID-19 will depend on its subsequent development. Therefore, it is possible that such impact to our Group may be out of our Director's control and beyond our estimation and assessment.

Our Contingency Plan and Response towards the COVID-19 Outbreak

In response to the COVID-19 outbreak, we have implemented a contingency plan and adopted enhanced hygiene and precautionary measures across our projects, including visitor and vehicle control, routine common area disinfection, frequent patrolling, intrusion alarm, infrared somatosensory recognition, health QC code and other modern technological means. As of the Latest Practicable Date, we incurred aggregate costs for implementing these enhanced measures of approximately RMB1.9 million. This mainly represents the material costs for masks, ethanol hand wash, disinfectants and infrared thermometers. Our Directors expect that the additional costs associated with the enhanced measures would not have a significant impact on our financial position for the year ending December 31, 2020.

Effects of the COVID-19 Outbreak on Our Business Strategies

Currently, it is one of our business strategies to further expand our business scale and solidify our market position in the PRC. According to CIA, the outbreak of COVID-19 is expected to cause certain short-term economic slowdown and certain extent of impact on the property market in China but it will unlikely disrupt the regional macroeconomic development plan and talent recruitment plan in the long term in China, and given the continuous rise in the urban population and urbanization rate in China, it is expected that the demand for residential and commercial properties will remain high even in the event of a prolonged outbreak of COVID-19 and adoption of further measures by the PRC government to curb the spread of COVID-19, and once the outbreak is effectively controlled, the policies and restrictions imposed by the government will be gradually eased and the outlook for demand of residential and commercial property management services in China will remain positive. We therefore believe that our expansion plan as discussed in "—Business Strategies" is feasible, and it is unlikely that we would change the use of the net proceeds from the Global Offering as disclosed in "Future Plans and Use of Proceeds" in this prospectus as a result of the COVID-19 outbreak.

OUR STRATEGIC BUSINESS RELATIONSHIP WITH AND RELIANCE ON RISESUN DEVELOPMENT GROUP

Overview

As detailed under "—Competitive Strengths—Strategic Business Relationship With RiseSun Development Group and Fast-Growing Business Development Capabilities," we have maintained a long-standing strategic business relationship with RiseSun Development Group, which lays a firm ground for our sustainable and rapid growth. We have been contracted to manage the properties developed by RiseSun Development Group since 2000. During the Track Record Period, we were initially engaged to provide property management services to all of the properties developed by RiseSun Development Group. As of the Latest Practicable Date, except for certain holiday resort properties as detailed in the "Relationship with Controlling Shareholders" section, we were managing 99.8% of the properties developed by RiseSun Development Group during the Track Record Period, while the rest consists of one property that we voluntarily terminated managing with a view to optimizing our property management portfolio. Please refer to "Relationship with Controlling Shareholders—Delineation of Business—Holiday Resort Management Services" and "—Property Management Services—Growth of Our Property Management Service Portfolio" for further details.

During the Track Record Period, we provided property management services and value-added services to non-property owners to RiseSun Development Group and its associates. RiseSun Development Group and its associates were our single largest customer during the Track Record Period. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our revenue derived from services provided to RiseSun Development Group and its associates amounted to RMB220.5 million, RMB280.0 million, RMB498.7 million, RMB181.0 million and RMB304.0 million, respectively, accounting for approximately 30.1%, 31.1%, 38.9%, 32.5% and 39.8%, respectively, of our total revenue. During the Track Record Period, a significant portion of our revenue from property management services was derived from properties developed by RiseSun Development Group, which accounted for 100.0%, 99.9%, 99.8%, 99.9% and 99.3%, respectively, of our revenue from property management services in 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020.

While maintaining our long-standing cooperation with RiseSun Development Group, with a view to diversifying our customer base, we began to expand our business to manage properties developed by Independent Third Party property developers by leveraging our well-established market position and brand awareness since 2018.

The tables below set forth a breakdown of our GFA under management and contracted GFA by source of projects as of the dates or for the periods indicated:

	As of December 31,									As of June 30,					
	2017			2018			2019			2019			2020		
	GFA under management		Number of properties	GFA under management		Number of properties	GFA under management		Number of properties	GFA under management		Number of properties	GFA under management		Number of properties
	'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%	
Properties developed by RiseSun Development Group[(1)]	36,208	100.0	177	41,570	100.0	204	50,051	99.5	253	44,279	99.9	221	51,649	98.6	261
Properties developed by Independent Third Party property developers	–	–	–	6	0.0	1	254	0.5	8	33	0.1	2	756	1.4	11
Total	**36,208**	**100.0**	**177**	**41,576**	**100.0**	**205**	**50,305**	**100.0**	**261**	**44,312**	**100.0**	**223**	**52,405**	**100.0**	**272**

	As of December 31,									As of June 30, 2020		
	2017			2018			2019					
	Contracted GFA		Number of properties	Contracted GFA		Number of properties	Contracted GFA		Number of properties	Contracted GFA		Number of properties
	’000 sq.m.	%		’000 sq.m.	%		’000 sq.m.	%		’000 sq.m.	%	
Properties developed by RiseSun Development Group(1)	56,839	100.0	253	63,222	99.7	282	74,756	96.5	341	76,835	95.4	351
Properties developed by Independent Third Party property developers	–	–	–	213	0.3	1	2,684	3.5	20	3,738	4.6	29
Total	**56,839**	**100.0**	**253**	**63,435**	**100.0**	**283**	**77,440**	**100.0**	**361**	**80,573**	**100.0**	**380**

Note:

(1) Refers to properties solely developed by RiseSun Development Group and properties that RiseSun Development Group jointly developed with other property developers in which RiseSun Development Group held a controlling interest.

Mutually Beneficial and Complementary Relationship with RiseSun Development Group

Our Directors are of the view that the business relationship between our Group and RiseSun Development Group is mutually beneficial and complementary and presents a sustainable business model due to the following reasons:

(i) Our stable cooperation with and reliance on RiseSun Development Group are in line with industry norm and are sustainable

According to CIA, it is common that property management service providers generate a significant portion of revenue from projects developed by affiliated property developers. It is common in the industry, according to CIA, that property management service providers have a close business relationship with property developers under the same ultimate controlling shareholders. Therefore, we believe our cooperation with and reliance on RiseSun Development Group are in line with industry norm.

In addition, we expect that the extensive property pipeline of RiseSun Development Group would lay a concrete foundation for our sustainable growth. According to the 2020 interim report of RiseSun Development Group filed with the Shenzhen Stock Exchange, as of June 30, 2020, RiseSun Development Group had a total land bank of approximately 40.4 million sq.m. As of June 30, 2020, we were contracted to manage 351 property projects developed by RiseSun Development Group, consisting of 261 projects under management with an aggregate GFA under management of 51.7 million sq.m. and 90 contracted but undelivered projects with an aggregate contracted GFA of 25.2 million sq.m. Among these contracted but undelivered projects, 27 projects with an aggregate contracted GFA of 14.2 million sq.m. located in 15 cities are expected to be delivered to us in the year ending December 31, 2020, and 63 projects with an aggregate contracted GFA of 11.0 million sq.m. located in 27 cities are expected to be delivered to us after 2020. Such delivery schedule is subject to changes, as it relates to the subsequent developments of RiseSun Development Group and its actual delivery to us, which are beyond our control.

We have entered into a number of agreements with RiseSun Development Group in connection with certain transactions that will constitute continuing connected transactions under Chapter 14A of the Listing Rules after the Listing. Among other things, we agreed to provide certain property management services to RiseSun Development Group and its associates for a term commencing from the Listing Date to December 31, 2022. For details of these transactions and their annual caps for the three years ending December 31, 2022, please refer to “Connected Transactions” in this prospectus.

*(ii) **Our competitive advantages over competitors as we have been the preferred service provider by RiseSun Development Group***

According to CIA, high quality property management services enhance client satisfaction and the market reputation of property developers for their developed properties. Thus, property developers tend to select and work closely with well-resourced property management companies that have a comprehensive range of services. Over years of cooperation, our Group and RiseSun Development Group have developed a mutual and deep understanding of each other's business operations and shared a similar service philosophy. Our long-standing relationship and established track record of providing services to RiseSun Development Group have led to our familiarity with the standards and requirements of RiseSun Development Group, which has enabled us to reduce communication costs, build mutual trust and constantly provide high quality services to property owners and residents that meet RiseSun Development Group's stringent demands and requirements for property management services, which in turn add value to the marketability of the properties developed by RiseSun Development Group, while allowing us to reinforce our existing market position and enhance our competitiveness in the PRC property management industry.

During the Track Record Period, our tender success rate for properties developed by RiseSun Development Group was 100%. During the Track Record Period, we were initially engaged to provide property management services to all of the properties developed by RiseSun Development Group. As of the Latest Practicable Date, except for certain holiday resort properties as detailed in the "Relationship with Controlling Shareholders" section, we were managing 99.8% of the properties developed by RiseSun Development Group during the Track Record Period. We believe that our relatively high tender success rate for properties developed by RiseSun Development Group was primarily attributable to (i) our service capabilities in relation to a wide variety of property types; (ii) our history of collaboration with RiseSun Development Group, which has built trust in our services and reduced costs related to communication and coordination; and (iii) mutual understanding as to each other's quality standards and business operations, enabling us to provide services tailored to the values and needs of RiseSun Development Group. Our high retention rate during the Track Record Period also led to RiseSun Development Group relying on our support to promote their brand image by continuously delivering quality property management services to property owners and residents of its developed properties.

As it is commercially beneficial for both RiseSun Development Group and our Group to maintain a stable business relationship, our Directors consider that our business relationship with RiseSun Development Group is unlikely to be terminated or materially or adversely changed. Going forward, in light of such mutually beneficial and complementary business relationship, and considering that we have been managing substantially all of the properties developed by RiseSun Development Group and the amount of time and efforts required to identify and engage a new service provider with comparable experience and ability to provide services of comparable standard and scope, we believe our competitive advantages distinguish us from our competitors and we will continue to secure future engagements from RiseSun Development Group, and it would be difficult for RiseSun Development Group to select and engage a new service provider to replace us.

In light of the above, our Directors consider that our relationship with RiseSun Development Group is mutually beneficial and complementary. Going forward, we expect that properties developed by RiseSun Development Group will remain a primary source of our property management portfolio.

Our Fast-Growing Capabilities to Expand Cooperation with Independent Third Parties

Leveraging our extensive industry experience and brand recognition, we also endeavor to expand business cooperation with Independent Third Party customers. We continuously prepare bids and seek opportunities to enter into the tender and bidding processes held for properties developed by Independent Third Party property developers. During the six months ended June 30, 2020, we participated in five tender and bidding processes for properties developed by Independent Third Party property developers and achieved a tender success rate of 80.0%, which was significantly higher than that of 33.3% in 2019. To better explore and capture market opportunities, we established a business development department in November 2018 to oversee and facilitate the collaboration with Independent Third Party property developers. We continue to recruit professional staff to expand our business development department. We have also established an internal incentive and evaluation system through which we provide incentives to employees based on evaluation of their business development performance. Furthermore, we seek to expand cooperation with Independent Third Parties through multiple approaches, such as offering property management consultancy services, establishing joint ventures with Independent Third Party property developers and acquiring or investing in other property management companies. See "—Business Strategies—Further expand our business scale and market share" for details. While properties developed by RiseSun Development Group have remained an important source of our property management portfolio, the proportion of properties developed by Independent Third Party property developers in our property management portfolio increased during the Track Record Period since we began to expand our cooperation with Independent Third Party property developers. Such proportion of our GFA under management increased from nil as of December 31, 2017 to 0.5% as of December 31, 2019 and further increase to 1.4% as of June 30, 2020, and such proportion of our contracted GFA increased from nil as of December 31, 2017 to 3.5% as of December 31, 2019 and further increase to 4.6% as of June 30, 2020. Subsequent to June 30, 2020 and as of the Latest Practicable Date, we were contracted to manage additional properties developed by Independent Third Party property developers with a contracted GFA of approximately 0.6 million sq.m., accounting for approximately 7.0% of the aggregate contracted GFA we obtained during such period. According to CIA, for a property management company associated with a property developer, such property management company would typically be able to take advantage of its brand awareness and the experience accumulated from managing property projects developed by affiliated property developer to gradually reduce its reliance on the property developer and expand cooperation with Independent Third Parties.

We believe our extensive industry experience enables us to adapt to the features and conditions of various properties and to meet the differentiated requirements of Independent Third Party property developers. According to CIA, the demand of property developers for property management and value-added services is high, particularly for those property developers that do not have their own property management service teams to provide quality services matching the standard of the property projects they develop. We believe our revenue generated from properties developed by Independent Third Party property developers will continue to increase in the future.

Going forward, we plan to continue to leverage our strong operational capabilities, well-recognized brands and diversified service offering to expand our portfolio of properties developed by Independent Third Party property developers. Taking into account (i) our past achievements in seeking engagements from Independent Third Party property developers, including the increasing contracted GFA from Independent Third Party property developers as a percentage of our total contracted GFA and the increasingly higher tender success rate for properties developed by Independent Third Party property developers, (ii) our plan to expand collaboration with Independent Third Party property developers, as detailed under "—Business Strategies—Further expand our business scale and market share", and (iii) that the estimated annual caps for the continuing connected transactions with RiseSun Development Group have been arrived at by our Directors after considering certain factors which are considered to be reasonable and justifiable in the circumstances, as detailed under "Connected Transactions", our Directors are of the view, and the Sole Sponsor concurs, that our measures to reduce reliance on properties developed by the RiseSun Development Group are realistic and effective and we will be able to expand our cooperation with Independent Third Party customers, which would further reduce our reliance on RiseSun Development Group and diversify our customer base.

Purchases from Certain Associates of RiseSun Development Group

During the Track Record Period, we purchased products and services from certain associates of RiseSun Development Group. In 2017, 2018 and 2019 and the six months ended June 30, 2020, we purchased products from a number of associates of RiseSun Development Group, primarily including construction materials for our property engineering services and other miscellaneous products for our operations. Such purchases amounted to RMB2.1 million, RMB3.8 million, RMB11.7 million, and RMB6.4 million in 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively, accounting for approximately 0.3%, 0.5%, 1.1% and 1.2% respectively, of our total cost of sales. In 2019, we also purchased information technology services from another associate of RiseSun Development Group relating to the maintenance of our mobile applications, and we paid services fees of RMB5.3 million which were recorded as our administrative expenses. Please refer to "—Customers—Major Customers" and "Connected Transactions" for details of these transactions and their annual caps.

We believe our cooperation with RiseSun Development Group can bring mutual benefits to both parties and therefore our relationship is expected to remain stable. In the event that our relationship deteriorates in the future, we believe we can readily find competent providers of such products and services as substitute in the market without incurring material time and monetary costs. According to CIA, there are an abundant number of companies that provide products and services comparable to what we purchased from the associates of RiseSun Development Group on similar terms on the market. As a result, our Directors are of the view that we do not face the risk of reliance on RiseSun Development Group and its associates to provide such products and services given the readily available substitutes on the market.

Funding Arrangements with RiseSun Development Group during the Track Record Period

During the Track Record Period, as a subsidiary of RiseSun Real Estate Development, we had certain funding arrangements which were non-trade in nature with RiseSun Development Group. These funding arrangements included inter-company loans from and to RiseSun Development Group pursuant to the liquidity management of RiseSun Development Group to effectively utilize the cash flow generated from the daily operation of RiseSun Development Group as a whole.

In November 2016, through a commercial bank, RiseSun Real Estate Development provided a total amount of RMB1,050.0 million to us by way of entrusted shareholder's loans and then assigned such loans and interest receivables due from us to a third-party asset management company for the purpose of obtaining financing of RMB1,050.0 million by way of issuing asset-backed securities (the "**ABS**"). The ABS was secured by a pledge of our right to receive property management fees relating to certain projects under our management. As part of this financing arrangement, we also lent RMB1,000.0 million as inter-company loans to certain subsidiaries of RiseSun Real Estate Development for their operation needs. As of July 31, 2019, these loans and related interests had been fully settled, the ABS had been redeemed and the pledge provided by us under the ABS had been released. For further details of the ABS and its commercial rationale, please refer to "Financial Information—Description of Certain Consolidated Balance Sheet Items—Loans and Interest Receivables Due from Related Parties" and "Financial Information—Indebtedness" in this prospectus.

Other than the ABS-related financing arrangements, as of June 30, 2020, we also had non-trade receivables from or payables to RiseSun Development Group which included (i) loans and interest receivables from related parties of RMB15.4 million, (ii) other receivables from related parties of RMB109.8 million and (iii) other payables to related parties of RMB107.2 million. As of the Latest Practicable Date, loans and interest receivables from related parties had been fully settled. We expect to fully settle other receivables from and other payables to related parties prior to the Listing. For further details of these non-trade receivables from or payables to related parties, please refer to "Financial Information—Related Party Transactions and Balances—Balances with Related Parties" in this prospectus.

Our PRC Legal Advisor, DeHeng Law Offices, is of the view that the risk of us being penalized for these inter-company loan arrangements is remote under the General Lending Provisions (貸款通則), on the basis that (i) these loan arrangements are valid inter-company loans that are generally supported by the courts in the PRC under the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (最高人民法院關於審理民間借貸案件適用法律若干問題的規定) (the "**Private Lending Provisions**") which became effective on September 1, 2015 and was revised on August 20, 2020, and (ii) such loan arrangements did not violate any compulsory requirements under the PRC laws and regulations and the relevant principal and interests had been fully settled as of the Latest Practicable Date.

In addition, during the Track Record Period, we provided interest-free loans to certain Independent Third Party individuals for their purchase of properties. We entered into loan agreements with those individual borrowers primarily because such borrowers were or would be the property owners or residents of residential properties managed or to be managed by us, so it was considered convenient for us to liaise with the borrowers for the repayment of the loans. We have not generated any income or interest nor incurred any losses or expenses from providing such loans, and if we incur any losses or expenses, our Controlling Shareholders will indemnify us. The agreements we entered into with Independent Third Party individuals in relation to such loans typically contain the following terms: (i) *Term*: Typically in the range from one to three years; (ii) *Interest*: No interest if the borrower makes repayment on schedule; (iii) *Repayment*: The borrower shall make repayment by instalments in accordance with the agreed schedule; and (iv) *Dispute resolution*: Any dispute in connection with the agreement shall be submitted to the court. All funds of such loans were originated from, and all proceeds from repayment of such loans received by us were repaid to, RiseSun Development Group. Such loans were not recognized as assets in our consolidated statements of financial position. We have ceased providing such loans since May 2019 and assigned such loans to certain Independent Third Parties in December 2019. After the completion of such assignment in December 2019, our Group did not have any rights or obligations under such loans.

Our PRC Legal Advisor, DeHeng Law Offices, is of the view that our provision of these loans to Independent Third Party individuals did not violate any mandatory provisions of applicable PRC laws, regulations or departmental rules, on the basis that (i) the above loan arrangements are valid private lending under the Private Lending Provisions that are generally supported by the courts in the PRC; (ii) we have ceased providing such loans since May 2019, and all the rights and obligations in respect of such loans have been assigned to Independent Third Parties; and (iii) we obtained written confirmations from competent government authorities confirming that they did not consider our provision of such loans to Independent Third Party individuals constituted non-compliance of our Group in any material respect under relevant PRC laws and regulations and that no penalty had been imposed on our Group as a result of providing such loans. These written confirmations were issued by government authorities in charge of regulating the property management industry in the relevant regions, including bureau of housing and urban-rural development, bureau of housing security and real estate management, bureau of real estate, center of housing security, center of housing services, center of real estate management, committee of housing and urban-rural development and office of property management. As advised by our PRC Legal Advisor, DeHeng Law Offices, since we are not operating in the financial industry and the interest-free loans provided to Independent Third Party individuals were private loans, our provision of such loans does not fall under the jurisdiction of financial regulatory agencies and was only subject to the administration of the competent government authorities for the property management industry. Therefore, our PRC Legal Advisor is of the view that these government authorities are the competent authorities to issue such confirmations in relation to our interest-free loans provided to Independent Third Party individuals. In addition to these written confirmations, our PRC Legal Advisor has also conducted interviews with representatives of these competent government authorities. As advised by our PRC Legal Advisor, DeHeng Law Offices, the representatives attended the interviews were officers in charge of property management related issues at such competent government authorities. Therefore, our PRC Legal Advisor, DeHeng Law

Offices, is of the view that the interviewees from the relevant competent government authorities have appropriate authority to represent their respective competent government authorities to attend such interview and confirm on the contents of the written confirmations issued by such competent government authorities. In addition, our PRC Legal Advisor, DeHeng Law Offices, is of the view that the risk of such written confirmations issued by competent government authorities being challenged by higher authorities is remote, on the basis that (i) the competent government authorities which issued written confirmations are granted by higher level government authorities the authority to regulate the property management industry in their respective regions; (ii) higher level government authorities generally will not intervene in the management of property management industry by competent government authorities; and (iii) we have ceased providing such loans since May 2019 and have not received any penalty or investigation from the competent local government authorities or any higher level government authorities during the Track Record Period and as of the Latest Practicable Date as a result of providing such loans.

Our Directors confirm that going forward, we do not intend to enter into any funding arrangements which are non-trade in nature with our related parties. We have enhanced our internal control to ensure that our transactions with our Controlling Shareholders and their associates comply with applicable laws and regulations, including: (i) establishing connected transactions and cash management policies that require full compliance with the relevant laws, regulations and applicable listing rules on connected transactions and financial independence, and designating Mr. Xu Bin, our chief financial officer who is familiar with the relevant laws and regulations, to enforce our connected transactions policy and monitor our financial independence from related parties; (ii) conducting internal trainings for our Directors, members of senior management and certain employees on the relevant laws and regulations on connected transactions and financial independence; (iii) constantly monitoring the fund flow to and from our Controlling Shareholders and their associates; and (iv) regularly consulting external counsel to understand whether we are at risk of non-compliance with laws and regulations in relation to connected transactions and financial independence.

DIGITALIZATION, OPERATION AUTOMATION AND PROCEDURE STANDARDIZATION

To strengthen our competitiveness, reduce our reliance on manual labor and reduce costs, we focus on digitalization, operation automation and procedure standardization. We employ technological solutions to improve operational efficiency, ensure consistent service quality, help develop a scalable business model and alleviate the pressure of increasing labor cost.

- *Digitalization and Operation Automation*. In order to reduce our reliance on manual labor and improve our overall competitiveness, we strive to achieve digitalization and operation automation in our business operations. Specifically, our digital systems mainly include:

  o *Tianyan System (天眼系統)*. Our Tianyan System constantly supervises the service quality and operation status, and detect and report issues to regional companies for rectification. Through Tianyan System, staff from our headquarters and regional companies can remotely monitor key areas on our premises such as front desks and control rooms on a real-time basis through video surveillance. Our headquarters circulate an internal report on detected issues on a daily basis and request the relevant staff at regional companies to rectify within a specified time period. At the same time, we also conduct analysis on data collected from the system to improve our service quality.

- o *400 Call Center, Work Order Management System and "Rice Community (米飯公社)" mobile application.* Our 400 Call Center will immediately report customers' requests that it receives to our Work Order Management System. The Work Order Management System is equipped with a work order assignment function to assign the work orders and supervise the order status. The 400 Call Center and Work Order Management System are interconnected with our customer-end mobile application "Rice Community (米飯公社)" and staff-end mobile application "Rice Home (米到家)." We use the 400 Call Center and the Work Order Management System to keep track of the issues reported by customers and their resolution progress, so that we can further understand customer needs and monitor our operation results. We use customer comment function on "Rice Community (米飯公社)" mobile application and call back through the 400 Call Center to collect customers' feedback, and monitor our service quality.

- o *Tianwen System (天問系統).* Our Tianwen System facilitates our self-inspections, standardizes and guarantees the execution of patrolling activities, enhances the efficiency of staff management and helps managers get to know the status of the community in a timely manner. Management staff at our headquarters, regional companies and managed communities formulate patrolling schedules in the Tianwen System. In addition, project management directors and staff from our headquarters or regional subsidiaries or branches could submit patrol requests through the Tianwen System and supervise its real-time execution. Employees' daily patrolling is improved by supervising and conducting data analysis on request execution. Early detection and handling of defects is made possible through the reporting system, which in return reduces the reporting frequency of property owners and residents and enhances their level of satisfaction with our services. Our Tianwen System also monitors the fee collection from our customers, our inventory level and the procurement of consumables for our daily operations.

- o *FM Equipment Management System (FM設備管理系統).* Our FM Equipment Management System facilitates the daily inspection of the equipment, and monitoring and maintenance of equipment protection measures. It manages equipment online through their entire life-cycle, collects the operation status information of water supply, power supply, elevator and other equipment through the data interface and various sensors, and transmits the data to the big data center for processing and provide early warning through the network. It allows management personnel to detect equipment abnormalities and deal with them in a timely manner, effectively increasing the service life of the equipment.

- o *Space Operation System (空間運營系統).* Our Space Operation System collects and analyzes information relating to communal areas, community resources, suppliers, financial and other operational data to provide useful information for our decision-making and supervision process with respect to the management and allocation of community resources.

- o *Sales and Lease Operation System (租售業務系統).* Our Sales and Lease Operation System improves the efficiency of property sales and leasing transactions by leveraging the collective functioning of a "property dictionary" system and a "resident-property matching" system, which securely manage customer information and efficiently match supplies and demands of the properties.

- o *Retail Information System (零售思訊系統).* Our Retail Information System is an advanced information management system for retail chain operations. It consists of a monitoring system at our headquarters, which collects and analyzes information relating to procurement, marketing and promotion, membership, warehousing and others, and a system at each retail store, which facilitates in-store sales and collects information primarily relating to inventory, procurement and sales at the relevant store.

- o *Other Systems.* We also deploy other systems to automate our operations, including Smart Visitor Entry System (智能訪客進入系統), Carpark Entry and Exit Management System (停車場出入管理系統) and Community Smart Security System (社區智能安防系統). Our Smart Visitor Entry System offers a secure way for property owners and residents to control the door access on "Rice Community (米飯公社)" mobile application through Wi-Fi or bluetooth connection. Our Carpark Entry and Exit Management System reduces our reliance on on-site staff through automated identification of license plates, fee collection by scanning the QR code and remote monitoring. Our Community Smart Security System employs surveillance cameras on the community premises and infrared detection systems on fences and enclosure walls to ensure the security of the properties we manage.

- *Procedure Standardization*. We have standardized our property management services, such as environmental management, occupational health, safety management and quality management and other services involving interaction with customers, according to ISO 14001, OHSAS 18001 and ISO 9001 standards. We have formulated internal instruction books, policies and regulations to provide detailed guidance for the standards and procedures of our property management services. Our quality control staff has formulated a handbook to facilitate the implementation of our standards. We will provide systematic trainings for our property management staff to help them understand and comply with our standards and procedures.

The expenses we spent in connection with our digitalization, operation automation and procedure standardization during the Track Record Period primarily comprised expenses paid for procurement of software and equipment and maintenance. In 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, we spent an amount of RMB1.3 million, RMB1.6 million, RMB8.4 million, RMB3.1 million and RMB1.9 million, respectively, on digitalization, operation automation and procedure standardization.

OUR ONE-STOP OMNI-CHANNEL SERVICE PLATFORM

We operate mobile applications that synergize various services to optimize our business model, integrate different channels to interact with customers, and improve customer experience and serve as our one-stop omni-channel service platform.

Our one-stop omni-channel service platform primarily comprises our "Rice Community (米飯公社)" and "Rice Home (米到家)" mobile applications. Our one-stop omni-channel service platform helps integrate online and offline information and resources by applying the Internet of Things, cloud computing, mobile Internet, intelligent terminals and other information technologies. For example, entrance gates in our managed communities are embedded with intelligent terminal systems and connected to a secure network empowered by the Internet of Things technology, through which the property owners and residents can open the entrance gates on our "Rice Community (米飯公社)" mobile application and we can remotely monitor their operation and receive warnings of malfunction incidents. In addition, our one-stop omni-channel service platform utilizes cloud computing technology to centralize data storage and processing.

Our "Rice Community (米飯公社)" mobile application is designed for our customers, primarily the property owners and residents at our managed properties. Through "Rice Mall (米飯商城)," our online retail service module within "Rice Community (米飯公社)" mobile application, our customers can easily access products and services covering substantially all primary aspects of their daily lives. Our customer service centers are located among our customers and can provide product introduction and functional demonstration for "Rice Community (米飯公社)" and "Rice Home (米到家)." To support and monitor the transactions on our one-stop omni-channel service platform and to enhance our service quality, we operated "Rice Home (米到家)" mobile application for our employees, so that they can monitor the transaction flow, and communicate with and collect feedback from customers.

We launched our "Rice Community (米飯公社)" mobile application in January 2016, which is designed to meet the diverse demands of our customers and enhance user engagement. Our property management and community value-added services are connected to "Rice Community (米飯公社)" for our residents to easily access our services. As of December 31, 2017, 2018 and 2019 and June 30, 2020 and the Latest Practicable Date, the number of registered users on "Rice Community (米飯公社)" mobile application was approximately 236,200, 291,400, 483,400, 529,200 and 767,400, respectively. "Rice Community (米飯公社)" mobile application carries the following functions:

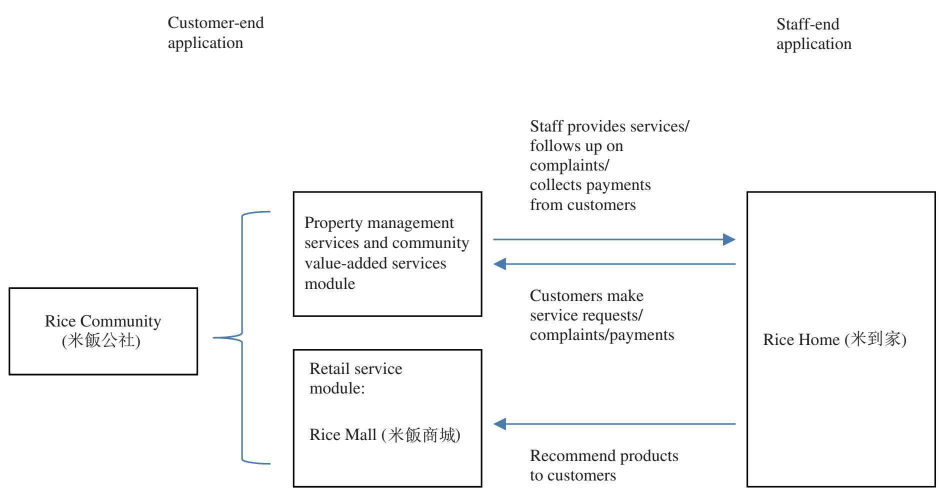
- Property management services, mainly including: (i) online payment (線上繳費): the property owners and residents can pay property management fees, review and track monthly fee statements and receive payment reminders from us; (ii) online request for repair and maintenance (線上報修): property owners and residents can request for repair and maintenance services and arrange repair logistics; (iii) community notices (物業公告): property owners and residents can get notifications related to the property management services in the community; (iv) report and feedback (投訴建議): property owners and residents can review the services on the mobile application; and (v) community activities (社區活動): property owners and residents can sign up for our community activities online and provide feedback afterwards;

- Community value-added services, mainly include: (i) services related to daily life, primarily including community group purchase and retail services through "Rice Mall (米飯商城)"; and (ii) services related to properties, primarily including property maintenance and repair services.

We launched our "Rice Mall (米飯商城)" in May 2018 to address the purchasing needs of property owners and residents. It is part of our comprehensive retail model, which integrates online shopping, offline convenience stores and home delivery services and provides a community retail experience with a full set of merchandise from multiple channels for customers to choose. As of the Latest Practicable Date, "Rice Mall (米飯商城)" offered over 2,200 stock keeping units, or SKUs, of products. The products sold by us on the "Rice Mall (米飯商城)" include daily consumer goods such as fresh food, rice, flour, oil, snack, home appliances and skin care product, fresh groceries such as fruit, vegetables and frozen meat and electronic products such as computers and mobile phones. Group purchases for these products are also available on "Rice Mall (米飯商城)." "Rice Mall (米飯商城)" also connects offline convenience stores in each community as the closest shopping channel to the residents. We offer customized products in the convenience stores to the residents based on their needs and preference. As of the Latest Practicable Date, our offline convenience stores offered more than 52,540 SKUs of products. Both our "Rice Mall (米飯商城)" and offline convenience stores accept returns of defective products and the third-party vendors are required to indemnify us for losses incurred due to such defective products supplied by them. Please refer to "—Quality Control—Quality Control over Third-Party Vendors" in this section. Our "Rice Mall (米飯商城)" also accepts unconditional returns or exchanges within seven days of purchase. For non-defective products, our offline convenience stores also accept returns if the returned products are resalable. During the Track Record Period, we did not encounter any large volume of returns from customers for "Rice Mall (米飯商城)" or our offline convenience stores. Meanwhile, we apply unified standards in product procurement, layout arrangement and store management. Leveraging our strong supply chain integration capability, we are able to obtain consumer supplies at discounted price, and we generate profit from the difference between the discounted price offered by the supplier and the price we charge to the customers. Relying on our online "Rice Mall (米飯商城)" and offline convenience stores, we aim to provide options for value-added services, guidelines for online and offline shopping and quality assurance for our customers.

Our "Rice Home (米到家)" mobile application enables our employees to manage and monitor our one-stop omni-channel service platform. "Rice Home (米到家)" provides users with the collection and query functions of property management fees, which optimizes the traditional offline transaction process and effectively promotes the collection rate of property management fees. Through our "Rice Home (米到家)" mobile application, our employees can observe the collection rate of property management fees and address the problems after the repair and maintenance service requests are received on the "Rice Home (米到家)" mobile application. Our employees can also monitor how the community facilities operate and perform maintenance services as needed. Our employees can supervise common facilities and the maintenance through "Rice Home (米到家)" mobile application, which facilitates daily inspection and maintenance of equipment throughout its life-cycle. Promotions of products on "Rice Mall (米飯商城)" are also available on "Rice Home (米到家)." Our "Rice Home (米到家)" provides users with a "life planner" ("生活規劃師") function, through which our employees can recommend affordable products to customers based on their varied needs and preferences.

The diagram below illustrates the functions and interaction of the mobile applications and modules within our one-stop omni-channel service platform:



We operate our one-stop omni-channel service platform through our headquarters. The functions of our one-stop omni-channel service platform mainly include: (i) selling goods (including food) and providing various services, the revenue generated from which is the result of sales of goods and services, not from providing paid Internet information services; and (ii) providing community social networking services for free. 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. Whether certain Internet information service is regarded as commercial or non-commercial, depends on whether the provision of Internet information is free or to be charged. For details, please refer to the section entitled "Regulatory Overview—Supervision on Internet Information Services" in this prospectus.

As advised by our PRC Legal Advisor, DeHeng Law Offices, (i) businesses conducted through our mobile applications are regarded as "non-commercial Internet information services" because we do not charge any fees for provision of the Internet information for services through our mobile applications; (ii) we have completed all material filings and registrations in respect of such businesses; (iii) a license for value-added telecommunication services is not necessary for providing non-commercial Internet information services; and (iv) our business is not subject to foreign ownership restrictions under relevant PRC laws and regulations.

Privacy and Security Protection

We value the privacy of our residents and users of our one-stop omni-channel service platform. We have access to an extensive volume of customer data during the course of business through the collection of customers' feedbacks from the properties we managed and our service platform. Such data includes customer basic background information such as name, gender and telephone number and address. Through the our service platform, we also collect product shopping data and social attribute data to have more thorough understandings of our customers. We present the terms and conditions to customers and obtain their prior consent before collecting their data. We treat all customer data in our possession as highly confidential. Our database is secured at multiple layers to prevent unauthorized access. We utilize a system of firewalls and also maintain a perimeter network to separate our external-facing services from our internal systems. All unnecessary access to our database is prohibited and selected information is displayed in anonymity to protect the private information. In addition, we carry out regular maintenance and firewall upgrades to ensure information stored is adequately protected.

Further, we put an emphasis on the compliance with relevant laws and regulations on data protection and privacy in our business operations and we seek to ensure the data that we accumulate is not misappropriated or misused. We are legally obligated not to disclose any data or other confidential information to any third parties without prior consent of our customers. We have strict internal policy on our employees' access to customer data depending on their positions and seniority. We will implement measures to comply with laws and regulations on data protection and privacy in jurisdictions outside of China when our business operation further expands into overseas markets.

We conduct reviews of our back-up systems to ensure that they function properly and are well maintained. We have also implemented a variety of protocols and procedures, such as regular system checks, virus prevention measures, password policy, server access logging, network access authentication, user authorization review and approval and data back-up, as well as data recovery test, to safeguard our data assets and prevent unauthorized access to our network. We continue to improve and enhance our data and system security through routine checks and timely upgrades to ensure the proper management of our operational data. Our Directors confirm that during the Track Record Period, there were no material incidents of security breach in respect of our data storage.

SALES AND MARKETING

Our sales and marketing team is primarily responsible for planning and developing our overall marketing strategy, conducting market research, coordinating our sales and marketing activities to acquire new customers and maintain and strengthen our relationships with existing customers. Our headquarters manages our overall sales and marketing strategies, while our regional subsidiaries and branches support the implementation of our sales and marketing activities within their respective regions.

In addition to maintaining our long term relationship with RiseSun Development Group, we will endeavor to expand our cooperation with Independent Third Party property developers. We implement various incentive measures to encourage our employees to obtain property management service contracts developed by Independent Third Party developers through analyzing and communicating with target customers in the real estate industry. In addition, we utilize various communication channels to advertise our services.

CUSTOMERS

We have a large, growing and loyal customer base primarily consisting of property developers, property owners and residents. The table below sets forth the types of our major customers for each of our three business lines.

Business line	Major customers
Property management services	Property owners and residents, property owners' associations and property developers
Value-added services to non-property owners	Property developers
Community value-added services	Property owners and residents

Major Customers

In 2017, 2018 and 2019 and the six months ended June 30, 2020, revenue derived from sales to our five largest customers amounted to RMB224.2 million, RMB288.7 million, RMB508.3 million and RMB311.0 million, respectively, accounting for approximately 30.6%, 32.0%, 39.6% and 40.7%, respectively, of our total revenue. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, revenue derived from sales to our single largest customer, RiseSun Development Group and its associates, amounted to RMB220.5 million, RMB280.0 million, RMB498.7 million, RMB181.0 million and RMB304.0 million, respectively, accounting for approximately 30.1%, 31.1%, 38.9%, 32.5% and 39.8%, respectively, of our total revenue. We have established business relationships with our five largest customers during the Track Record Period for more than five years on average. For more information on the typical terms of contracts we entered into with our five largest customers, please refer to "—Property Management Service Contracts" in this section.

RiseSun Development Group and its associates were also one of our suppliers during the Track Record Period. In 2017, 2018 and 2019 and the six months ended June 30, 2020, we purchased products from a number of associates of RiseSun Development Group, primarily including construction materials for our property engineering services and other miscellaneous products for our operations. Such purchases amounted to RMB2.1 million, RMB3.8 million, RMB11.7 million and RMB6.4 million in 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively, accounting for approximately 0.3%, 0.5% 1.1% and 1.2%, respectively, of our total cost of sales. In 2019, we also purchased information technology services from another associate of RiseSun Development Group relating to the maintenance of our mobile applications, and we paid services fees of RMB5.3 million which were recorded as our administrative expenses. Our Directors consider that our business relationship with RiseSun Development Group is unlikely to terminate or materially adversely change due to its mutually complementary nature. Please refer to "—Our Strategic Business Relationship with and Reliance on RiseSun Development Group" and "Relationship with Controlling Shareholders" for further details.

During the Track Record Period and as of the Latest Practicable Date, other than RiseSun Development Group and its associates, none of our Directors, their close associates or any Shareholders who, to the knowledge of our Directors, owned more than 5% of our share capital, had any interest in any of our five largest customers during the Track Record Period.

For the six months ended June 30, 2020

Rank	Customer	Business nature	Length of business relationship with us	Services provided by us	Revenue	Percentage of total revenue
					(RMB'000)	(%)
1	RiseSun Development Group and its associates[1]	Property development	Since 2000	Property management services and value-added services to non-property owners	303,973	39.8
2	Customer A	Media and advertisement	Since 2016	Property management services and community value-added services	3,300	0.4
3	Customer B	Media and advertisement	Since 2010	Property management services and value-added services to community	1,550	0.2
4	Customer C	Construction	Since 2020	Value-added services to community	1,189	0.2
5	Customer D	Design	Since 2018	Property management services	1,027	0.1

Note:

(1) The associates of RiseSun Development Group included (i) Cangzhou Baosheng Real Estate Development Co., Ltd. (滄州保盛房地產開發有限公司), in which the Controlling Shareholders held 50.0% equity interests as of June 30, 2020; (ii) Xuzhou Rongrun Real Estate Development Co., Ltd. (徐州榮潤房地產開發有限公司), in which the Controlling Shareholders held 48.1% equity interests as of June 30, 2020; and (iii) Zhengzhou Hongzhufu Real Estate Co., Ltd. (鄭州紅祝福置業有限公司), in which the Controlling Shareholders held 51.0% equity interests as of June 30, 2020.

For the year ended December 31, 2019

Rank	Customer	Business nature	Length of business relationship with us	Services provided by us	Revenue	Percentage of total revenue
					(RMB'000)	(%)
1.	RiseSun Development Group and its associates[(1)]	Property development	Since 2000	Property management services and value-added services to non-property owners	498,678	38.9
2.	Customer A	Media and advertisement	Since 2016	Property management services and community value-added services	6,154	0.4
3.	Customer E	Individual property owner	Since 2016	Property management services and community value-added services	1,571	0.1
4.	Customer D	Design	Since 2018	Property management services	1,010	0.1
5.	Customer F	Construction and Engineering	Since 2018	Property management services and community value-added services	875	0.1

Note:

(1) The associates of RiseSun Development Group included (i) Cangzhou Baosheng Real Estate Development Co., Ltd. (滄州保盛房地產開發有限公司), in which the Controlling Shareholders held 50.0% equity interests as of December 31, 2019; (ii) Xuzhou Rongrun Real Estate Development Co., Ltd. (徐州榮潤房地產開發有限公司), in which the Controlling Shareholders held 45.9% equity interests as of December 31, 2019; (iii) Shijiazhuang Runpeng Real Estate Development Co., Ltd. (石家莊潤鵬房地產開發有限公司), in which the Controlling Shareholders held 70.0% equity interests as of December 31, 2019; and (iv) Zhengzhou Hongzhufu Real Estate Co., Ltd. (鄭州紅祝福置業有限公司), in which the Controlling Shareholders held 49.0% equity interests as of December 31, 2019.

For the year ended December 31, 2018

Rank	Customer	Business nature	Length of business relationship with us	Services provided by us	Revenue	Percentage of total revenue
					(RMB'000)	(%)
1.	RiseSun Development Group and its associates(1)	Property development	Since 2000	Property management services and value-added services to non-property owners	280,048	31.1
2.	Customer A	Media and advertisement	Since 2016	Property management services and community value-added services	3,838	0.4
3.	Customer G	Construction	Since 2018	Value-added services to non-property owners	1,911	0.2
4.	Customer H	Individual property owner	Since 2013	Property management services and community value-added services	1,887	0.2
5.	Customer I	Decoration and engineering	Since 2015	Property management services and community value-added services	1,031	0.1

Note:

(1) The associates of RiseSun Development Group included (i) Cangzhou Baosheng Real Estate Development Co., Ltd. (滄州保盛房地產開發有限公司), in which the Controlling Shareholders held 50.0% equity interests as of December 31, 2018; and (ii) Zhengzhou Hongzhufu Real Estate Co., Ltd. (鄭州紅祝福置業有限公司), in which the Controlling Shareholders held 49.0% equity interests as of December 31, 2018.

For the year ended December 31, 2017

Rank	Customer	Business nature	Length of business relationship with us	Services provided by us	Revenue	Percentage of total revenue
					(RMB'000)	(%)
1.	RiseSun Development Group and its associates(1)	Property development	Since 2000	Property management services and value-added services to non-property owners	220,477	30.1
2. . . .	Customer J	Individual property owner	Since 2015	Property management services and community value-added services	1,226	0.2
3.	Customer I	Decoration and engineering	Since 2015	Property management services and community value-added services	978	0.1
4.	Customer A	Media and advertisement	Since 2016	Property management services and community value-added services	803	0.1
5.	Customer K	Individual property owner	Since 2017	Property management services and community value-added services	718	0.1

Note:

(1) The associates of RiseSun Development Group included (i) Cangzhou Baosheng Real Estate Development Co., Ltd. (滄州保盛房地產開發有限公司), in which the Controlling Shareholders held 50.0% equity interests as of December 31, 2017; and (ii) Zhengzhou Hongzhufu Real Estate Co., Ltd. (鄭州紅祝福置業有限公司), in which the Controlling Shareholders held 49.0% equity interests as of December 31, 2017.

SUPPLIERS

During the Track Record Period, our suppliers primarily included (i) sub-contractors providing engineering, cleaning, security, greening and gardening, and repair and maintenance services, (ii) vendors of materials needed for our daily operations and (iii) vendors of goods for our community retail and commercial procurement services. We have established stable business relationships with most of our major suppliers.

Major Suppliers

In 2017, 2018 and 2019 and the six months ended June 30, 2020, purchases from our five largest suppliers amounted to RMB25.6 million, RMB26.7 million, RMB51.5 million and RMB42.7 million, respectively, accounting for approximately 4.2%, 3.6%, 4.9% and 7.8%, respectively, of our total cost of sales. In 2017, 2018 and 2019 and the six months ended June 30, 2020, purchases from our single largest supplier amounted to RMB9.2 million, RMB6.1 million, RMB12.6 million and RMB10.9 million, respectively, accounting for approximately 1.5%, 0.8%, 1.2% and 2.0%, respectively, of our total cost of sales.

All of our five largest suppliers during the Track Record Period were Independent Third Parties. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material delays, supply shortages or disruptions in our operations relating our suppliers, or any material product claims attributable to our suppliers. As of the Latest Practicable Date, none of our Directors, their close associates or any Shareholders who, to the knowledge of our Directors, owned more than 5% of our share capital, had any interest in any of our five largest suppliers during the Track Record Period. We do not have any long-term agreements with our five largest suppliers. We typically enter into one-year agreements with our suppliers and renew them on an annual basis. Our suppliers generally grant us a credit term of up to 40 days and payments to our suppliers are typically settled by bank transfers.

For the six months ended June 30, 2020

Rank	Supplier	Business nature	Length of business relationship with us	Services/ Materials provided by the supplier	Purchase amount	Percentage of total cost of sales
					(RMB'000)	(%)
1	Supplier A	Security and cleaning	Since 2019	Security and cleaning services	10,872	2.0
2	Supplier B	Security and cleaning	Since 2019	Security and cleaning services	9,685	1.8
3	Supplier C	Security and cleaning	Since 2019	Security and cleaning services	8,063	1.5
4	Supplier D	Security and cleaning	Since 2019	Security and cleaning services	7,411	1.3
5	Supplier E	Security and cleaning	Since 2019	Security and cleaning services	6,674	1.2

For the year ended December 31, 2019

Rank	Supplier	Business nature	Length of business relationship with us	Services/ Materials provided by the supplier	Purchase amount	Percentage of total cost of sales
					(RMB'000)	(%)
1.	Supplier C	Security and cleaning	Since 2019(1)	Security and cleaning services	12,560	1.2
2.	Supplier B	Security and cleaning	Since 2019(1)	Security and cleaning services	12,290	1.2
3.	Supplier A	Security and cleaning	Since 2019(1)	Security and cleaning services	10,431	1.0
4.	Supplier F	Security and cleaning	Since 2019(1)	Security and cleaning services	8,308	0.8
5.	Supplier G	Installation and maintenance	Since 2019(1)	Installation and maintenance services	7,950	0.7

Note:

(1) Since 2019, we started to delegate certain of our property management services, such as security and cleaning services, to third-party sub-contractors, and therefore most of our five largest suppliers in 2019 were new suppliers who were sub-contractors providing relevant services.

For the year ended December 31, 2018

Rank	Supplier	Business nature	Length of business relationship with us	Services/ Materials provided by the supplier	Purchase amount	Percentage of total cost of sales
					(RMB'000)	(%)
1.	Supplier H	Information technology	Since 2013	Provision and installation of hardware equipment	6,082	0.8
2.	Supplier I	Gardening and landscaping	Since 2016	Gardening services/ materials	5,543	0.8
3.	Supplier J	Construction and landscaping engineering	Since 2014	Repair and maintenance services/ materials	5,473	0.7
4.	Supplier K	Construction engineering	Since 2017	Repair and maintenance services/ materials	4,965	0.7
5.	Supplier L	Decoration engineering	Since 2014	Repair and maintenance services/ materials	4,616	0.6

For the year ended December 31, 2017

Rank	Supplier	Business nature	Length of business relationship with us	Services/ Materials provided by the supplier	Purchase amount	Percentage of total cost of sales
					(RMB'000)	(%)
1.	Supplier L	Decoration engineering	Since 2014	Repair and maintenance services/ materials	9,203	1.5
2.	Supplier H	Information technology	Since 2013	Provision and installation of hardware equipment	6,868	1.1
3.	Supplier M	Gardening and landscaping	Since 2017	Gardening services/ materials	4,094	0.7
4.	Supplier N	Gardening and landscaping	Since 2017	Gardening materials	2,861	0.5
5.	Supplier O	Gardening and landscaping	Since 2017	Gardening materials	2,583	0.4

SUB-CONTRACTING

We delegate certain labor-intensive services and specialized services, primarily including engineering, cleaning, security, greening, gardening, and repair and maintenance services, to sub-contractors on an as-needed basis, which enables us to reduce our operating costs, improve service quality and dedicate more resources to management and other value-added services. We believe such sub-contracting arrangements allow us to leverage the human resources and technical expertise of the sub-contractors, reduce our labor costs and enhance the overall profitability of our operations. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our sub-contracting costs amounted to RMB11.2 million, RMB31.4 million, RMB239.6 million, RMB60.0 million and RMB183.8 million, respectively, representing approximately 1.8%, 4.2%, 22.9%, 13.5% and 33.6%, respectively, of our total cost of sales. Since 2019, we started to delegate certain of our property management services, such as security and cleaning services, and more property engineering services to third-party sub-contractors.

Selection and Management of Sub-Contractors

We have maintained business relationship with most of our sub-contractors for approximately one to three years. We aim to create and maintain an effective and comprehensive system for sub-contractor management. We constantly monitor and evaluate the sub-contractors on their ability to meet our requirements. To ensure the overall quality of our sub-contractors, we maintain a list of qualified sub-contractors, the selection of which are based on factors including, among others, its background, qualifications and past performance in providing sub-contracted services to us. We typically inspect the work of sub-contractors on a periodic basis and record any issues detected.

Our sub-contractors during the Track Record Period primarily consisted of Independent Third Parties engaged by us through tender and bidding processes. We adopt such tender and bidding processes with a view to ensuring their fee rates are consistent with the prevailing market prices. According to CIA, the rates charged by our sub-contractors during the Track Record Period were generally comparable to those charged by other suppliers in the market for similar services.

Key Terms of Our Sub-Contracting Agreement

A typical sub-contracting agreement entered into between the independent sub-contractors and us generally includes the following key terms:

- *Term*. A sub-contracting agreement typically has a term of one year and may be renewed upon mutual consent. If the performance rendered by the sub-contractors lives up to the agreed standards, we will consider re-engaging such sub-contractors.

- *Our responsibilities*. We are typically responsible for providing on-site staff dispatched by sub-contractors with necessary working space and facilities.

- *Obligations of sub-contractors*. Sub-contractors are responsible for providing services in accordance with the scope, frequency and standards prescribed in the relevant sub-contracting agreements and in compliance with all applicable laws and regulations. In the event of sub-standard service, sub-contractors are required to take necessary rectification measures within the period required by us. If they fail to do so, we have the right to claim damages, hire alternative sub-contractors to provide the contracted services and subtract any expenses incurred by us from the contract price agreed with the nonperforming or underperforming sub-contractors, or terminate the contract. Sub-contractors are required to manage their staff providing the contracted services and there is no employment relationship between us and the staff of our sub-contractors.

- *Risk allocation*. Sub-contractors are responsible for any damage to property or personal injury caused by the fault of the sub-contractors in the course of providing the contracted services. We typically require sub-contractors to indemnify us for any damages that they cause to the properties of the residents and us. Sub-contractors are also required to pay all social insurance and housing provident funds contributions for their staff in accordance with PRC laws and bear the liabilities and responsibilities in the event of any non-compliance with applicable PRC laws or industry standards.

- *Procurement of raw materials*. Raw materials are typically procured by the sub-contractors themselves. The procurement costs are usually included in the sub-contracting fees.

- *Sub-contracting fees*. Sub-contracting fees are 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 sub-contractors.

- *No assignment*. Sub-contractors may not assign or sub-contract their obligations to any third party without our prior consent.

- *Termination*. We monitor and assess the performance of sub-contractors on a regular basis and can terminate the sub-contracting agreement in the event of repeated substandard performance.

QUALITY CONTROL

We have a proven track record in prioritizing quality in our services, and we believe quality control is crucial to the long-term success of our business. We have a professional quality control team, who primarily focus on maintaining service standards, standardizing service procedures and supervising service quality throughout our operational processes.

Quality Control over Property Management Services

We obtained ISO 9001: 2015 international quality management system certification in 2018. We also obtained ISO 14001:2015 environmental management certification and OHSAS 18001 international occupational health and safety management system certification in recognition of our service quality. We implement a "three-in-one" quality control system by aligning ISO 9001, ISO 14001 and OHSAS 18001, which provides an all-round quality control guidance to our daily operations and minimize disruption to our operations and related operation costs. Accidents occur from time to time during the course of our business. Please refer to "Risk Factors—Accidents occurred during the course of our business may expose us to liability and reputational risk" for a discussion on the relevant risks. We engage qualified sub-contractors to provide maintenance services for elevators in the properties managed by us. To prevent elevator accidents, we require our employees and sub-contractors to conduct routine inspections and maintenance of elevators. We also implement internal policies and provide trainings to our employees regarding how to respond to elevator emergencies.

We have established multiple internal policies to monitor our service quality. We have set up a multi-level monitoring system at our headquarters and the on-site property management offices of the local companies. To ensure the consistency of the quality of our service, we standardize all of our property management services. For example, we require our employees to complete inspection checklists, which is tailored for different types of devices and equipment, after each round of scheduled inspections and record their observations.

Quality Control over Sub-Contractors

We typically include in the agreements with sub-contractors detailed quality standards for the services to be provided. We regularly monitor and evaluate the performance of the sub-contractors and may require the sub-contractors 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 sub-contractors. We have the contractual right to adjust the sub-contracting fees and decide whether to continue our sub-contracting contract depending on the outcomes of such surveys. Please refer to "—Sub-Contracting—Selection and Management of Sub-Contractors" in this section.

Quality Control over Third-Party Vendors

We implement a various measures and policies to ensure the quality of the products and services offered by third-party vendors, such as screening candidate vendors by examining their qualifications and conducting on-site inspection of their business premises, before entering into cooperation agreements with them. We examined the price and quality of the products on our "Rice Mall (米飯商城)" online retail service module to ensure the vendors' service quality. We also conducted quarterly assessment on our vendors in respect of transaction volume, service quality and after-sales service. The vendors are also required to indemnify us for losses incurred due to their defective products or substandard services. We also have the right to replace a third-party vendor in the event of substandard performance.

Feedback and Complaint Management

During the ordinary course of our business, we receive feedbacks, suggestions and complaints (such as request for repair and maintenance services) from property owners and residents of the properties we manage from time to time regarding our services. We have established internal procedures to record, process and respond to the feedback, suggestions and complaints and conduct follow-up reviews of the results of our responses. We require that all requests and complaints from our customers be responded to within one hour, with a specific timeline to solve the problems. Requests and complaints that can be addressed immediately will be solved within 24 hours after receipt. If requests and complaints cannot get addressed immediately, we will keep our customers posted about the status every three days until they are ultimately addressed. We will revisit our customers within 48 hours after their problems get resolved, and thus ensure that the results are satisfactory to our customers and their confidence in our services is restored. In order to provide better customer experience and enhance our customer service, we offer a service hotline (400-640-8888) for residents living in the residential properties we manage, which has been up and running since 2016. Through the hotline, our customers can inquire about our services, provide us with their complaints and feedback as well as order products that are advertised on our service platform, and we can follow up and respond in time to provide timely and efficient solutions to the problems of our clients. In addition, property owners and residents can request repair and maintenance services, provide their feedbacks, suggestions and complaints through the "Rice Community (米飯公社)" mobile application.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any customer complaints about our services or products that would have a material adverse impact on our operations or financial results.

INTELLECTUAL PROPERTY

We consider our intellectual property rights as critical to our success. We primarily rely on laws and regulations on trademarks and trade secrets and our employees' and third parties' contractual commitments to confidentiality and non-competition to protect our intellectual property rights. As of the Latest Practicable Date, we had 20 trademarks and three domain names registered in the PRC. Please refer to "Risk Factors—Risks Relating to Our Business and Industry—We may fail to effectively protect our intellectual property rights" in this prospectus.

As of the Latest Practicable Date, we were not aware of any infringement which could have a material adverse effect on our business operations by our Group against any intellectual property rights of any third party or by any third party against any intellectual property rights of our Group, or any disputes with third parties with respect to intellectual property rights.

AWARDS

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:

Year	Award/Recognition	Awarding entity
2020	2020 Quality Leading Companies in Property Management Service (2020品質物業服務領先企業)	E-house China R&D Institute; China Property Management Research Institution (上海易居房地產研究院); (中物研協)
2020	2020 Specialized Operational Leading Brand of China Property Service Companies (2020中國物業服務專業化運營領先品牌企業)	CIA (中指院)
2020	15th among 2020 Top 100 Most Valuable Brand of Property Management Service (2020物業服務企業品牌價值100強)	China Property Management Research Institution (中物研協)
2020	2020 Top 10 Branded Property Management Companies in North China (2020華北品牌物業服務企業10強)	China Property Management Research Institution (中物研協)
2020	19th among 2020 Top 100 Property Management Companies (2020中國物業服務百強企業第十九位)	CIA (中指院)
2020	2020 Top 10 Outstanding Property Management Service Companies in Chengdu (2020成都市物業服務優秀企業TOP 10)	CIA (中指院)

Year	Award/Recognition	Awarding entity
2020	Model Property Management Standardization Project in Nanjing – Ronghuafu (南京市物業管理示範項目–榮華府)	Nanjing Real Estate & Housing Guarantee Bureau (南京市住房保障和房產局)
2020	Exemplary Property Management Project in Shandong-RiseSun • Dongchang Shoufu (山東省物業服務行業文明創建示範項目-榮盛 • 東昌首府)	Shandong Housing & Urban Development Bureau (山東省住房和城鄉建設廳)
2019	20th among 2019 Top 100 Property Management Companies (2019中國物業服務百強企業第二十位)	CIA (中指院)
2019	Model Property Management Standardization Project in Hebei Province in 2019 – Jiangnan Jingyuan (2019年度河北省物業管理標準化示範項目–江南錦苑)	Hebei Property Management Institute (河北省物業管理行業協會)
2019	Model Property Management Standardization Project in Jiangsu Province in 2019 – Nanjing Wenmo Huayuan (2019年省級示範物業管理項目–南京文墨花苑)	Jiangsu Housing & Urban Development Department (江蘇省住房和城鄉建設廳)
2019	Star-level Property Management Project – RiseSun • Yuelu Fengjing (星級物業服務項目–榮盛 • 岳麓峰景)	Hunan Real Estate Industry Association (湖南省房地產業協會)
2018	24th among 2018 Top 100 Property Management Companies (2018中國物業服務百強企業第二十四位)	CIA (中指院)
2018	Model Property Management Standardization Project in Hebei Province in 2018 – Hefengyuan (2018年度河北省物業管理標準化示範項目–荷風苑)	Hebei Property Management Institute (河北省物業管理行業協會)
2018	Top 10 Property Management Project in Hebei Province in 2018 – Jinxiu Guandi (河北省物業管理2018年度十佳項目–錦繡觀邸)	Hebei Property Management Institute (河北省物業管理行業協會)
2018	Model Property Management Standardization Project of Hebei Province in 2018 – Yangguang Xinyuan (河北省物業管理2018年度標準化示範項目–陽光馨苑)	Hebei Property Management Institute (河北省物業管理行業協會)
2018	Property Service Branding Project in Sichuan Province in 2018-RiseSun • Ziti Dongjun (2018年度四川省物業服務品牌項目-榮盛 • 紫提東郡)	Sichuan Real Estate Association (四川省房地產協會)
2018	2017-2018 China Real Estate Big Data Union Affiliates (2017-2018中國房地產大數據成員單位)	CIA (中指院)
2017	25th among 2017 Top 100 Property Management Companies (2017中國物業服務百強企業第二十五位)	CIA (中指院)

COMPETITION

The property management industry in the PRC is highly competitive and fragmented with numerous market participants. Our property management services primarily compete with large national, regional and local property management companies. We believe that we are able to continue competing with other industry players due to our competitive strengths. Moreover, new market entrants are faced with entry barriers such as brand value, capital requirements, quality of management and availability of talent and technical expertise, all of which we believe we have and will continue to overcome. For more information on the industry and the markets that we operate in, please refer to "Industry Overview" and "Risk Factors—Risks Relating to our Business and Industry—We are in a competitive business with various competitors and 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."

SOCIAL, HEALTH, SAFETY AND ENVIRONMENTAL MATTERS

We are subject to PRC laws in relation to labor, safety and environment protection matters. In addition, we have established occupational safety and sanitation systems, implemented the ISO 14001 and OHSAS 18001 standards, and provide employees with workplace safety trainings on a regular basis to increase their awareness of work safety issues. We also require our employees and sub-contractors to adhere to our safety operation guidelines, such as those related to repair and maintenance of power supply and distribution facilities. Accidents occur from time to time during the course of our business. Please refer to "Risk Factors—Accidents occurred during the course of our business may expose us to liability and reputational risk" for a discussion on the relevant risks. During the Track Record Period and up to the Latest Practicable Date, we had complied with PRC laws in relation to workplace safety in all material respects and had not had any incidents which have materially and adversely affected our operations.

We consider the protection of the environment to be important and have implemented measures in the operation of our businesses to ensure our compliance with all applicable requirements. Given the nature of our operations, we do not believe we are subject to material environmental liability risk or compliance costs. During the Track Record Period and up to the Latest Practicable Date, no material fines or penalties for non-compliance of PRC environmental laws had been imposed on us, and we have not been subject to any material administrative penalties due to violation of environmental laws in the PRC.

EMPLOYEES

We believe that the expertise, experience and professional development of our employees contributes to our growth. Our human resources department manages, trains and hires employees.

As of June 30, 2020, we had a total of 8,306 full-time employees in China. The following table sets forth the number and breakdown of our full-time employees by function as of June 30, 2020:

	Number of employees	% of total
Management	30	0.4
Property Management department	7,591	91.4
Human resources and administrative department	177	2.1
Community retail management department	246	3.0
Financial management department	162	2.0
Procurement department	29	0.3
Business development department	42	0.5
Marketing and operation department	17	0.2
Auditing and legal department	12	0.1
Total	**8,306**	**100.0**

The following table sets forth a breakdown of our full-time employees by geographic location as of June 30, 2020:

	Number of employees	% of total
Bohai Economic Rim	4,645	56.0
Yangtze River Delta region	2,087	25.1
Greater Bay Area and surrounding regions	325	3.9
Central and Western China	1,249	15.0
Total	**8,306**	**100.0**

According to the relevant PRC laws and regulations, we make contributions to social insurance fund, including pension fund, medical insurance, unemployment insurance, work-related injury insurance, and maternity insurance, and housing provident fund for the benefit of our PRC employees. During the Track Record Period, our Company and some of its PRC subsidiaries did not make full contribution to the social insurance fund and housing provident fund as required under

PRC law. Please refer to "Risk Factors—Risks Relating to Our Business and Industry—We may be subject to fines for our failure to register for and/or contribute to social insurance fund and housing provident fund on behalf of some of our employees" in this prospectus and "—Legal Proceedings and Compliance—Historical Non-Compliance Incident" below for details.

As of the Latest Practicable Date, our employees at certain of our subsidiaries had formed labor unions. Our employees do not negotiate their terms of employment through the labor unions or by ways of collective bargaining agreements. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant difficulties in recruiting suitable employees for our business operations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any labor disputes, strike or industrial actions that may have a material adverse effect on our business, financial position and results of operations.

We endeavor to hire the best talented employees in the market by offering competitive wages and benefits, systematic training opportunities and internal upward mobility. We provide systematic and extensive training programs to our employees to improve and enhance their technical and service skills, as well as to provide them with the knowledge of industry quality standards and work place safety standards. We provide orientation training to new hires, introducing them to our corporate culture, procuring them to adapt to teamwork and showing them videos to visually demonstrate our service standards and procedures. We also assign our experienced managers to serve as mentors to newly hired fresh graduates. The mentors provide the fresh graduates with tailored coaching and guidance. We provide online training courses and regular seminars on various aspects of our business operations, such as quality control and customer relationship management, to our employees.

OUR CASH MANAGEMENT POLICY

We have a bank account and cash management system to manage our cash inflows and outflows, applicable to all of our subsidiaries and branch offices in their ordinary course of business. Generally, we encourage our subsidiaries and branch offices to settle their transactions through bank transfers to lower the risks in relation to managing cash. Our employees are expressly forbidden from removing and/or using our cash for private or other purposes not in line with our ordinary course of business.

Cash flow transactions	Cash handling policies and internal control measures
Cash inflow in relation to payments of property management fees, deposits, rent or service fees from our customers	We have cashiers or customer service personnel specifically responsible for cash collection. They will verify that the cash collected is the correct amount prior to issuing receipts. We require that all cash collected and deposited into bank accounts on the same day
Cash outflow in relation to refunding deposits or service fees to our customers	We issue refund bills to customers entitled to refunds after completing our internal approval procedures. Such customers will present their refund bills to our cashiers or customer service personnel, who will verify their authenticity before issuing the refund. Customers who lose their refund bills may file the loss by completing forms and undergoing identity verification procedures.

Cash flow transactions	Cash handling policies and internal control measures
	We allow customers to authorize a representative to collect the refund for them if they cannot do so in person. Authorized representatives are required to undergo identity verification procedures. Prior to processing any refund bills our cashiers and customer service personnel must sign and confirm, and record all reasons for making refunds.
Cash inventory and deposits	Our subsidiaries and branch offices are required to reconcile and check bank balances on a monthly basis. Our employees are expected to check cash balances in inventory on a daily basis, and we will assign accounting personnel to check cash balances and relevant records from time to time at unexpected moments. Our accounting personnel will report, analyze and resolve discrepancies or other issues they discover and record the results of their findings.
Cash transfers to our centralized bank account or the bank accounts of our subsidiaries and branch offices	We receive cash through methods such as cheques, credit or debit card payments or bank transfers. Our employees are required to verify that key payment and other details of cheques received are in good order. They are also required to timely file all proofs of payment. In cases such as bounced cheques, failed credit and debit card payments and unsuccessful bank transfers, our employees are required to follow up on and take steps to resolve such issues immediately.
Cash transfers out of our centralized bank account or the bank accounts of our subsidiaries and branch offices	We make cash payments generally through bank transfers or issuing cheques. We designate specific personnel to keep blank cheque books and issue cheques for our business. They are required to report any missing cheque books or single cheques with our banks as soon as possible, and to keep detailed records of issued cheques including details such as issuing times, cheque numbers, amounts and payment reasons. It is also our policy to keep records of unissued cheques, including those on which our personnel have made clerical errors.
Opening of and managing bank accounts of our subsidiaries and branch offices	Our subsidiaries and branch offices must adhere to our internal policies and procedures in relation to the opening of bank accounts. They are required to complete an application form before opening any bank accounts. Our subsidiaries and branch offices are required to reconcile and check bank balances on a monthly basis.

INSURANCE

We believe that our insurance coverage is in line with the industry practice in the PRC. We maintain insurance policies against major risks and liabilities arising from our business operations, primarily including (i) liability insurance to cover liabilities for property damages or personal injury suffered by third parties arising out of or related to our business operations, and (ii) property insurance for damages to both movable and immovable property owned by us or in our custody. We require our sub-contractors to purchase accident insurance for their employees who provide services to our Group, and in accordance with our agreements with sub-contractors, the sub-contractors are responsible for all workplace injuries to their employees, except for the injuries directly attributable to us.

We are covered by property and liability insurance policies with coverage features that we believe are customary for similar companies in the PRC. However, our insurance coverage may not adequately protect us against certain operating risks and other hazards, which may result in adverse effects on our business. For more details, please refer to the section entitled "Risk Factors—Risks Relating to Our Business and Industry—Our insurance may not sufficiently cover losses and liabilities we may encounter" in this prospectus.

CERTIFICATES, LICENSES AND PERMITS

We are required to obtain and maintain various certificates, licenses and permits in relations to our operations. Please refer to "Regulatory Overview" for more information about the material certificates, permits and licenses required for our business operations in the PRC. As advised by our PRC Legal Advisor, DeHeng Law Offices, as of the Latest Practicable Date, we had obtained all requisite certificates, permits and licenses that are material for our operation in the PRC. We did not experience any material difficulty in renewing such certificates, permits or licenses during the Track Record Period and up to the Latest Practicable Date, and we currently do not expect to have any material difficulty in renewing them when they expire.

In addition, we are required to complete certain filings in connection with our business operations. As of the Latest Practicable Date, three of our subsidiaries or branches had not completed the filing with the relevant government authorities for recruitment of security guards for four property management projects. As of the Latest Practicable Date, we had submitted the filing application for these property management projects to the relevant government authorities. Our PRC Legal Advisor, DeHeng Law Offices, is of the view that there will be no legal impediment for us to complete these filings so long as the filing applications are submitted in accordance with the regulatory requirements. Under PRC laws, an entity recruiting security guards shall, within 30 days from the date of commencement of the relevant security service, file for record with the relevant local public security authority. If such entity fails to do so, the relevant government authority may give a warning and order such entity to rectify within a specified time period; if such non-compliance is deemed serious, the relevant government authority may impose a penalty of RMB10,000 to RMB50,000 to such entity, and may confiscate the illegal gains. We were advised by our PRC Legal Advisor, DeHeng Law Offices, that the maximum potential penalty for our failure to complete filing for recruitment of security guards is RMB150,000.

Our PRC Legal Advisor, DeHeng Law Offices, is of the view that absent any significant changes in the relevant PRC laws, regulations or implementation rules or requirements of local governments, the risk that our business operations will be materially and adversely affected by the lack of filing for recruitment of security guards is remote. Please refer to "Risk Factors—Risks Relating to Our Business and Industry—We may fail to obtain or renew required permits, licenses, certificates or other relevant PRC governmental approvals or complete certain filings necessary for our business operations."

PROPERTIES

As of the Latest Practicable Date, we held two properties in the PRC for self-use with an aggregated GFA of approximately 634 sq.m. We have entered into sale and purchase agreements and fully paid purchase price for these properties but have not obtained the property title certificates for these properties, and we have already submitted application. Our PRC Legal Advisor is of the view that there will be no legal impediment for us to obtain the property title certificates for these properties.

As of the Latest Practicable Date, we leased 78 properties in the PRC with an aggregated GFA of approximately 32,213 sq.m. for use as office and staff accommodation. As of the Latest Practicable Date, we had not filed the lease agreements for 77 of these 78 leased properties with the local housing administration authorities as required under PRC law, primarily due to a lack of cooperation from the landlords in registering the relevant lease agreements, which was beyond our control. We were advised by our PRC Legal Advisor that we might be ordered to rectify this non-compliance 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 on us as a result of such non-filing. The estimated total amount of penalty for our failure to file these agreements is approximately RMB77,000 to RMB770,000. As of the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to potential administrative penalties or enforcement actions as a result of our failure to file the lease agreements described above. Our PRC Legal Advisor has advised us that the failure to file the lease agreements would not affect the validity of the lease agreements. Our Directors are of the view that the lack of such filing would not have a material adverse effect on our business operations or constitute a material legal obstacle for the Listing. Please refer to "Risk Factors—Risks Relating to Our Business and Industry—Our lease agreements have not been filed with the relevant PRC authorities and, as a result, we might be subject to administrative fines" in this prospectus.

As of the Latest Practicable Date, the lessors of 19 leased properties in the PRC with an aggregate GFA of approximately 26,018 sq.m. had not provided us with the relevant property title certificates they obtained or the proof of right to lease such properties. As advised by our PRC Legal Advisor, such leases may be subject to challenges by third parties and there may be disputes over the ownership of these properties, which may impair our ability to continue to use these properties. Our Directors are of the view that, as the leased properties without property title certificates are mainly used for our staff dormitories or sub-leased to Independent Third Parties, and replacement premises are readily available, such defects will not have a material adverse effect on our business or financial condition taken as a whole.

We had no single property with a carrying amount of 15% or more of our total assets as of the Latest Practicable Date and, therefore, we did not need to prepare a valuation report with respect to our property interests in reliance upon the exemption provided by Section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

RISK MANAGEMENT AND INTERNAL CONTROL

We believe compliance creates value for us. We strive to foster a compliance culture among all of our employees. In order to ensure such compliance culture is embedded into our everyday workflow and to set the expectations for individual behavior across the organization, we regularly conduct internal compliance checks and inspections, adopt a rigorous internal accountability system and conduct regular and *ad hoc* compliance trainings for our employees.

We have implemented various risk management policies and measures to identify, assess and manage risks arising from our operations. Details on risk categories identified by our management, internal and external reporting mechanism, remedial measures and contingency management have been codified in our policies. For details of the major risks identified by our management, please refer to "Risk Factors—Risks Relating to Our Business and Industry" in this prospectus. In addition, we face various financial risks, including interest rate, price, credit and liquidity risks that arise during our ordinary course of business. Please refer to "Financial Information—Quantitative and Qualitative Analysis about Market Risk" in this prospectus.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Global Offering, we have adopted or will adopt, among others, the following risk management and internal control measures:

- the establishment of an audit committee responsible for overseeing our financial records, internal control procedures and risk management systems. Please refer to "Directors, Supervisors and Senior Management—Board Committees—Audit Committee" in this prospectus for the qualifications and experience of these committee members as well as a detailed description of the responsibility of our audit committee;

- the appointment of Mr. Xu Bin as our chief financial officer and Mr. Xiao Tianchi and Mr. Wong Yu Kit as our joint company secretaries to ensure the compliance of our operation with relevant laws and regulations. For their biographical details, please refer to the section entitled "Directors, Supervisors and Senior Management" in this prospectus;

- the appointment of Maxa Capital Limited (邁時資本有限公司) as our compliance advisor upon the Listing 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 adopt before the Global Offering, 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 daily execution of our anti-corruption and anti-fraud measures, including handling complaints, ensuring protection for the whistleblower and conducting internal investigations;

- providing anti-corruption compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations, and including relevant policies and express prohibitions against non-compliance in staff handbooks; and

- undertaking rectification measures with respect to any identified corrupt or fraudulent activities, evaluating the identified corrupt or fraudulent activities and proposing and establishing preventative measures to avoid future non-compliance.

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.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

From time to time we may be involved in legal proceedings or disputes in the ordinary course of business, such as contract disputes with our customers and suppliers. As of the Latest Practicable Date, there were no litigation or arbitration proceedings or administrative proceedings pending or threatened against us or any of our Directors which would have a material adverse effect on our business, financial position or results of operations.

Historical Non-Compliance Incident

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. Below summary sets out incident of historical non-compliance with applicable regulations during the Track Record Period. Our Directors believe that below non-compliance incident will not have any material operational or financial impact on us.

Background for non-compliance incident

During the Track Record Period, our Company and some of our PRC subsidiaries and branches failed to register for and/or make full contribution to the social insurance and housing provident funds for some of our employees as required under PRC law.

Reasons for the non-compliance

This non-compliance incident was primarily because: (i) some of our employees requested us not to pay to social insurance and housing provident funds for them because they had purchased new rural insurance, a type of social insurance for rural residents, or for other personal reasons; (ii) some of our employees requested us to make contribution to social insurance and housing provident funds for them based on a lower standard instead of their actual salaries, as they did not want to bear the full amount of their portion of the relevant contribution; (iii) we were unable to pay social insurance and housing provident funds for some of our employees because they maintained active social insurance accounts within their prior employers; and (iv) our responsible personnel at our subsidiaries and branches did not adequately understand relevant local regulatory requirements, as our subsidiaries and branches are located in various provinces and cities in China and local regulatory requirements vary across different regions.

Legal consequences and potential maximum penalties

According to the relevant PRC laws and regulations, if we fail to pay the full amount of social insurance contributions as required, (i) the relevant PRC authorities may demand us to pay the outstanding social insurance contributions within a stipulated time period and we may be subject to a late payment fee equal to 0.05% of the outstanding amount for each day of delay; if we fail to make such payments, we may be subject to a fine of one to three times to the amount of the outstanding contributions; and (ii) in respect of outstanding housing provident fund contributions, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period. If the payment is not made within such time period, an application may be made to PRC courts for compulsory enforcement. In addition, we will be fined RMB10,000 to RMB50,000 for failing to make the housing provident fund registration within the prescribed time period.

Our Directors believe that such non-compliance would not have any material and adverse effect on our business and results of operations, considering that: (i) during the Track Record Period and up to the Latest Practicable Date, we had not received any notifications from the relevant PRC authorities requiring us to pay material shortfalls or the penalties with respect to social insurance and housing provident funds; (ii) we have not been subject to any administrative penalties during the Track Record Period and up to the Latest Practicable Date; (iii) we were not aware of any material employee complaints nor were involved in any material labor disputes with our employees with respect to social insurance and housing provident funds during the Track Record Period and up to the Latest Practicable Date; (iv) we have made provisions for our shortfall of contribution to social insurance and housing provident funds in the amount of RMB1.3 million, RMB2.8 million, RMB1.9 million and RMB1.0 million, respectively, on our financial statements in 2017, 2018 and 2019 and the six months ended June 30, 2020; (v) our Company and a vast majority of our PRC subsidiaries and branches have obtained written or oral confirmations from competent local authorities of social insurance and housing provident funds indicating that (1) those authorities were aware of the status of social insurance and housing provident funds contributions of our Company and relevant PRC subsidiaries and branches; (2) no record shows that there was any material violation of relevant laws and regulations regarding the social insurance and housing provident fund contributions and no administrative penalty had been imposed on our Company and relevant PRC subsidiaries and branches; and (3) we would not be subject to orders to enforce such outstanding payments for social insurance and housing provident fund contributions for relevant employees unless they receive verified complaint from relevant employees for any such insufficient contributions by us or they find us in material infringement of relevant laws based on inspection performed; and (vi) our Controlling Shareholders have undertaken that in the event that we receive requests from the relevant authorities to pay the overdue social insurance and housing provident funds contributions, or that we are required to pay any late charges or penalties as a result of such overdue contributions, they will indemnify us against our payments of overdue contributions and any late charges or penalties imposed by the relevant authorities, to the extent that any such payment is not covered by the provisions we made for our shortfall of contribution to social insurance and housing provident funds.

In view of above, our PRC Legal Advisor advised us that our aforementioned failure to register for and/or make full contributions to the social insurance and housing provident funds for our employees does not constitute a material non-compliance incident.

Remedies and rectification measures taken and internal control measures adopted

As of the Latest Practicable Date, we had established accounts for social issuance and housing provident funds for all entities within our Group that had employees. As of the Latest Practicable Date, we were in the processing of adjusting the contribute base of social insurance and housing provident funds for our employees in an effort to fully comply with the relevant PRC law and regulations. Based on the communications with the relevant government authorities, the adjustment of the contribution base is usually made in a designated time each year and such time varies in different regions. As such, we expect to make full contributions of social insurance and housing provident funds for all of our employees on an adjusted contribution base by the end of 2020.

In addition, we adopted various internal policies and procedures to ensure that we establish the relevant accounts and make full contribution relating to social insurance and housing provident funds under the relevant PRC laws and regulations. These internal policies and procedures include: (i) regularly communicating with relevant government authorities or agencies to ensure that our calculation and payment methods are in accordance with the relevant laws and regulations; (ii) regularly consulting external counsel to adequately understand and interpret the relevant PRC laws and regulations and timely identify any non-compliance issues, (iii) preparing periodic reports regarding our contribution progress, including contribution amounts, for review by our Board, and (iv) conducting internal trainings for our Directors, members of our senior management and relevant personnel responsible for complying with the social insurance and housing provident fund plans. Based on the above, our Directors are of the view that we have implemented adequate and effective enhanced internal control measures internally.

OVERVIEW

Our Company was established in the PRC as a limited liability company on November 2, 2000, and converted into a joint stock company with limited liability on April 23, 2020. Immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), RiseSun Real Estate Development will hold approximately 62.64% of our Company's total share capital. As of the Latest Practicable Date, RiseSun Real Estate Development was owned as to 12.88% by Mr. Geng, 35.65% by RiseSun Holdings and 11.43% by RiseSun Construction Engineering. Mr. Geng owned 60.09% of the equity interest in RiseSun Holdings and 18.18% of the equity interest in RiseSun Construction Engineering, and RiseSun Holdings in turn owned 71.29% of the equity interest in RiseSun Construction Engineering. Hence, RiseSun Real Estate Development, RiseSun Holdings, RiseSun Construction Engineering and Mr. Geng will be our Controlling Shareholders under the Listing Rules.

The principal businesses of RiseSun Real Estate Development and RiseSun Construction Engineering are property development and civil engineering, respectively. RiseSun Holdings is an investment holding company.

The Listing constitutes a spin-off from RiseSun Real Estate Development. Pursuant to the Spin-off Circular, the offshore listing of the subsidiaries controlled by domestic listed companies are required to comply with the conditions set out in the Spin-Off Circular. All such conditions were satisfied as of the Latest Practicable Date. Furthermore, as advised by our PRC Legal Advisor, our Company has obtained all necessary approvals and authorizations in the PRC in relation to the Listing.

DELINEATION OF BUSINESS

The table below sets forth the principal business operations of our Group and our Controlling Shareholders (other than the business of our Group) as of the Latest Practicable Date:

Name of company		Principal business operations
Our Group	(i)	property management services to property developers, property owners and residents primarily comprising cleaning, security, gardening and landscaping, and repair and maintenance services in the residential properties and non-residential properties primarily including (a) commercial properties, such as shopping malls, office buildings and serviced apartments other than those managed by Kanglv Resort Group, and (b) public and other properties, such as industry parks, schools, factories and parks.
	(ii)	value-added services to non-property owners, primarily property developers primarily comprising (a) property engineering services, primarily including community security system installation, power connection, distribution lines and signage installation and engineering consulting services, (b) sales assistance services and (c) other services which primarily include preliminary planning and design consultancy services, property delivery services.
	(iii)	community value-added services to property owners and residents primarily comprising (a) community retail and commercial procurement services and home repairs, maintenance and housekeeping services and (b) turnkey furnishing services and property brokerage services.
Our Controlling Shareholders (other than the business of our Group)	(i)	property development involving the development and sales of residential and commercial properties.
	(ii)	commercial operational services on the commercial properties and industry parks owned or developed by RiseSun Development Group.
	(iii)	civil engineering services to property developers.
	(iv)	property operation and management services to properties in the holiday resort portfolio, which are owned or developed by Kanglv Resort Group.

Our Directors are of the view that there is clear delineation between the businesses conducted by our Controlling Shareholders (other than our business) and our business for the following reasons:

(i) save for the Holiday Resort Management Services as disclosed below, none of the companies controlled by our Controlling Shareholders has provided or will provide property management services to any property developers and owners;

(ii) one of our Controlling Shareholders is engaged in the provision of civil engineering design and construction services to property developers before the properties are delivered. We carry out small-scale building works, primarily including community security system installation, power connection and distribution lines and signage installation, and also provide engineering consulting services when the properties have been completed and delivered; and

(iii) the commercial operation services conducted by our Controlling Shareholders do not include property management services. The property management services to the commercial properties and industry parks are provided by our Group.

Holiday Resort Management Services

RiseSun Kanglv Investment Co., Ltd. (榮盛康旅投資有限公司), a wholly-owned subsidiary of RiseSun Real Estate Development, together with its subsidiaries are principally engaged in the provision of property operation and management services to properties in its holiday resort portfolio ("**Holiday Resort Management Services**"), which are primarily self-owned or self-developed for leisure purposes. Such properties include serviced apartments, villas, hotels, golf clubs, ski fields and hot springs in popular tourist destinations throughout China. Kanglv Resort Group operates a "Residence Exchange Program" (換住計劃), where certain property owners grant Kanglv Resort Group the right to use and manage their properties as holiday resorts in exchange for the right to stay at other holiday resort properties managed by Kanglv Resort Group.

The property management services provided by Kanglv Resort Group are ancillary to its holiday resort operation services and do not constitute its core business. We do not operate any programs similar in nature to the Residence Exchange Program and, save as disclosed below, we do not manage any properties developed or owned by Kanglv Resort Group. Given the different business nature and focus of the business operated by us and Kanglv Resort Group, our Directors are of the view that there is a clear delineation between the business operated by us and the business operated by Kanglv Resort Group. In terms of source of revenue, unlike our Group, whose property management fees are our primary source of revenue, Kanglv Resort Group does not collect property management fees from participants of the Residence Exchange Program but it does collect property management fees from property owners or residents who do not join the Residence Exchange Program. The main source of revenue for Kanglv Resort Group remains the income generated from operating holiday resorts and leisure facilities such as hotels, golf clubs, ski fields, hot springs and restaurants. According to the management accounts of Kanglv Resort Group, Kanglv Resort Group generated substantially all of its revenue from holiday resort operation, with property management fees accounting for only a small portion of its total revenue during the Track Record Period. The property management fees collected by Kanglv Resort Group amounted to RMB4.2 million, RMB18.7 million and RMB21.6 million for each of the three years ended December 31, 2019, respectively, representing approximately 0.90%, 2.79% and 2.55% of its total revenue, respectively.

During the Track Record Period, we provided property management services to Kanglv Resort Group in relation to seven holiday resort projects located in tourist spots and areas in the PRC such as Nanjing, Hainan and Huangshan. With a view to avoiding the competition between the business of our Group and the businesses of our Controlling Shareholders, we had ceased providing such property management services as of the Latest Practicable Date. Based on our management accounts, we recorded net profits in aggregate for the seven projects in which we provided property management services. Each of Kanglv Resort Group and our Group operates its business independently and none of the senior management or employees in our Group has held and will hold any role in Kanglv Resort Group. Save as disclosed herein, there is no business relationship between Kanglv Resort Group and our Group.

In line with our historical business strategies, we will continue focusing on providing property management and value-added services to residential and non-residential properties. Kanglv Resort Group will continue focusing on the development of its holiday resort operation business. As confirmed by our Controlling Shareholders, both RiseSun Development Group and Kanglv Resort Group have not provided and will not provide property management services as a standalone business to properties other than their self-developed or self-owned holiday resorts or leisure facilities.

Our Directors are of the view that, in light of the above differences, at the time of Listing, the business of our Group will be clearly delineated from that of the companies controlled by the Controlling Shareholders, and there will be no direct or indirect material competition between our Group and the companies controlled by the Controlling Shareholders.

Nevertheless, 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 in, or otherwise be involved in, any business which may compete with our business. For more information, see the paragraph headed "—Deed of Non-Competition" in this section.

As of the Latest Practicable Date, none of our Controlling Shareholders, their respective close associates and our Directors had any interest in any business which competed or was likely to compete, directly or indirectly, with our Company's business in a manner that would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

We believe that we are capable of carrying on our business independently of our Controlling Shareholders and their respective associates (other than our Group) after Listing for the following reasons:

Management Independence

Our Directors are of the view that our Board and senior management team are able to manage our business independently from our Controlling Shareholders and their close associates, for the following reasons:

(i) Two of our Directors hold management roles in RiseSun Development Group, namely Mr. Geng Jianfu, who serves as executive president of RiseSun Real Estate Development and executive Director of our Company, and Mr. Zhang Wenge, who serves as director and general manager at various subsidiaries of RiseSun Development Group and non-executive Director of our Company. Although Mr. Geng Jianfu holds executive roles in both RiseSun Development Group and our Company, while performing his duties as an executive director, he has been and will continue to be supported by the separate and independent senior management teams of RiseSun Real Estate Development and our Group. Mr. Zhang Wenge will not be involved in the day-to-day management or affairs and operations of our business. Other than Mr. Geng Jianfu and Mr. Zhang Wenge, and save as disclosed in "Directors, Supervisors and Senior Management", none of our other Directors or senior management officers hold any role in RiseSun Development Group or companies controlled by our other Controlling Shareholders, nor are they closely associated with our Controlling Shareholders;

(ii) Each of our Directors is aware of his fiduciary duties, which require, among others, that he acts for the benefit and in the best interests of our Company and Shareholders as a whole, and does not allow for any conflict between his duties as a Director and his personal interests;

(iii) According to the Articles of Association, in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and any of the Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted towards the quorum for voting;

(iv) We have appointed three independent non-executive Directors to provide a balance between the number of potentially interested Directors and the number of independent Directors, with a view to promoting the interests of our Company and Shareholders as a whole. Certain matters of our Company, including continuing connected transactions, must always be referred to the independent non-executive Directors for review and they will confirm in our annual report that our continuing connected transactions have been entered into in our ordinary and usual course of business, are on normal commercial terms or better and on terms that are fair and reasonable and in the interests of our shareholders as a whole.

Financial Independence

As of the Latest Practicable Date, (i) our Group did not have any unsettled loans and interest due from and to our Controlling Shareholders and their respective associates and (ii) our Group had not provided any share pledges or guarantees in respect of any loans of our Controlling Shareholders and their respective close associates and vice versa. As confirmed by our Directors, we do not intend to enter into any funding arrangements which are non-trade in nature with our related parties in the future. We have enhanced our internal control to ensure that our transactions with our Controlling Shareholders and their associates comply with applicable laws and regulations. For details, see "Business—Our Strategic Business Relationship with and Reliance on RiseSun Development Group—Funding Arrangements with RiseSun Development Group during the Track Record Period".

In addition, we have our own internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payment and independent access to third-party financing. Accordingly, we believe we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

Operational Independence

We engage in our businesses independently from our Controlling Shareholders and their close associates, with the independent right to make operational decisions and to implement such decisions.

Our preliminary management contracts for properties developed by RiseSun Development Group were secured primarily through standard tender and bidding processes, in which tender bids would be evaluated by tender evaluation committees established by RiseSun Development Group (in accordance with the Interim Measures for Tender and Bidding Management for Preliminary Property Management (前期物業管理招標投標管理暫行辦法)). Tender evaluation committees must consist of an odd number of no less than five members, including at least a two-thirds majority of property management experts who are independent from both our Group and RiseSun Development Group. Such experts are selected on a random basis from a list compiled by the local real estate administrative department. We do not enjoy a preferential right to be engaged as the preliminary property management service provider for projects developed by RiseSun Development Group, and our tender bids are considered on the same basis as tender bids submitted by other property management service providers during the tender and bidding process. We undergo the same tender and bidding process to secure preliminary management contracts for properties developed by Independent Third Party property developers. For more information, see "Business—Property Management Services—Property Management Service Contracts".

After properties are delivered by property developers, we provide property management services directly to independent individual property owners, who may be represented by property owner associations. Such property owners have the right to engage or dismiss us as the property management service provider after reviewing and evaluating our performance. RiseSun Development Group and its associates do not have any decisive influence over the decisions of property owners to engage or dismiss property management service providers.

As of June 30, 2020, the proportion of our GFA under management for projects solely developed by RiseSun Development Group (and its associates) was approximately 98.6% of our total GFA under management. Despite the above, we were able to maintain a diversified customer base, primarily by continuing our property management services to property owners or property owners' associations after the delivery of residential properties, by participating in tender and bidding processes conducted by property developers, and by providing value-added services to other property developers and household service providers. In November 2018, we established a business development department specifically to oversee cooperation with Independent Third Party property developers. Thus, other than RiseSun Development Group and its associates, the majority of our customers are independent individual property owners and Independent Third Party property developers. Our revenue generated from customers other than RiseSun Development Group (and its associates) accounted for approximately 60.3% of our total revenue for the six months ended June 30, 2020.

We believe that our GFA under management and revenue attributable to property owners and Independent Third Party property developers will continue to increase. Subsequent to June 30, 2020 and as of the Latest Practicable Date, we were contracted to manage additional properties with an aggregate contracted GFA of approximately 9.2 million sq.m., out of which an aggregate contracted GFA of approximately 0.6 million sq.m. were derived from properties developed by Independent Third Party property developers. In addition, we have entered into a number of framework agreements and strategic cooperation agreements with Independent Third Party property developers, which typically set forth their intention to engage us as the property management services provider, the relevant project proposed to be managed by us and its GFA, and the proposed scope of our services and property management fees. A number of these agreements provide that the property developers shall, to the extent permitted by law, endeavor to engage us as their property management service provider. These agreements are generally not legally binding in nature, and contain conditions precedent such as completion of a tender and bidding process in respect of these agreements. Our contracted projects from Independent Third Party property developers cover a rich variety of property types, including residential properties, commercial properties (such as office buildings and serviced apartments), public and other properties (such as industrial parks, schools and factories). Going forward, we intend to increase our business scale and market share through means such as (i) continuing to participate in tender and bidding processes organized by property owner associations and Independent Third Party property developers and (ii) selectively pursuing acquisition and investment opportunities. For more information, see "Business—Business Strategies—Further expand our business scale and market share".

We believe that, with our strong business development capabilities and market reputation as a quality property management service provider, our revenue attributable to independent property owners and property developers will continue to increase due to the increment in revenue derived from (i) independent individual property owners of the residential property projects currently under development by RiseSun Development Group, for which we have been engaged to provide property management services and is expected to account for the majority of our Group's revenue; and (ii) property developers other than RiseSun Development Group, as a result of our Group's increased efforts in participating in tender and bidding processes conducted by other property developers and potential customers which are Independent Third Parties, as well as acquisitions of property management projects.

Mutual and Complementary Relationship

During the Track Record Period, we generated a significant portion of our revenue from RiseSun Development Group. We have provided property management and various value-added services (the "**Services**") to RiseSun Development Group since our establishment. We believe our ongoing business relationship with RiseSun Development Group is both mutually beneficial and complementary. According to CIA, high-quality property management services enhance client satisfaction and the market reputation of property developers for their developed properties. Thus, property developers tend to select and work closely with well-resourced property management companies that have a comprehensive range of services. Over years of cooperation, our Group and RiseSun Development Group have developed a mutual and deep understanding of each other's business operations and shared a similar service philosophy. Our long-standing relationship and established track record of providing the Services to RiseSun Development Group is owed to our familiarity with the standards and requirements of RiseSun Development Group, which has enabled us to reduce communication costs, build mutual trust and constantly provide property management services that meet RiseSun Development Group's stringent demands and requirements for high-quality residential properties. We believe our close and long-term cooperative relationship with RiseSun Development Group is instrumental to its success in establishing a nationally distinguished and well-recognized brand image, while enabling us to reinforce our existing market position and enhance our competitiveness in the PRC property management industry. For details, see "Business—Our Strategic Business Relationship with and Reliance on RiseSun Development Group—Mutually Beneficial and Complementary Relationship with RiseSun Development Group".

Licenses required for operation

We have full rights, hold and enjoy the benefit of all relevant licenses and permits material to the operation of our business.

Access to customers, suppliers and business partners

We have a diversified base of customers that are unrelated to our Controlling Shareholders and/or their respective close associates. We have independent access to such customers, our suppliers as well as our other business partners.

Operational facilities

As of the Latest Practicable Date, we leased certain properties in Hebei from associates of our Controlling Shareholders with a GFA of approximately 23,911.58 sq.m. for office and business operation use. Other than such leased properties, all the properties and facilities necessary for our business operations are independent from our Controlling Shareholders and their respective associates.

Employees

As of the Latest Practicable Date, all of our full-time employees were recruited independently from our Controlling Shareholders and their respective close associates. We primarily recruit our employees through channels and talent markets such as universities, third-party recruitment agencies and other property management companies.

Connected Transactions with our Controlling Shareholders

Save as disclosed in the sub-section entitled "Connected Transactions—(A) Continuing Connected Transaction Fully Exempt from the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements—Trademark License Agreement", we do not use other trademarks owned by our Controlling Shareholders or their respective associates.

Although we have entered into certain continuing connected transactions which will continue after the Listing, such transactions have been entered into and will continue to be entered into on normal commercial terms and in the ordinary course of business of our Company. For more information on our connected transactions that will continue after the Listing, see "Connected Transactions" in this prospectus.

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 (i) directly or indirectly be involved in or undertake any business (other than our business) that directly or indirectly competes, or may compete, with our business, which includes providing property management services, value-added services to non-property owners and community value-added services (collectively referred to as the "**Restricted Businesses**"); or (ii) hold shares or interest in any companies or businesses 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 30% of the total share capital of any company which is engaged in any business that is or may be in competition with business engaged in by any member of our Group, and they do not control the composition of the board of directors of such a company. The above restrictions do not apply (a) when our Group engages in a new business that is not a Restricted Business and at the time of such new business, any of the Controlling Shareholders had already been conducting or been involved in, or otherwise been interested in, the relevant business; or (b) to the business of our Controlling Shareholders (other than the business of our Group) which had already been disclosed in this prospectus, or had been carried out on or before the date of the Deed of Non-competition.

Furthermore, 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 comprising only our independent non-executive Directors 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 advisors to assist in the decision making process in relation to such Competing Business Opportunity. The Independent Board shall, within 30 business days of receipt of the written notice referred to above, inform our Controlling Shareholders in writing on behalf of our Company in 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 the 30 business days' period as 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 associates cease to hold, whether directly or indirectly, 50% or above of our Shares with voting rights or our Shares cease to be listed 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 a 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 order to promote good corporate governance practices and to improve transparency, the Deed of Non-Competition includes the following provisions:

- our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-Competition by our Controlling Shareholders;

- we will disclose the decisions on matters reviewed by the independent non-executive Directors (including the reasons for not taking up the Competing Business Opportunity referred to our Company) and the review by our independent non-executive Directors on the compliance with, and the enforcement of, the Deed of Non-Competition in our annual report or by way of announcement to the public in compliance with the requirements of the Listing Rules; and

- in the event that any of our Directors and/or their respective close associates have material interests in any matter to be deliberated on 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 toward 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 Global Offering, 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 interests 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 are committed that our Board should include a balanced composition of executive Directors, non-executive Director and independent non-executive Directors. We have appointed independent non-executive Directors believing that they possess sufficient experience and are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. For more information, see "Directors, Supervisors and Senior Management—Board of Directors—Independent Non-executive Directors";

(d) we have appointed Maxa Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to Directors' duties and corporate governance;

(e) as required by the Listing Rules, our independent non-executive Directors shall review any connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole; and

(f) on an annual basis, our independent non-executive Directors will review the non-competition undertakings provided by our Controlling Shareholders and their compliance with such undertakings.

We have entered into a number of agreements with our connected persons, the details of which are set out below. The transactions disclosed in this section will constitute our continuing connected transactions under Chapter 14A of the Listing Rules upon Listing.

(A) CONTINUING CONNECTED TRANSACTION FULLY EXEMPT FROM THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

Trademark License Agreement

On June 16, 2020, a trademark license agreement was entered into among our Company (for ourselves and on behalf of our other subsidiaries), RiseSun Real Estate Development and RiseSun Holdings (the "**Trademark License Agreement**"), pursuant to which RiseSun Holdings and RiseSun Real Estate Development agreed to irrevocably and unconditionally grant us a license to use certain trademarks owned by them in the PRC for a perpetual term commencing from the date of the Trademark License Agreement, which is subject to the renewal of the licensed trademarks, on a royalty-free basis. See "Appendix V—Statutory and General Information—B. Further Information about Our Business—2. Intellectual property rights of our Group".

We believe that the entering into of the Trademark License Agreement with a term of more than three years can ensure the stability of our operations, and is beneficial to us and our Shareholders as a whole. The Sole Sponsor is of the view that it is normal business practice for agreement of this type to be of such duration.

Each of RiseSun Real Estate Development and RiseSun Holdings is our Controlling Shareholder and a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Trademark License Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

As the right to use the licensed trademarks is granted to us on a royalty-free basis, the transactions under the Trademark License Agreement will be within the de minimis threshold provided under Rule 14A.76 of the Listing Rules and will be exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(B) CONTINUING CONNECTED TRANSACTION SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS AND EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

Master Sales Agreement

On December 18, 2020, we entered into a master sales agreement (the "**Master Sales Agreement**") with RiseSun Holdings, pursuant to which RiseSun Holdings and its subsidiaries (excluding our Group) ("**RiseSun Holdings Group**") agreed to purchase from our Group certain products, including but not limited to promotional materials, gifts, consumables (such as food, mineral water and beverage), office stationeries, office equipments, green plants, and cleaning products (the "**Products**"), which will be used in the sales offices, marketing promotion activities and for office use of RiseSun Holdings Group for a term commencing from the Listing Date to December 31, 2022.

Given that (i) we are engaged in the provision of property management services to the sales offices owned by RiseSun Holdings Group and are entrusted by RiseSun Holdings Group to purchase promotional materials and consumables used in the sales offices for better management of the sales offices; and (ii) we have access to certain suppliers in the PRC to procure the Products at a preferential price through our years of business development of community retail and commercial procurement services, RiseSun Holdings Group started to purchase the Products from our Group. For each of the three years ended December 31, 2019 and the six months ended June 30, 2020, purchases of the Products by RiseSun Holdings Group from us amounted to approximately RMB1.8 million, RMB0.9 million, RMB7.7 million and RMB7.0 million, respectively. The fees paid or payable by RiseSun Holdings Group increased substantially in the year ended December 31, 2019 as compared with the year ended December 31, 2018, mainly due to (i) the well-established relationship between our Group and our major suppliers for the purpose of offering competitive product prices to our customers, which include RiseSun Holding Group; (ii) the increased number of sales offices for RiseSun Development Group which lead to the increased demand of the Products; (iii) the business expansion of our community retail and commercial procurement services which increase the scope of the Products offered to RiseSun Holdings Group. Hence, RiseSun Holdings Group substantially increased their purchase amount in 2019.

The purchase price payable for the Products shall be determined after arm's length negotiations with reference to the prevailing market price, the wholesale price we offered to Independent Third Party customers and our cost for the procurement of the Products.

Our Directors estimate that the maximum annual purchase amount pursuant to the Master Sales Agreement for each of the three years ending December 31, 2022 will not exceed RMB20.0 million, RMB26.0 million and RMB33.5 million, respectively. The increase in the annual fee payable by RiseSun Holding Group for the Products is due to the increase of coverage of our Group in supply of the Products for the sales offices of RiseSun Development Group, which is in line with our community retail and commercial procurement services' business development plan.

In arriving at the above annual caps, our Directors have considered the following factors which are considered to be reasonable and justifiable in the circumstances:

- the historical transaction amounts and growth trend during the Track Record Period;
- the fees payable by RiseSun Holding Group for the ten months ended October 31, 2020 based on our Group's management account amounted to approximately RMB14.0 million;
- the estimated increase in the number of sales offices for RiseSun Development Group for the three years ending December 31, 2022; and
- the expected increase in demand of RiseSun Holdings Group in the Products for the three years ending December 31, 2022 as a result of its increase in marketing and promotion activities.

RiseSun Holdings is one of our Controlling Shareholders and therefore a connected person of our Company under the Listing Rules. Accordingly, the transactions under the Master Sales Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon the Listing.

As each of the applicable ratios under the Listing Rules in respect of the annual caps in relation to the purchases is expected to be over 0.1% but less than 5%, the transactions under the Master Sales Agreement will be exempt from the independent Shareholders' approval requirement but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

(C) CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1. Master Property Management Services Agreement

On December 18, 2020, we entered into a master property management services agreement with RiseSun Real Estate Development (the "**Master Property Management Services Agreement**"), pursuant to which we agreed to provide property management services to RiseSun Development Group and its associates, including but not limited to (i) preliminary planning and design consultancy services; (ii) display units and on-site sales office management services; (iii) property pre-delivery services, including but not limited to property inspection and cleaning before delivery and pre-delivery preparation; and (iv) properties owned or used by RiseSun Development Group and/or its associates, such as unsold property units, car parking lots and commercial properties (the "**Property Management Services**"), for a term commencing from the Listing Date to December 31, 2022.

The relevant subsidiaries and associates of RiseSun Real Estate Development and our Group will further enter into individual agreements that prescribe the specific terms and conditions pertaining to each project.

For each of the three years ended December 31, 2019 and the six months ended June 30, 2020, the total amount of fees payable by the RiseSun Development Group and its associates for the Property Management Services provided by our Group amounted to approximately RMB102.7 million, RMB142.0 million, RMB277.6 million and RMB185.6 million, respectively.

The fees to be charged for the Property Management Services will be determined after arm's length negotiations and taking into consideration (i) the size, nature, location and positioning of the properties; (ii) the anticipated operational costs (including labor costs, material costs and administrative costs); (iii) fees for similar services and similar types of projects in the market; and (iv) prices charged by us for providing comparable services to Independent Third Parties. The service fees for the provision of Property Management Services to properties owned or used by RiseSun Development Group and/or its associates are charged mainly based on the total GFA of properties under our management and the service fee per square meter, which shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable) or lower than the standard fees to be charged from Independent Third Parties.

Our Directors estimate that the maximum annual fee payable by RiseSun Development Group and its associates in relation to the Property Management Services to be provided by our Group under the Master Property Management Services Agreement for each of the three years ending December 31, 2022 will not exceed RMB397.5 million, RMB446.6 million and RMB499.6 million, respectively.

In arriving at the above annual caps for the Property Management Services, our Directors have considered the following factors which are considered to be reasonable and justifiable in the circumstances:

- the historical transaction amounts and growth trend during the Track Record Period;
- the fees payable by RiseSun Development Group and its associates for the ten months ended October 31, 2020 based on our Group's management account amounted to approximately RMB341.2 million;
- the estimated revenue to be recognized pursuant to the existing contracts. As of October 31, 2020, we had contracted to manage a total of 420 projects developed by RiseSun Development Group and its associates with a total contracted GFA of approximately 87.7 million sq.m.;

- the percentage of properties delivered by RiseSun Development Group for which our Property Management Services were engaged, and our estimated capacity for the three years ending December 31, 2022;
- the estimated service fee to be charged in respect of residential and other properties to be sold by RiseSun Development Group which will require Property Management Services and is based on the average service fee charged during the Track Record Period;
- in respect of preliminary planning and design consultancy services, the estimated total GFA of projects to be developed by RiseSun Development Group and its associates for each of the three years ending December 31, 2022, which will be approximately 9,000,000 sq.m., 9,000,000 sq.m., and 9,000,000 sq.m., respectively, based on the development and delivery plan of RiseSun Development Group and its associates and its land bank as of June 30, 2020;
- in respect of pre-delivery services, the estimated total GFA of the property projects expected to be managed by our Group for each of the three years ending December 31, 2022, which will be approximately 7,480,000 sq.m., 7,480,000 sq.m., and 7,480,000 sq.m., respectively, based on the development and delivery plans of RiseSun Development Group and its associates and its land bank as of June 30, 2020;
- in respect of unsold property units and car parking lots management services, the estimated unsold property units and car parking lots to be managed by us based on historical vacancy rates during the Track Record Period and our estimation on the estimated total GFA of the property to be managed by our Group for the three years ending December 31, 2022; and
- in respect of commercial properties management services, the total GFA of commercial properties to be managed by us as estimated based on the existing contracts.

RiseSun Real Estate Development is one of our Controlling Shareholders and therefore a connected person of our Company under the Listing Rules. Accordingly, the transactions under the Master Property Management Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon the Listing.

As each of the applicable ratios under the Listing Rules in respect of the annual caps in relation to the Master Property Management Services Agreement is expected to be more than 5% on an annual basis, the transactions under the Master Property Management Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Master Small–Scale Engineering and Related Consultancy Services Agreement

On December 18, 2020, we entered into a master small-scale engineering and related consultancy services agreement with RiseSun Real Estate Development (the "**Master Small–Scale Engineering and Related Consultancy Services Agreement**"), pursuant to which we agreed to provide small–scale engineering and related consultancy services to RiseSun Development Group and its associates, including but not limited to (i) installing security systems before the delivery of the properties, (ii) erecting and dismantling outer fencing for construction sites, (iii) providing preliminary planning and design consultancy services in relation to small-scale engineering in the initial design, construction and post-delivery stages, (iv) construction site drainage services, (v) signboard production and installation, and (vi) after-sales repair services (the "**Small-Scale Engineering and Related Consultancy Services**"), for a term commencing from the Listing Date to December 31, 2022.

Relevant members of both parties will enter into individual agreements setting out the specific terms and conditions based on the principles provided in the Master Small-Scale Engineering and Related Consultancy Services Agreement.

For each of the three years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, the total amount of fees payable by RiseSun Development Group and its associates for the Small-Scale Engineering and Related Consultancy Services amounted to approximately RMB114.1 million, RMB134.8 million, RMB199.1 million and RMB111.4 million, respectively.

The fees to be charged for the Small-Scale Engineering and Related Consultancy Services will be determined after arm's length negotiations and taking into consideration (i) the anticipated operational costs (including labor costs and material costs); (ii) the size and location of the properties; and (iii) fees for similar services and similar types of projects in the market. The fees for the provision of Small-Scale Engineering and Related Consultancy Services are calculated based on the total number of projects which require our Small-Scale Engineering and Related Consultancy Services and the average service fee per project, taking into account the location, nature and total GFA of the projects.

Our Directors estimate that the maximum annual fee payable by RiseSun Development Group and its associates under the Master Small-Scale Engineering and Related Consultancy Services Agreement for each of the three years ending December 31, 2020, 2021 and 2022 will not exceed RMB310.0 million, RMB359.7 million and RMB417.0 million, respectively.

In arriving at the above annual caps, our Directors have considered the following factors which are considered to be reasonable and justifiable in the circumstances:

- the historical transaction amounts and growth trend during the Track Record Period;
- the fees payable by RiseSun Development Group and its associates for the ten months ended October 31, 2020 based on our Group's management account amounted to approximately RMB247.9 million;
- the estimated revenue to be recognized in relation to the Small-Scale Engineering and Related Consultancy Services provided by us pursuant to the existing contracts;
- the estimated service fee to be charged for Small-scale Engineering and Related Consultancy Services based on the average service fee charged during the Track Record Period; and
- the estimated number and total GFA of projects to be developed by RiseSun Development Group and/or its associates required for Small-scale Engineering and Related Consultancy Services for the three years ending December 31, 2022.

RiseSun Real Estate Development is one of our Controlling Shareholders and therefore a connected person of our Company under the Listing Rules. Accordingly, the transactions under the Master Small-Scale Engineering and Related Consultancy Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon the Listing.

As each of the applicable percentage ratios under the Listing Rules in respect of the annual caps in relation to the Master Small Scale Engineering and Related Consultancy Services Agreement is expected to be more than 5%, the transactions under the Master Small-Scale Engineering and Related Consulting Services Agreement constitute continuing connected transactions for our Company which will be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(D) APPLICATION FOR WAIVERS

The transactions described under the sub-section entitled "—(B) Continuing Connected Transaction subject to the Reporting, Annual Review, Announcement Requirements but exempt from the Independent Shareholders' Approval Requirement" in this section constitute our continuing connected transaction under the Listing Rules, which is exempt from the independent Shareholders' approval requirement but subject to the reporting, annual review and announcement requirements of the Listing Rules.

The transactions described under the sub-section entitled "—(C) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements" in this section constitute our continuing connected transactions under the Listing Rules, which are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements of the Listing Rules.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, waivers exempting us from strict compliance with (i) the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "—(B) Continuing Connected Transaction subject to the Reporting, Annual Review, Announcement Requirements but exempt from the Independent Shareholders' Approval Requirement" in this section; and (ii) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "—(C) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements" in this section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above). Apart from the above waivers sought on the strict compliance of the announcement and independent Shareholders' approval requirements, we will comply with the relevant requirements under Chapter 14A of the Listing Rules.

If any terms of the transactions contemplated under the agreements mentioned above are altered or if we enter into any new agreements with any connected person in the future, we will fully comply with the relevant requirements under Chapter 14A of the Listing Rules.

(E) DIRECTORS' VIEWS

Our Directors (including our independent non-executive Directors) consider that all the continuing connected transactions described under the sub-sections entitled "—(B) Continuing Connected Transaction subject to the Reporting, Annual Review, Announcement Requirements but exempt from the Independent Shareholders' Approval Requirement" and "—(C) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements" have been and will be carried out (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better; and (iii) in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Our Directors (including our independent non-executive Directors) are also of the view that the annual caps of the continuing connected transactions under the sub-sections entitled "—(B) Continuing Connected Transaction subject to the Reporting, Annual Review, Announcement Requirements but exempt from the Independent Shareholders' Approval Requirement" and "—(C) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements" in this section are fair and reasonable and are in the interests of our Shareholders as a whole.

(F) SOLE SPONSOR'S VIEW

The Sole Sponsor is of the view (i) that the continuing connected transactions described under the sub-sections entitled "—(B) Continuing Connected Transaction subject to the Reporting, Annual Review, Announcement Requirements but exempt from the Independent Shareholders' Approval Requirement" and the sub-section entitled "—(C) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements" have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms or better, that are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and (ii) that the proposed annual caps (where applicable) of such continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

The detailed information of our directors, supervisors and senior management are listed below. Save as disclosed below, none of the following directors, supervisors or senior management has any relationship in connection with other directors, supervisors or senior management.

BOARD OF DIRECTORS

Our Board consists of seven Directors who are responsible for the management and operation of our business, including three executive Directors, one non-executive Director and three independent non-executive Directors.

Name	Age	Time of joining our Group	Position in our Company	Date of appointment as Director	Key responsibilities	Relationship with other Director(s)
Executive Directors						
Geng Jianfu (耿建富)	55	February 2016	Chairman of the Board and executive Director	April 6, 2020	Decision- making, strategic planning and overall management of our Group	Brother of father-in-law of Xiao Tianchi
Xiao Tianchi (肖天馳)	30	April 2020	Executive Director, the Board secretary and joint company secretary	April 6, 2020	Assisting the Chairman of the Board in strategic planning and capital operation management	Son-in-law of brother of Geng Jianfu
Liu Yonggang (劉勇罡)	41	February 2017	Executive Director and general manager	April 6, 2020	Overall operations and management of our Group	N/A
Non-executive Director						
Zhang Wenge (張文革)	52	June 2004	Non-executive director	April 6, 2020	Provision of guidance for the overall development of our Group	N/A
Independent Non-executive Directors						
Jin Wenhui (金文輝)	50	April 2020	Independent non-executive Director	April 6, 2020	Providing independent advice to our Board	N/A
Siu Chi Hung (蕭志雄)	49	April 2020	Independent non-executive Director	April 6, 2020	Providing independent advice to our Board	N/A
Tang Yishu (唐義書)	49	August 18, 2020	Independent non-executive Director	August 18, 2020	Providing independent advice to our Board	N/A

Executive Directors

Mr. Geng Jianfu (**耿建富**), aged 55, was appointed as the chairman of our Board and executive Director on April 6, 2020 and is responsible for decision-making, strategic planning and overall management of our Group. Mr. Geng Jianfu joined our Group in February 2016 and served as honorary chairman until April 2020, a position in which he was responsible for our Group's strategic decisions.

Prior to joining our Group, from February 1995 to December 2000, Mr. Geng served as the manager at RiseSun Construction Engineering Co., Ltd. No. 3 Branch Office (榮盛建設工程有限公司第三分公司), a company mainly engaged in construction work, where he was responsible for project management. He joined RiseSun Real Estate Development in January 2001 and successively served as a deputy general manager of RiseSun Real Estate Development, the general manager of Langfang branch office and director of the board of RiseSun Real Estate Development until February 2016, where he was mainly responsible for comprehensive management of branch offices, investment and marketing development and property management. Mr. Geng Jianfu currently serves as the executive president of RiseSun Real Estate Development and is responsible for participating in the overall management of the real estate business. Mr. Geng Jianfu also concurrently serves as a director of various subsidiaries of RiseSun Real Estate Development and as supervisor at RiseSun Holdings.

Mr. Geng Jianfu graduated from China University of Petroleum (中國石油大學) in the PRC in July 1993, where he obtained a bachelor's degree in business management. He obtained a master's degree in industrial economics through distance learning from Wuhan University of Technology (武漢理工大學) in the PRC in December 2008. Mr. Geng Jianfu was certified as a Senior Engineer (高級工程師) by Hebei Provincial Title Reform Leading Group Office (河北省職稱改革領導小組辦公室) in December 2001 and a National First Class Registered Architect (國家一級註冊建造師) by Langfang Construction Engineering Secondary Professional School in September 2013.

Mr. Geng Jianfu is the brother of Mr. Geng (our Ultimate Controlling Shareholder) who is the father-in-law of Mr. Xiao Tianchi (our executive Director, the Board secretary and the joint company secretary).

Mr. Xiao Tianchi (**肖天馳**), aged 30, was appointed as our executive Director and the Board secretary on April 6, 2020 and a joint company secretary on June 8, 2020. He is responsible for assisting the chairman of the Board in strategic planning and capital operation management.

Prior to joining our Group, from September 2013 to August 2014, Mr. Xiao successively worked at fire police training bases (消防警官培訓基地) in Tianjin City and Jiangsu Province to learn professional skills and technologies related to fire-fighting and fire safety. From June 2013 to August 2017, he served as an acting deputy squadron leader and deputy political instructor at Xingpu Road Squadron of Nanjing Fire Brigade (南京市消防支隊興浦路中隊), where he was mainly responsible for fire-fighting and rescue operations, political education and work related to emergency management. He subsequently served as the staff officer at Gulou District Brigade of Nanjing Fire Brigade (南京市消防支隊鼓樓區大隊), where he was mainly responsible for supervising work related to fire-fighting and inspections of fire-fighting facilities and equipment in buildings. In August 2017, he was appointed as the captain staff of the Supervision and Management Section of Fire Prevention Supervision Department of Cangzhou Public Security Fire Brigade (滄州市公安消防支隊防火監督處監督管理科), where he was responsible for the review of fire safety specifications for architectural drawings. Mr. Xiao joined RiseSun Real Estate Development in December 2018 as an assistant to the chairman, where he was responsible for assisting the chairman of RiseSun Real Estate Development with daily work arrangements, supervising the implementation of business plans and participating in the company's daily management until April 2020.

Mr. Xiao graduated from Shenzhen University (深圳大學) in the PRC in June 2013, where he obtained a bachelor's degree in industrial design.

Mr. Xiao is the son-in-law of Mr. Geng (our Ultimate Controlling Shareholder and the brother of Mr. Geng Jianfu (the chairman of the Board and our executive Directors)).

Mr. Liu Yonggang (劉勇罡), aged 41, was appointed as our executive Director on April 6, 2020. Mr. Liu joined our Group in February 2017 as our general manager and is responsible for overall operations and management of our Group.

Prior to joining our Group, from July 2000 to July 2001, Mr. Liu served as an assistant to the president at Jilin Urban and Rural Construction and Development Corporation (吉林省城鄉建設開發總公司), a company mainly engaged in real estate development, where he was responsible for assisting the president with daily work arrangements and participating in company management and operations. From July 2001 to November 2004, he successively served as the information supervisor and marketing supervisor at Changchun Vanke Real Estate Development Co., Ltd. (長春萬科房地產開發有限公司), a wholly-owned subsidiary of China Vanke Co., Ltd. (萬科企業股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 000002)), where he was responsible for information disclosure, media relationship management and management of sales assistance services. From November 2004 to September 2007, he served as a project manager at Changchun Vanke Property Management Services Co., Ltd. (長春萬科物業服務有限公司), where he was responsible for property management services. From September 2007 to February 2011, he served as the general manager at Changchun China Overseas Property Management Co., Ltd. (長春中海物業管理有限公司), where he was responsible for overall operations and management. From April 2011 to January 2014, he served as the deputy general manager at Jilin Yatai Real Estate Development Co., Ltd. (吉林亞泰房地產開發有限公司), where he was mainly responsible for property management and marketing promotion. From January 2014 to February 2017, he served as the general manager at Jilin Zhongsheng Real Estate Development Co., Ltd. (吉林市中聖房地產開發有限公司), where he was mainly responsible for the general management and operation of real estate development and property management. Mr. Liu currently serves as a supervisor at Weilan Family Services (Shanghai) Co., Ltd. (維瀾家庭服務(上海)有限公司), a company mainly engaged in property management and housekeeping services, where he is responsible for supervision of directors and senior management officers.

Mr. Liu graduated from The Open University of China (國家開放大學) (formerly known as China Central Radio and TV University (中央廣播電視大學)) in the PRC in July 2003, where he obtained a bachelor's degree in accounting. Mr. Liu was certified as a Registered Property Manager by the Real Estate Market Supervision Division (房地產市場監管司) in MOHURD in May 2013.

Non-executive Directors

Mr. Zhang Wenge (張文革), aged 52, was appointed as our non-executive Director on April 6, 2020 and is responsible for providing guidance for the overall development of our Group.

Mr. Zhang joined our Group in June 2004 as the general manager of our Company until July 2007, where he was responsible for overall operations and management. He was appointed as our executive Director in December 2006 and resigned in February 2018.

Prior to joining our Group, Mr. Zhang had more than ten years of work experience in the hotel and property management industries. Mr. Zhang joined RiseSun Real Estate Development in July 2007 and successively served as the deputy general manager of Langfang Branch Office, director of property management and the general manager of the property management center until July 2017, where he was responsible for overall management and operations of the property management sector in RiseSun Development Group. Mr. Zhang currently also serves as a director and general manager at various subsidiaries of RiseSun Real Estate Development, where he is responsible for the overall operations and management of such subsidiaries.

Mr. Zhang graduated from Beijing International Studies University (北京第二外國語學院) in the PRC in July 1992, where he obtained dual bachelor's degrees in Russian and Japanese.

Independent Non-executive Directors

Mr. Jin Wenhui (金文輝), aged 50, was appointed as our independent non-executive Director on April 6, 2020 and is responsible for providing independent advice to our Board.

From June 1994 to December 1997, Mr. Jin was a teacher at Beijing Institute of Petrochemical Technology (北京石油化工學院). From December 1997 to December 2003, he successively served as an audit manager and senior partner at Zhongpeng Accounting Firm (中鵬會計師事務所), where he was responsible for managing audit projects. From May 2004 to July 2009, he served as the assistant to the president, the financial director, a director of the board and the vice president at RiseSun Holdings, and as the executive general manager at RiseSun Venture Capital Co., Ltd. (榮盛創業投資有限公司), a subsidiary of RiseSun Holdings, where he was mainly responsible for managing operations related to finance, auditing and investment. He worked at RiseSun Real Estate Development as a director of the board in January 2006 and was responsible for financial management and business decisions until January 2012. He also served as a supervisor at Langfang Ruisheng Investment Co., Ltd. (廊坊瑞盛投資股份有限公司), a subsidiary of RiseSun Real Estate Development, from May 2007 to February 2016, where he was responsible for supervising directors and senior management officers. After February 2016, Mr. Jin did not hold any position in RiseSun Holdings Group. In March 2011, Mr. Jin founded Beijing Jiahe Jinhui Venture Capital Co., Ltd. (北京佳禾金輝創業投資公司), a company mainly engaged in investment management and business consulting. He currently serves as its chairman of the board and general manager, and is mainly responsible for strategic planning and daily operation management.

Mr. Jin currently serves as a director at Oxford Vacmedix UK Ltd. and Changzhou Niujin Shisong Biotechnology Co., Ltd. (常州牛津石松生物科技有限公司), all of which are mainly engaged in the development of biomedical and biotechnology, technology transfer and provision of technical services. He is responsible for formulating company strategies and development plans.

Mr. Jin graduated from Beijing Institute of Petrochemical Technology (北京石油化工學院) in the PRC in July 1994, where he obtained a bachelor's degree in accounting. He graduated from Nanyang Technological University in Singapore in May 2005, where he obtained a master's degree in business administration through distance learning. He graduated from Tianjin University of Finance and Economics (天津財經大學) in the PRC in December 2010, where he obtained a doctor's degree in finance. Mr. Jin was certified as a Certified Public Accountant by Ministry of Finance in the PRC in May 1997. He obtained the Independent Director Qualification Certificate awarded by the Securities Association of China (中國證券業協會) in July 2003.

Mr. Siu Chi Hung (蕭志雄), aged 49, was appointed as our independent non-executive Director on April 6, 2020 and is responsible for providing independent advice to our Board.

Mr. Siu joined KPMG (Hong Kong) in August 1994 as an accountant and became a partner in July 2008. He was the Head of Real Estate of KPMG (China) and the Head of Capital Markets Development, Southern China of KPMG (China) before his retirement in June 2018. He was appointed as an executive director of LVGEM (China) Real Estate Investment Company Limited (綠景(中國)地產投資有限公司), a company listed on the Stock Exchange (stock code: 0095), in September 2019. Mr. Siu currently also serves as an independent non-executive director at Dongjiang Environmental Company Limited (東江環保股份有限公司) (stock code: 0895) and China Gas Industry Investment Holdings Co. Ltd. (stock code: 1940), both companies listed on the Stock Exchange.

Mr. Siu graduated from the Chinese University of Hong Kong in Hong Kong in December 1994, where he obtained a bachelor's degree in business administration. Mr. Siu is currently a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants (HKICPA), a member of the American Institute of Certified Public Accountants (AICPA) and a member of the Hong Kong Independent Non-Executive Director Association (HKiNEDA).

Mr. Tang Yishu (唐義書), aged 49, was appointed as our independent non-executive Director on August 18, 2020 and is responsible for providing independent advice to our Board.

From July 1993 to September 1998, Mr. Tang worked as a teacher at Beijing Wuzi University (北京物資學院). From September 1998 to June 2004, he successively served as a project manager, a department manager, the deputy general manager and a partner at Zhongshi Accounting Firm Co., Ltd. (中實會計師事務所有限責任公司), where he was mainly responsible for business development and overall management of the audit department. From July 2004 to September 2009, he worked as a partner and a deputy chief accountant at Beijing Lixin Changjiang Certified Public Accountants Co., Ltd. (北京立信長江會計師事務所有限公司), where he was mainly responsible for business development and overall management of the audit, consulting and quality control departments. From September 2009 to November 2017, he was a partner at Reanda Certified Public Accountants LLP (利安達會計師事務所(特殊普通合夥)). He is currently a partner at Zhongxinghua Certified Public Accountants LLP (中興華會計師事務所(特殊普通合夥), a director of Rongbang Holdings Limited (榮邦控股有限公司), a director of Nexia Asia Pacific, the secretary-general of Nexia China Umbrella Organization and an external director of Stated-owned Assets Supervision and Administration Commission of Beijing (北京市人民政府國有資產監督管理委員會).

Mr. Tang graduated from Beijing Wuzi University (北京物資學院) in the PRC in July 1993, where he obtained a bachelor's degree in management engineering. He graduated from Deakin University in Australia in August 2002, where he obtained a master's degree in accounting through distance learning. Mr. Tang is currently a Certified Public Accountant in the PRC and a Certified Public Accountant in Australia.

Save as disclosed above, none of our Directors have held any other directorships in listed companies during the three years immediately prior to the date of this prospectus.

Save as disclosed above, each of our Directors has confirmed that there are no other matters relating to his appointment as a Director that need to be brought to the attention of our Shareholders, and there is no other information in relation to his appointment that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

SUPERVISORS

In accordance with the Company Law of the PRC, all shareholding corporations are required to establish a supervisory committee, responsible for supervising the Directors and senior management officers on fulfilling their respective duties, financial performance, internal control management and risk management. The Supervisory Committee consists of five members, comprising two employee representative Supervisors, one Shareholder representative Supervisor and two external Supervisors.

Details of our Supervisors are set forth below:

Name	Age	Time of joining our Group	Existing position in our Company	Date of appointment as Supervisors	Responsibilities
Jing Zhonghua (景中華)	42	April 2020	Shareholder representative Supervisor	April 6, 2020	Responsible for supervising the Board and senior management officers of our Company

Name	Age	Time of joining our Group	Existing position in our Company	Date of appointment as Supervisors	Responsibilities
Dong Hui (董慧)	40	March 2020	Employee representative Supervisor	April 6, 2020	Responsible for supervising the Board and senior management officers of our Company
Liu Jifeng (劉紀鋒)	39	May 2019	Employee representative Supervisor	April 6, 2020	Responsible for supervising the Board and senior management officers of our Company
Wang Jiandong (王建東)	54	May 2020	External Supervisor	May 22, 2020	Responsible for supervising the Board and senior management officers of our Company
Zhang Yuanpeng (張元鵬)	27	May 2020	External Supervisor	May 22, 2020	Responsible for supervising the Board and senior management officers of our Company

Mr. Jing Zhonghua (**景中華**), aged 42, was appointed as our Supervisor on April 6, 2020.

Prior to joining our Group, from July 2000 to December 2003, Mr. Jing served as an accounting manager at Shenzhen Nanyou (Holdings) Corp. Ltd. (深圳市南油(集團)有限公司), a company mainly engaged in real estate development, where he was responsible for managing and overseeing the daily operations of the accounting department, monitoring and analyzing accounting data and producing financial reports or statements. From April 2004 to March 2010, he successively served as an accounting manager and financial manager at the Xi'an branch office of Gemdale Corporation (金地(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600383), where he was responsible for overseeing the overall preparation, management and monitoring of corporate budgets and performing financial analysis, reporting and management activities. From March 2010 to June 2015, he successively served as the deputy general manager of the finance department of the Xi'an branch office and the director of the finance center at Longfor Group Holdings Limited (龍湖集團控股有限公司), a company listed on the Stock Exchange (stock code: 0960), where he was mainly responsible for financial management, tax management and audit and financial supervision. He first joined RiseSun Real Estate Development in July 2015 as the general manager of the financial center until February 2020. He was subsequently promoted to become and currently serves as, the vice president, and is responsible for the operations and management of the financial center, financial management and accounting management.

Mr. Jing graduated from Jiangxi University of Finance and Economics (江西財經大學) in the PRC in July 2000, where he obtained a bachelor's degree in accounting. He was certified as a Certified Public Accountant by the Examination Committee of Certified Public Accountants of Ministry of Finance in the PRC in December 2005.

Ms. Dong Hui (**董慧**), aged 40, was appointed as our Supervisor on April 6, 2020. Ms. Dong has been serving as the director of human resources and administrative affairs of our Company when since joined our Group in March 2020, and is responsible for management of human resources and administrative affairs.

Prior to joining our Group, from July 2003 to April 2008, Ms. Dong served as a human resources specialist at China Light Industry Construction Co., Ltd. (中國輕工建設工程總公司), a company mainly engaged in project management, technical services, technical consulting and construction supervision, where she was primarily responsible for human resources related work. In April 2008, she joined RiseSun Real Estate Development and successively served as the director of human resources of the Langfang branch office, the service oversight director and the director of human resources of RiseSun Real Estate Development, where she was mainly responsible for human resources management until March 2020.

Ms. Dong graduated from Xi'an Industrial University (西安工業大學) in the PRC in July 2003, where she obtained a bachelor's degree in human resources management. Ms. Dong obtained a First-level Human Resources Management Certificate awarded by the Ministry of Human Resources and Social Security in the PRC in December 2011.

Mr. Liu Jifeng (**劉紀鋒**), aged 39, was appointed as our Supervisor on April 6, 2020. Mr. Liu joined our Group in May 2019 as the legal manager of our Company, where he is responsible for management of legal affairs and the legal team of our Group.

Prior to joining our Group, from June 2007 to July 2009, Mr. Liu served as a legal assistant at Shandong Ruize Law Firm (山東睿澤律師事務所) and assisted with the provision of various legal services. From July 2009 to October 2013, Mr. Liu worked at Qingdao Qingfang Finance and Guarantee Group Co., Ltd. (青島青房融資擔保集團有限公司) (formerly known as Qingdao Qingfang Guarantee Group Co., Ltd. (青島青房擔保集團有限公司)), a company mainly engaged in the financing guarantees, where he was responsible for due diligence and review of the financing guarantee business. In October 2013, he joined Beijing Haodong (Qingdao) Law Firm (北京市浩東(青島)律師事務所) as a lawyer and engaged in the provision of legal services in various sectors until March 2016. From March 2016 to May 2019, he successively served as the legal manager at Qingdao Guangshun Real Estate Co., Ltd. (青島廣順房地產有限公司) and as the legal manager at Le Life Smart Community Service Group Co., Ltd. (樂生活智慧社區服務集團股份有限公司), where he was responsible for legal affairs. Qingdao Guangshun Real Estate Co., Ltd. is a company mainly engaged in real estate development and Le Life Smart Community Service Group Co., Ltd. is a property management company.

Mr. Liu graduated from Hainan University (海南大學) in the PRC in July 2005, where he obtained a bachelor's degree in law. Mr. Liu obtained the Legal Professional Qualification Certificate awarded by the Ministry of Justice in the PRC in February 2008, the Securities Qualification Certificate awarded by the Securities Association of China (中國證券業協會) in the PRC in February 2017 and the Qualification of Investment Project Analyst awarded by the China General Chamber of Commerce (中國商業聯合會) in the PRC in July 2018.

Mr. Wang Jiandong (**王建東**), aged 54, was appointed as our Supervisor on May 22, 2020.

From August 1995 to May 1997, Mr. Wang served as a deputy manager at Langfang Jinqiao Real Estate Development Co., Ltd. (廊坊市金橋房地產開發有限公司), a company mainly engaged in real estate development, where he was responsible for formulating regional project investment and development strategies and executing company development plans. He subsequently served as the manager at the Property Management Company of Langfang Economic and Technological Development Zone (廊坊經濟技術開發區物業管理公司). From April 1998 to August 2005, he served as the manager at Langfang Development Zone Yongcheng Property Services Co., Ltd. (廊坊開發區永成物業服務有限公司), a company mainly engaged in property management, where he was responsible for overall operations and management of the company. He currently serves as the chairman of the board at Langfang International Exhibition Group Co., Ltd. (廊坊國際展覽集團有限公司), a company mainly engaged in exhibition display services and logistics management, and at Hebei Jinxiang Property Group Co., Ltd. (河北金項物業集團有限公司), a company mainly engaged in property management, where he is responsible for decision making, strategic planning and overall management.

Mr. Wang currently serves as the vice president at Hebei Convention and Exhibition Industry Association (河北省會展業協會) and the vice chairman at Langfang Federation of Industry and Commerce (廊坊市工商聯合會).

Mr. Wang completed the curriculum in economic management of Correspondence College of the Party School of the Communist Party of China Hebei Provincial Committee (中共河北省委黨校函授學院) in the PRC through distance learning in December 2001. He completed the curriculum in business administration of Foreign Economic and Trade University (對外經濟貿易大學) in the PRC in November 2002. Mr. Wang obtained the Qualification Certificate of Assistant Engineer from the Title Reform Leading Group Office of Langfang City (廊坊市職稱改革領導小組辦公室) in September 2009.

Mr. Zhang Yuanpeng (**張元鵬**), aged 27, was appointed as our Supervisor on May 22, 2020.

Since March 2018, Mr. Zhang has been serving as an assistant to the president at Zhongyu Gas Holdings Limited (中裕燃氣控股有限公司), a company listed on the Stock Exchange (stock code: 3633), and is responsible for implementing various tasks delegated by the president and coordinating with various departments.

Mr. Zhang graduated from Wuhan University (武漢大學) in the PRC in June 2015, where he obtained a bachelor's degree in finance. He graduated from in Lingnan University (嶺南大學) in Hong Kong in December 2017, where he obtained a master's degree in human resource management and organizational behaviour.

Save as disclosed above, none of our Supervisors have held any other directorships in listed companies during the three years immediately prior to the date of this prospectus.

Save as disclosed above, each of our Supervisors has confirmed that there are no other matters relating to his/her appointment as a Supervisor that need to be brought to the attention of our Shareholders, and there is no other information in relation to his/her appointment that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

SENIOR MANAGEMENT

The president and other members of the senior management team of our Group, together with our executive Directors, namely Mr. Geng Jianfu, Mr. Xiao Tianchi and Mr. Liu Yonggang, are responsible for the day-to-day operations and management of the business of our Group. Please refer to the paragraph entitled "—Executive Directors" in this section for the biographical details of Mr. Geng Jianfu, Mr. Xiao Tianchi and Mr. Liu Yonggang. Members of the senior management team of our Group also include the following:

Name	Age	Time of joining our Group	Position in our Company	Date of appointment as senior management	Key Responsibilities
Xu Bin (許斌)	45	June 2019	Chief financial officer	June 2019	Financial management of our Group
Lai Hongfei (賴鴻飛)	39	November 2018	Deputy general manager	November 2018	Quality control, operations management, market development and mergers and acquisitions
Meng Qingbin (孟慶斌)	36	July 2019	Deputy general manager	July 2019	Management of value-added services, brand center and internet related business

Mr. Xu Bin (許斌), aged 45, was appointed as our chief financial officer when he joined our Group in June 2019 and is responsible for the financial management of our Group.

Prior to joining our Group, from August 1997 to November 2001, Mr. Xu served as a project manager at Zhongyou Accounting Firm Co., Ltd. (中友會計師事務所有限公司), where he was responsible for organizing and executing business projects. From November 2001 to March 2011, he served as the finance director at Huaqing Jiye Investment Management Co., Ltd. (華清基業投資管理有限公司), a company mainly engaged in real estate development and project investment, where he was mainly responsible for overall financial management. From March 2011 to September 2017, he served as the finance director and secretary of the board of directors at Beijing Dianfeng Zhiye Tourism Culture Creative Co., Ltd. (北京巔峰智業旅遊文化創意股份有限公司), a company mainly engaged in tourism planning and design, where he was responsible for overall financial management and secretarial work of the board. From September 2017 to June 2019, he served as the finance director at Beijing Shoulv Scenic Investment and Management Co., Ltd. (北京首旅景區投資管理有限公司), a company mainly engaged in investment and operations of tourist attractions, where he was responsible for overall financial management. From January 2019 to May 2019, he served as a director of the board at Fujian Nanjing Tulou Tourism Development Co., Ltd. (福建省南靖土樓旅遊開發有限公司), a company mainly engaged in the development and operation of tourism projects, where he was responsible for formulating business decisions. Mr. Xu currently serves as an independent director at Tungkong Inc. (東港股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002117), where he is responsible for providing independent advice to the board.

Mr. Xu graduated from Central University of Finance and Economics (中央財經大學) in the PRC in July 1997, where he obtained a bachelor's degree in accounting. Mr. Xu was certified as a Certified Public Accountant by the Beijing Institute of Certified Public Accountants (北京註冊會計師協會) in the PRC in April 2001. He obtained the qualification of the Secretary of the Board certified by the Shenzhen Stock Exchange and the qualification of the Independent Director certified by the Shanghai Stock Exchange in the PRC in April 2013 and April 2015, respectively.

Mr. Lai Hongfei (賴鴻飛), aged 39, was appointed as our deputy general manager when he joined our Group in November 2018 and is responsible for quality control, operations management, market development and mergers and acquisitions.

Prior to joining our Group, from July 2002 to November 2010, Mr. Lai served as a director of the enterprise management department of the Nanjing branch office of Shenzhen Pengji Property Management Service Co., Ltd. (深圳鵬基物業管理服務有限公司), where he was responsible for quality management, operation management and market development. He subsequently served as the executive deputy general manager at Nanjing Hedu Commercial Management Co., Ltd. (南京和度商業管理有限公司) (formerly known as Nanjing Hedu Property Management Co., Ltd. (南京和度物業服務有限公司)), where he was responsible for quality management, market development and business management until December 2015. Mr. Lai served as the assistant general manager of Nanjing branch office of Jiangsu Xincheng Real Estate Service Co., Ltd. (西藏新城悅物業服務股份有限公司) from December 2015 to August 2017, and then as the director of market development of the Nanjing branch office of Longfor Property Management Group Co., Ltd. (龍湖物業服務集團有限公司) from August 2017 to October 2018, and was responsible for market expansion and merger and acquisition management in both roles.

Mr. Lai obtained a diploma in sports from Gannan Normal University (贛南師範學院) in the PRC in June 2002. Mr. Lai became certified as a Property Manager by the Jiangsu Provincial Department of Human Resources and Social Security (江蘇省人力資源和社會保障廳) in January 2015.

Mr. Meng Qingbin (孟慶斌), aged 36, was appointed as our deputy general manager when he joined our Group in July 2019 and is responsible for the management of value-added services, the brand center and internet related business.

Prior to joining our Group, from October 2007 to January 2009, he successively served as an asset advisor and the branch manager at Beijing Anxin Ruide Real Estate Agent Co., Ltd. (北京安信瑞德房地產經紀有限公司), a company mainly engaged in real estate investment and brokerage services, where he was responsible for management of the real estate brokerage business and market development. From January 2009 to January 2013, he served as the regional business manager at Beijing Heshun Jiawei Real Estate Brokerage Co., Ltd. (北京和順嘉偉房地產經紀有限公司) (formerly known as Beijing Siyuan Innovation Real Estate Brokerage Co., Ltd. (北京思源創新房地產經紀有限公司)), a company mainly engaged in the provision of real estate brokerage services, where he was mainly responsible for the establishment and execution of real estate brokerage business, market development and participation in the group's business strategy. He subsequently served as the director of the Marketing Center of Beijing Sohu New Media Information Technology Co., Ltd. (北京搜狐新媒體信息技術有限公司), a company mainly engaged in real estate internet advertising, e-commerce and value-added services. From July 2016 to July 2019, he served as the director of the Lease and Sale Center and Asset Management Center of Community Business Management Department of Longfor Property Services Group Co., Ltd. (龍湖物業服務集團有限公司), where he was mainly responsible for the overall management of the company's national rental and sales and asset business.

Mr. Meng graduated from Gansu Agricultural University (甘肅農業大學) in the PRC in June 2006, where he obtained a bachelor's degree in gardening.

JOINT COMPANY SECRETARIES

Mr. Xiao Tianchi (肖天馳), aged 30, was appointed as our joint company secretary on June 8, 2020. For details of Mr. Xiao, please refer to "Executive Director—Mr. Xiao Tianchi (肖天馳)" in this section.

Mr. Wong Yu Kit (黃儒傑), was appointed as our joint company secretary on June 8, 2020. Mr. Wong is a vice president of SWCS Corporate Services Group (Hong Kong) Limited, a professional services provider specializing in corporate services, and has over ten years of experience in the corporate services field. Mr. Wong currently serves as the company secretary at FingerTango Inc. (指尖悅動控股有限公司) (stock code: 6860), China Chunlai Education Group Co., Ltd. (中國春來教育集團有限公司) (stock code: 1969), Denox Environmental & Technology Holdings Limited (迪諾斯環保科技控股有限公司) (stock code: 1452) and Yincheng International Holding Co., Ltd. (銀城國際控股有限公司) (stock code: 1902). All the above companies are listed on the Stock Exchange.

Mr. Wong obtained a bachelor's degree in Business Administration and Management from the University of Huddersfield and a master's degree in corporate governance from the Open University of Hong Kong. Mr. Wong is an associate member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators).

BOARD COMMITTEES

Audit Committee

We have established an audit committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process and internal control system of our Group, risk management and internal audit, provide advice and comments to our Board and perform other duties and responsibilities as may be assigned by our Board.

The audit committee consists of three members, namely Mr. Siu Chi Hung, Mr. Zhang Wenge and Mr. Jin Wenhui. The chairman of the audit committee is Mr. Siu Chi Hung, who is an independent non-executive Director with the appropriate accounting and related financial management expertise.

Remuneration Committee

We have established a remuneration committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary duties of the remuneration committee are to (i) establish, review and provide advice to our Board on our policies concerning remuneration of Directors and senior management officers and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration, (ii) to determine the terms of the specific remuneration package of each executive Director and senior management and (iii) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

The remuneration committee consists of three members, namely Mr. Tang Yishu, Mr. Geng Jianfu and Mr. Jin Wenhui. The chairman of the remuneration committee is Mr. Tang Yishu.

Nomination Committee

We have established a nomination committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary duties of the nomination committee are to (i) review the structure, size and composition of our Board on a regular basis and make recommendations 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 and (iii) assess the independence of our independent non-executive Directors and make recommendations on matters relating to the appointment, reappointment and removal of our Directors and succession planning.

The nomination committee consists of three members, namely Mr. Geng Jianfu, Mr. Siu Chi Hung and Mr. Tang Yishu. The chairman of the nomination committee is Mr. Geng Jianfu.

BOARD DIVERSITY POLICY

Our Board has adopted a board diversity policy which sets out the approach to achieve diversity on our Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential to the attainment of our Company's strategic objectives and sustainable development. Our Company seeks to achieve Board diversity by taking into account a number of factors, including but not limited to talent, skills, gender, age, ethnicity, experience, independence and knowledge. We will select potential Board candidates based on merit and his/her potential contribution to our Board while taking into account our board diversity policy and other factors. Our Company will also take into consideration our own business model and specific needs from time to time.

Our Directors have a balanced mix of knowledge, skills and experience, including property management, overall business management, finance and investment. They obtained degrees in various majors, including business administration, economics, accounting and industrial design. We have three independent non-executive Directors who have different industry backgrounds, representing over one-third of our Board members. Furthermore, our Board has a wide age range of 30 to 55 years old. Taking into account our existing business model and specific needs as well as the different background of our Directors, our Directors consider that the composition of our Board upon the Listing satisfies our board diversity policy while our Board recognises that the gender diversity at the board level can be further improved given its current composition of all-male Directors.

Our Company will continue to take steps to promote gender diversity of our Board and senior managers. Under the Board diversity policy, our Board shall increase the proportion of female members over time when selecting and making recommendation on suitable candidates for Board appointments, so as to generally achieve gender diversity with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing greater gender diversity to the Board. We are committed to suitable female candidate(s) for future appointments to the Board. We will continue to apply the principle of appointment based on merits with reference to our diversity policy as a whole. To achieve the aim of gender diversity of the Board, our Company will endeavor to recommend two or more female Director(s) for approval by the Shareholders within five years from the Listing Date. After the Listing and until at least two female Directors have been recommended for approval, the Nomination Committee will be responsible for identifying suitable female candidates and providing their recommendations to the Board on at least an annual basis. Subject to (i) our Board being satisfied with the background, qualification and experience of the relevant candidate(s) and their potential contributions to the development of our Group, (ii) our Directors fulfilling their fiduciary duties to act in the best interest of our Company and the Shareholders as a whole when making the relevant recommendation(s), and (iii) our Company's prevailing nomination policy, our Board will recommend the female candidate to the Shareholders for appointment as a member of the Board.

In addition to above, going forward, we will (i) ensure that there is gender diversity when recruiting staff at mid to senior level; (ii) consider the possibility of nominating female management staff who has the necessary skills and experience to our Board; and (iii) provide career development opportunities and more resources in training female staff with the aim of promoting them to the senior management or board of our Company so that we will have a pipeline of female senior management and potential successors to our Board.

Our nomination committee is responsible for ensuring the diversity of our Board members. After Listing, our nomination committee will review our board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of our board diversity policy in our corporate governance report on an annual basis.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Our Directors and Supervisors receive compensation from our Company in the form of fees, salaries, housing allowances and contributions to a retirement benefit scheme.

The emoluments (including fees, salaries, housing allowances and contributions to a retirement benefit scheme) paid to our Directors and Supervisors in aggregate for each of the three years ended December 31, 2019 and the six months ended June 30, 2020 were approximately nil, RMB1.0 million, RMB1.2 million and RMB12.7 million, respectively.

The emoluments (including wages, salaries and bonuses, pension costs, housing funds, medical insurance and other social insurances) paid to our Group's five highest paid individuals included nil, one, one and three director for each of the three years ended December 31, 2019 and the six months ended June 30, 2020. The emoluments payable to the remaining five, four, four and two individuals for each of the three years ended December 31, 2019 and the six months ended June 30, 2020 amounted to approximately RMB3.4 million, RMB3.7 million, RMB5.1 million and RMB3.7 million, respectively.

During the Track Record Period, no emoluments were paid by us to, or received by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company as compensation for their office for each of the three years ended December 31, 2019 and the six months ended June 30, 2020.

None of our Directors had waived or agreed to waive the receipt of any emoluments during the Track Record Period. Pursuant to existing arrangements that are currently in force as of the date of this prospectus, the emoluments (including fees, salaries, housing allowances and contributions to a retirement benefit scheme) payable to our Directors and Supervisors by our Company for the year ending December 31, 2020 will amount to approximately RMB19.1 million in aggregate.

Our Board will review and determine the emoluments and compensation packages of our Directors and senior management officers and will, following the Listing, receive recommendations from our remuneration committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

Save as disclosed above, no other payments had been made, or are payable, by any member of our Group to our Directors during the Track Record Period. For additional information on our Directors' emoluments during the Track Record Period as well as information on the highest paid individuals, please refer to Notes 11 and 37 in the Accountant's Report set out in Appendix I to this prospectus.

COMPLIANCE ADVISOR

Our Company has appointed Maxa Capital Limited as our compliance advisor pursuant to Rule 3A.19 and 19A.05 of the Listing Rules. The material terms of the compliance advisor's agreement entered into between our Company and the compliance advisor are as follows:

(a) the compliance advisor shall provide our Company with services including guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines, and accompany our Company to any meetings with the Stock Exchange;

(b) our Company may terminate the appointment of the compliance advisor by giving no less than 30 days' prior written notice. Our Company will exercise such right in compliance with Rule 3A.26 of the Listing Rules. The compliance advisor will have the right to terminate its appointment as compliance advisor under certain specific circumstances and upon notification of the reason of its resignation to the Stock Exchange; and

(c) during the period of appointment, our Company must consult with, and if necessary, seek advice from the compliance advisor on a timely basis in the following circumstances:

   i before the publication of any regulatory announcement, circular or financial report;

   ii where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

   iii where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results materially deviate from any forecast, estimate, or other information in this prospectus; and

   iv where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

CORPORATE GOVERNANCE CODE

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix 14 to the Listing Rules and the associated Listing Rules after the Listing.

As of the Latest Practicable Date, the registered share capital of our Company was RMB282,000,000, divided into 282,000,000 Shares, with a nominal value of RMB1.00 each.

Assuming the Over-allotment Option is not exercised, the share capital of our Company immediately after the completion of the Global Offering will be as follows:

Number of Shares	Description of Shares	Approximate percentage of total share capital
282,000,000	Unlisted Domestic Shares	75.00%
94,000,000	H Shares to be issued under the Global Offering	25.00%
376,000,000		100%

Assuming the Over-allotment Option is exercised in full, the share capital of our Company immediately after the completion of the Global Offering will be as follows:

Number of Shares	Description of Shares	Approximate percentage of total share capital
282,000,000	Unlisted Domestic Shares	72.29%
108,100,000	H Shares to be issued under the Global Offering	27.71%
390,100,000		100%

PUBLIC FLOAT REQUIREMENTS

Rule 8.08 of the Listing Rules requires there to be an open market in the securities for which listing is sought and for a sufficient public float of an issuer's listed securities to be maintained. This normally means that (i) at least 25% of the issuer's total issued shares must at all times be held by public; and (ii) where an issuer has one class of securities or more apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Stock Exchange) at the time of listing must be at least 25% of the issuer's total issued shares. However, the class of securities for which listing is sought must not be less than 15% of the issuer's total issued shares and must have an expected market capitalization at the time of listing of not less than HK$125 million.

Based on the information in the above tables, our Company will meet the public float requirement under the Listing Rules after the completion of the Global Offering (whether or not the Over-allotment Option is exercised in full). We will make appropriate disclosure of our public float and confirm the sufficiency of our public float in successive annual reports after the Listing.

The above tables assume the Global Offering becomes unconditional and is completed.

SHARE CLASSES

Upon the completion of Global Offering, the Shares of our Company will be divided into two categories: Unlisted Domestic Shares and H Shares. The two classes of Shares are both ordinary shares in the share capital of our Company. H Shares may only be subscribed for and traded in Hong Kong dollars. Unlisted Domestic Shares may only be subscribed for and traded in RMB. Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect, the Shenzhen-Hong Kong Stock Connect or other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. Unlisted Domestic Shares, on the other hand, can be subscribed for by and traded between legal or natural persons of the PRC, qualified foreign institutional investors. We must pay all dividends in respect of H Shares in Hong Kong dollars, all dividends in respect of Unlisted Domestic Shares in RMB.

Except as described above and in relation to the dispatch of notices and financial reports to our Shareholders, dispute resolution, registration of Shares in different parts of our register of Shareholders, methods of share transfer and the appointment of dividend receiving agents, which are all provided for in the Articles of Association and summarized in Appendix IV to this prospectus, our Unlisted Domestic Shares and H Shares will rank equally with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus (save for the dividends payment in RMB for Unlisted Domestic Shares, in foreign currency except for RMB for Unlisted Domestic Shares and in Hong Kong dollars for H Shares). However, the transfer of Unlisted Domestic Shares is subject to such restrictions as PRC laws may impose from time to time. Save for the Global Offering, we do not propose to carry out any public or private issue or to place securities simultaneously with the Global Offering or within the next six months from the Listing Date. We have not approved any share issue plan other than the Global Offering.

CONVERSION OF OUR UNLISTED DOMESTIC SHARES INTO H SHARES

We have two classes of ordinary shares, Unlisted Domestic Shares and H Shares. According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Unlisted Domestic Shares may be converted into H Shares, and such converted Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted Shares any requisite internal approval processes shall have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, shall have been obtained. In addition, such conversion, trading and listing shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Approval of the Stock Exchange is required for the listing of such converted Shares on the Stock Exchange. Based on the methodology and procedures for the conversion of our Unlisted Domestic Shares into H Shares as described in this section, we can apply for the listing of all or any portion of our Unlisted Domestic Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As any listing of additional Shares after our Listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our Listing in Hong Kong.

No voting by class Shareholders is required for the listing and trading of the converted Shares on an overseas stock exchange. Any application for listing of the converted Shares on the Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform Shareholders and the public of any proposed transfer.

In view of the above, our PRC Legal Advisor, has advised us that the Articles of Association of our Company does not contradict any PRC laws and regulations in the conversion of Unlisted Domestic Shares.

TRANSFER OF SHARES ISSUED PRIOR TO LISTING DATE

The Company Law provides that in relation to the public offering of a company, the shares issued prior to the public offering shall not be transferred within a period of one year from the date on which the publicly offered shares are listed on any stock exchange. Accordingly, Shares issued by our Company prior to the Listing Date shall be subject to this statutory restriction and not be transferred within a period of one year from the Listing Date.

Please refer to "Underwriting—Underwriting Arrangements and Expenses—Undertakings to the Stock Exchange under the Listing Rules-Undertaking by our Controlling Shareholders" for details of the lock-up undertaking given by the Controlling Shareholders to the Stock Exchange.

INCREASE IN SHARE CAPITAL

As advised by our PRC Legal Advisor, pursuant to the Articles of Association and subject to the requirements of relevant PRC laws and regulations, our Company, upon the Listing of our H Shares, is eligible to enlarge its share capital by issuing either new H Shares or new Unlisted Domestic Shares on condition that such proposed issuance shall be approved by a special resolution of Shareholders in general meeting and by holders of Shares of that class of Shareholders whose interest is affected in a separate meeting conducted in accordance with the provisions of the Articles of Association and that such issuance complies with the Listing Rules and other relevant laws and regulations of Hong Kong. To adopt a special resolution of Shareholders in general meeting, more than the two thirds votes represented by the Shareholders (including proxies) present at the general meeting must be exercised in favor of the resolution. Resolutions of a class of Shareholders shall be passed by votes representing more than two thirds of Shareholders with voting rights attending the class Shareholders' meeting.

REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, an overseas listed company is required to register its shares that are not listed on the overseas stock exchange with CSDCC within 15 Business Days upon the listing and provide a written report to the CSRC regarding the centralized registration and deposit of its unlisted Shares as well as the current offering and listing of shares.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

For details of circumstances under which our Shareholders' general meeting and class Shareholders' meeting are required, please refer to "Shareholders' General Meeting" under "Appendix IV—Summary of the Articles of Association" in this prospectus.

So far as is known to our Directors, as of the Latest Practicable Date and immediately prior to and following the completion of the Global Offering (taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option), the following persons have interests or short positions in our Shares or underlying Shares which fall 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:

			Shares held as of the Latest Practicable Date and immediately prior to the Global Offering(1)		Shares held in the total share capital of the Company immediately following the completion of the Global Offering(1)	
Name of Shareholder	**Nature of interest**	**Class of Shares**	**Number**	**Percentage (approx.)**	**Number**	**Percentage (approx.)**
Mr. Geng(2)	Interest in controlled corporations	Unlisted Domestic Shares	235,527,000 (L)	83.52%	235,527,000 (L)	62.64%
RiseSun Holdings(2)	Interest in controlled corporations	Unlisted Domestic Shares	235,527,000 (L)	83.52%	235,527,000 (L)	62.64%
RiseSun Construction Engineering	Interest in controlled corporations	Unlisted Domestic Shares	235,527,000 (L)	83.52%	235,527,000 (L)	62.64%
RiseSun Real Estate Development(2)	Beneficial owner	Unlisted Domestic Shares	235,527,000 (L)	83.52%	235,527,000 (L)	62.64%
Zhonghong Kaisheng	Beneficial owner	Unlisted Domestic Shares	22,740,000 (L)	8.06%	22,740,000 (L)	6.05%
Ms. Geng Fanchao(3)	Interest in a controlled corporation	Unlisted Domestic Shares	22,740,000 (L)	8.06%	22,740,000 (L)	6.05%
Mr. Xiao Tianchi(4)	Interests of spouse	Unlisted Domestic Shares	22,740,000 (L)	8.06%	22,740,000 (L)	6.05%
Shengyide Commercial	Beneficial owner	Unlisted Domestic Shares	23,733,000 (L)	8.42%	23,733,000 (L)	6.31%
Ms. Liu Hongxia(5)	Interest in a controlled corporation	Unlisted Domestic Shares	23,733,000 (L)	8.42%	23,733,000 (L)	6.31%

Notes:

(1) The letter "L" denotes the person's long position in our Shares.

(2) Our Company is owned as to 83.52% by RiseSun Real Estate Development, which is controlled by Mr. Geng through RiseSun Holdings and RiseSun Construction Engineering. RiseSun Real Estate Development is owned as to 12.88% by Mr. Geng, 35.65% by RiseSun Holdings and 11.43% by RiseSun Construction Engineering. Mr. Geng owns 60.09% of the equity interest of RiseSun Holdings and 18.18% of the equity interest of RiseSun Construction Engineering, and RiseSun Holdings in turn owned 71.29% of the equity interest of RiseSun Construction Engineering. By virtue of the SFO, Mr. Geng, RiseSun Construction Engineering and RiseSun Holdings are deemed to be interested in Shares held by RiseSun Real Estate Development.

(3) Zhonghong Kaisheng is owned as to 48.33% by Ms. Geng Fanchao. By virtue of the SFO, Ms. Geng Fanchao is deemed to be interested in the Shares held by Zhonghong Kaisheng.

(4) By virtue of the SFO, Mr. Xiao Tianchi is deemed to be interested in the Shares held by his spouse, Ms. Geng Fanchao.

(5) Ms. Liu Hongxia is a general partner of and has full control over Shengyide Commercial. By virtue of the SFO, Ms. Liu Hongxia is deemed to be interested in Shares held by Shengyide Commercial.

Except as disclosed above, our Directors are not aware of any person will, immediately prior to and following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), have interests or short positions in any Shares or underlying Shares, which would fall 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. 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 Accountant's Report included as Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with HKFRSs.

The following discussion and analysis contain certain 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 experiences and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether 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. Please refer to "Risk Factors" and "Forward-looking Statements" in this prospectus.

OVERVIEW

We are a comprehensive property management service provider deeply rooted in the Bohai Economic Rim with a service network across China strategically covering core geographical areas such as the Yangtze River Delta region and the Greater Bay Area. We provide diversified services through three business lines, namely, property management services, value-added services to non-property owners and community value-added services.

We achieved robust growth during the Track Record Period in terms of business scale and financial performance. Our GFA under management grew from 36.2 million sq.m. as of December 31, 2017 to 41.6 million sq.m. as of December 31, 2018, and further to 50.3 million sq.m. as of December 31, 2019, representing a CAGR of 17.9% from 2017 to 2019. As of June 30, 2020, our GFA under management further grew to 52.4 million sq.m. Our contracted GFA grew from 56.8 million sq.m. as of December 31, 2017 to 63.4 million sq.m. as of December 31, 2018, and further to 77.4 million sq.m. as of December 31, 2019, representing a CAGR of 16.7% from 2017 to 2019. As of June 30, 2020, our contracted GFA further grew to 80.6 million sq.m. Our revenue increased from RMB732.0 million in 2017 to RMB901.9 million in 2018, and further to RMB1,282.0 million in 2019, representing a CAGR of 32.3% from 2017 to 2019. Our revenue increased by 37.4% from RMB556.6 million for the six months ended June 30, 2019 to RMB764.9 million for the same period in 2020. Our profit and total comprehensive income increased from RMB38.3 million in 2017 to RMB72.3 million in 2018, and further to RMB113.2 million in 2019, representing a CAGR of 71.8% from 2017 to 2019. Our profit and total comprehensive income increased by 98.1% from RMB52.9 million for the six months ended June 30, 2019 to RMB104.8 million for the same period in 2020.

BASIS OF PREPARATION

The historical financial information of our Group has been prepared in accordance with HKFRSs. The historical financial information has been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

The preparation of historical financial information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial statements are disclosed in Note 4 to the Accountant's Report in Appendix I to this prospectus.

We underwent a reorganization in preparation for the Listing, pursuant to which the Company became the holding company of the companies now comprising our Group. Immediately prior to and after the Reorganization, our business is indirectly controlled by RiseSun Holdings and is mainly conducted through the Company and the other PRC companies of the Group which are ultimately controlled by RiseSun Holdings. The Reorganization is merely a reorganization of our business with no change in management of such business and the Ultimate Controlling Shareholder of our business remains the same. Accordingly, the Reorganization has been accounted for as a business combination under common control. Our historical financial information represents the consolidated results and financial position of the Group as if the current group structure had been in existence throughout the Track Record Period and as if our business was transferred to the Group at the beginning of the earliest period presented or when such businesses were established, whichever is the shorter period. Intercompany transactions, balances and unrealized gains/losses on transactions between companies within the group are eliminated on consolidation.

We have retrospectively applied all effective standards, amendments to standards and interpretations, which are mandatory for annual periods beginning from January 1, 2018, 2019 and 2020, in the preparation of our historical financial information for the Track Record Period.

We have adopted a full retrospective application of HKFRS 9 "Financial Instruments" (which replaced the previous HKAS 39 "Financial Instruments: recognition and measurement"), HKFRS 15 "Revenue from Contracts with Customers" (which replaced the previous HKAS 18 "Revenue") and HKFRS 16 "Leases" (which has replaced the previous HKAS 17 "Leases"), which have been applied on a consistent basis throughout the Track Record Period. As compared to HKAS 39 and HKAS 18, the adoption of HKFRS 9 and HKFRS 15 did not have any significant impact on our financial position and performance during the Track Record Period.

Based on our internal assessments, the application of HKFRS 16 had a significant impact on our financial position and performance for the Track Record Period as compared to the requirements of HKAS 17. Under HKAS 17, operating lease payments are charged to the consolidated income statements on a straight-line basis over the period of the lease, and operating lease commitments are disclosed separately in a note to the consolidated financial statements and are recognized outside of the consolidated statements of financial position. Under HKFRS 16, all leases (except for those with a lease term of less than 12 months or of low value) must be recognized in the form of assets (being the right-of-use assets classified under property and equipment and investment properties in our financial statements) and financial liabilities (being the lease liabilities in our financial statements) on our consolidated statements of financial position at the commencement of respective leases. Accordingly, upon adoption of HKFRS 16, we recognized right-of-use assets of our lease for certain retail units and car parks held for rental income amounted to RMB54.6 million and recorded in our consolidated statements of financial position as investment properties under HKAS 40. For details, see "—Description of Certain Consolidated Balance Sheet Items—Investment Properties."

As a result of adopting HKFRS 16, as compared to HKAS 17, our profit for the year/period in 2017 and the six months ended June 30, 2020 decreased by RMB9.7 million and RMB5.4 million, respectively, mainly attributable to the recognition of fair value (losses)/gains on investment properties and net gains/(losses) from early termination of lease agreements and derecognition of right-of-use assets, and associated deferred tax credited of RMB3.9 million and RMB1.8 million, respectively; our profit for the year in 2018 and 2019 increased by RMB27.6 million and RMB11.7 million, respectively, mainly attributable to the recognition of fair value (losses)/gains on investment properties and net gains/(losses) from early termination of lease agreements and derecognition of right-of-use assets, and associated deferred tax charged of RMB7.3 million and RMB1.8 million, respectively.

The table below summarizes the impacts of the adoption of HKFRS 16, as compared to HKAS 17, on certain key items of our consolidated financial statements and key financial ratios for the periods or as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(RMB in thousands)			
Increase in total assets	46,134	139,228	85,739	21,005
Increase/(decrease) in total liabilities	55,062	120,573	55,407	(3,960)
(Decrease)/Increase in total equity	(8,929)	18,656	30,332	24,964

	Year ended December 31,			Six months ended June 30,
	2017	2018	2019	2020
	(RMB in thousands, except for percentages)			
(Decrease)/Increase in profit for the year or period	(9,667)	27,585	11,676	(5,368)
(Decrease)/Increase in return on assets	(0.52)%	1.10%	0.37%	(0.37)%
(Decrease)/Increase in return on equity	(5.07)%	12.69%	0.75%	(1.65)%

Please refer to the Accountant's Report in Appendix I to this prospectus for more information on the basis of preparation of our financial information included herein.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations and financial position have been and will continue to be affected by a number of factors, including those set out in the section entitled "Risk Factors" in this prospectus and those discussed below:

GFA Under Management

During the Track Record Period, a majority of our revenue was generated from our property management services, which contributed 62.7%, 61.3%, 54.8%, 59.1% and 58.0% to our total revenue in 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, respectively. Accordingly, our business and results of operations depend on our ability to maintain and increase our GFA under management, which in turn is affected by our ability to renew existing service contracts and secure new service contracts. During the Track Record Period, we experienced a steady growth in our total GFA under management, which was 36.2 million sq.m., 41.6 million sq.m., 50.3 million sq.m. and 52.4 million sq.m., as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively.

During the Track Record Period, a significant portion of properties we managed were developed by RiseSun Development Group. As of December 31, 2017, 2018 and 2019 and June 30, 2020, properties developed by RiseSun Development Group accounted for 100.0%, 99.99%, 99.5% and 98.6%, respectively, of our total GFA under management. We have been making continuous efforts to expand our property management services to properties developed by Independent Third Party property developers, aiming to expand additional sources of revenue and diversify our portfolio of property management services. Please refer to "Business—Our Strategic Business Relationship with and Reliance on RiseSun Development Group—Our Fast-Growing Capabilities to Expand Cooperation with Independent Third Parties" for further details.

Business Mix

During the Track Record Period, our business and profitability were affected by our business mix. Our profit margins vary across our three business lines. 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. In general, the gross profit margin for our community value-added services is higher than that for our property management services and value-added services to non-property owners, which are more labor intensive. For more details regarding the fluctuation in our gross margins during the Track Record Period, please refer to "—Description of Certain Consolidated Statements of Comprehensive Income Items—Gross Profit and Gross Profit Margin" in this section.

Brand Positioning and Pricing Ability

We generally price our services by taking into account a number of factors, including (i) the types and locations of the properties, (ii) the scope and standard of our services, (iii) our estimated expenses, (iv) our target profit margins, (v) the profiles of property owners and residents, (vi) the local government's guidance price on property management fees (where applicable), and (vii) the pricing of comparable properties. We regard our brand as our important asset, which can have an impact on our pricing ability. We have to achieve a balance between pricing our projects competitively while maintaining our brand image as a quality property management service provider and ensuring an attractive profit margin. Failure to balance various factors in determining our pricing could materially and adversely affect our 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 year/period indicated with reference to the fluctuation of average property management fees during the Track Record Period. The following table demonstrates the impact of the hypothetical decrease in average property management fees on our revenue and profit, while all other factors remain unchanged:

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit and total comprehensive income for the year/period	38,330	72,333	113,158	52,887	104,816
Assuming 5% decrease in our average property management fees					
Impact on revenue from our property management service business	(22,925)	(27,637)	(35,161)	(16,454)	(22,210)
Impact on profit and total comprehensive income for the year/period	(17,194)	(20,728)	(26,371)	(12,340)	(16,658)
Assuming 10% decrease in our average property management fees					
Impact on revenue from our property management service business	(45,850)	(55,274)	(70,322)	(32,908)	(44,420)
Impact on profit and total comprehensive income for the year/period	(34,388)	(41,455)	(52,741)	(24,681)	(33,315)

Ability to Mitigate the Impact of Rising Labor Costs

Since our property management services are labor intensive, labor costs constitute a substantial portion of our cost of sales. During the Track Record Period, our labor costs increased as a result of the expansion of our business and increases in minimum wages and the market price for labor. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our employee benefit expenses of our on-site staff directly providing property management services and value-added services recorded in cost of sales were RMB377.3 million, RMB467.0 million, RMB491.7 million, RMB262.0 million and RMB213.0 million, respectively, accounting for 61.4%, 62.1%, 46.9%, 59.1% and 39.0%, respectively, of our cost of sales for the same years. To cope with the rising labor costs, we have implemented a number of cost-effective measures, including digitalization, operation automation and procedure standardization to reduce our reliance on manual labor. Please refer to "Business—Digitalization, Operation Automation and Procedure Standardization" in this prospectus. We also delegate certain labor-intensive or specialized services, such as property engineering, cleaning, maintenance and repairs, and greening and gardening services, to third-party sub-contractors while maintaining close supervision of their services to ensure service quality. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our sub-contracting costs were RMB11.2 million, RMB31.4 million, RMB239.6 million, RMB60.0 million and RMB183.8 million, respectively, representing approximately 1.8%, 4.2%, 22.9%, 13.5% and 33.6% of our cost of sales, respectively, for the same years. Since 2019, we started to delegate certain of our property management services and also enlarged our outsourcing scale of property engineering services to third-party sub-contractors.

Competition

The property management industry in the PRC is highly competitive and fragmented with numerous market participants. Our property management services primarily compete with large national, regional and local property management companies. According to CIA, in 2020, we were ranked 19th among the Top 100 Property Management Companies in terms of overall strength. Please refer to "Business—Competition" and "Industry Overview—The PRC Property Management Industry—Competition—Competitive Landscape" in this prospectus. We believe that the principal competitive factors include, among others, operation scale, price and quality of services, brand value and financial resources. Our ability to compete effectively with our competitors and maintain or improve our market position depends on our competitive edges. If we fail to compete and expand our GFA under management, we may lose market position in our principal business lines and our revenue and profitability may decrease.

CERTAIN SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

Significant Accounting Policies

We have identified certain accounting policies that are significant to the preparation of our financial statements. Our significant accounting policies, which are important for an understanding of our financial position and results of operations, are set forth in details in Note 2 to the Accountant's Report in Appendix I to this prospectus. Our significant accounting policies include, among others:

Revenue Recognition

We generally recognize revenue from property management services, value-added services to non-property owners and community value-added services when the services are rendered as the customer simultaneously receives and consumes the benefits provided by us.

For property management services, we bill a fixed amount for services provided on an annual, quarterly or monthly basis and recognize as revenue the amount in which we have a right to invoice, corresponding directly with the value of performance completed.

For property management services income from properties managed under a lump sum basis, where we act as the principal and are primarily responsible for providing the property management services to the property owners, we recognize the fees received or receivable from customers as revenue and all related property management costs as our cost of sales.

For value-added services to non-property owners, we agree the price for each service with the customers.

For community value-added services, revenue is recognized when the related community value-added services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customers. Revenue from sales of goods (included in community value-added services) are recognized when the goods are delivered to the customers and the collectability of related consideration is reasonably assured.

For value-added services to non-property owners and property owner other than property brokerage services, we recognize revenue over the period of the contract by reference to the progress towards complete satisfaction of the performance obligations. The progress towards complete satisfaction of the performance obligation, in an amount that reflects the consideration expected to be entitled and, depending on the nature of the contract, is measured mainly by reference to (a) the proportion of contract costs incurred for work performed to date to estimated total contract costs for each contract; or (b) completion of physical proportion of the contract work.

For property brokerage service, we act as a sales agent and charge a commission calculated based on the contract purchase price. Revenue from property brokerage services is recognized at a point in time when the matching service is rendered.

Trade Receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. We hold the trade receivables with the objective to collect the contractual cash flows and therefore measure them subsequently at amortized cost using the effective interest method. For further information on the Group's accounting for trade receivables and the Group's impairment policies, please refer to Note 20 and Note 3.1.2 to the Accountant's Report in Appendix I to this prospectus, respectively.

Trade and Other Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Critical Accounting Estimates and Judgments

We make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Our critical accounting estimates and judgments, are set forth in details in Note 4 to the Accountant's Report in Appendix I to this prospectus. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Allowance on Doubtful Receivables

We make allowances on receivables based on assumptions about risk of default and expected loss rates. We used judgment in making these assumptions and selecting the inputs to the impairment calculation, based on our past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Where the expectation is different from the original estimates, such difference will impact the carrying amount of trade and other receivables and doubtful debt expenses in the periods in which such estimate has been changed.

Current and Deferred Income Tax

We are subject to corporate income taxes in the PRC. Judgment is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognized when our management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The outcome of their actual utilization may be different.

Share-based Payment

We have granted equity instruments to our employees. Our Directors use option pricing model and discounted cash flow method to determine the total fair value of the equity instruments granted to employees, which is to be expensed over the vesting period. Significant estimate on assumptions, such as the projections of future performance, discount rate, risk-free interest rate, expected volatility and dividend yield, is required to be made by our Directors in applying the option pricing model and discounted cash flow method.

Financial Assets at Fair Value through Profit or Loss

During the Track Record Period, our financial instruments requiring level 3 measurements under the fair value hierarchy due to the presence of significant unobservable inputs primarily included wealth management products, fund products and equity securities. See Note 3.3 to the Accountant's Report set out in Appendix I to this prospectus.

We have implemented the following internal policies to ensure the reasonableness of fair value estimation on the level 3 financial assets, including: (i) reviewed the terms of the wealth management products, fund products and equity securities; (ii) reviewed the fair value measurement assessment of the relevant investments presented by our finance personnel, carefully considered all procedures and relevant assumptions of unobservable inputs and applied various applicable valuation techniques in determining the valuation of the relevant investments; and (iii) carefully considered all information especially those non-market related information input, such as possibilities under different scenarios, time to liquidation and discount for lack of marketability, which require management assessments and estimates. Our Directors are aware of the "Guidance note on directors' duties in the context of valuations in corporate transactions" issued by the SFC on May 15, 2017. In this regard, our Directors confirmed that: (i) they had exercised due care, skill and diligence and supervised the delegates when making the investment decisions; and (ii) they had complied with the standard exercised by a reasonably diligent person with the knowledge, skill and experience that be reasonably expected of a Director carrying out the functions of the Director in relation to the company. Prior to approving investment in financial assets, our Directors review the feasibility study or investment proposal of the financial assets prepared by our finance department, taking into consideration the size of the investments, their risk profiles and the rate of return. Upon making investment, our finance department closely monitors the performance of the investment and assess the fair value of level 3 financial assets at least once every reporting period for our Directors' review and approval. Our Directors review the fair value estimation of level 3 financial assets, taking into account the significant unobservable inputs and the applicable valuation techniques, and determine if the fair value estimation of level 3 financial assets is in accordance with the applicable HKFRS. Having performed the above procedures, our Directors consider that the carrying amount of the level 3 financial assets during the Track Record Period was reasonable and approximate to the fair values due to the short maturities of the investments.

Details of the fair value measurement of financial assets, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, the relationship of unobservable inputs to fair value are disclosed in Note 3.3 to the Accountant's Report set out in Appendix I to this prospectus which was issued by the Reporting Accountant in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. The Reporting Accountant's opinion on the historical financial information of our Group for the Track Record Period as a whole is set out on page I-1 of Appendix I to this prospectus.

The Sole Sponsor has conducted the following due diligence work in relation to our fair value estimation of the level 3 financial assets, including: (i) discussing with our Directors with a view to understanding the work done by our Directors in discharging their duties in relation to reviewing the fair value estimation of level 3 financial assets of our Group (including in particular in the context of the "Guidance note on directors' duties in the context of valuations in corporate transactions" issued by the SFC on May 15, 2017); (ii) reviewing the disclosures in relevant notes (in particular Note 3.3) to the Accountant's Report set out in Appendix I to this prospectus; (iii) understanding the wealth management products, fund products and equity securities held by our Group, including in particular the risk level and redemption terms with a view to ascertaining whether the fair value assessed by our Group is reasonable; and (iv) discussing with the reporting accountant to understand the work they have performed in relation to the valuation of the level 3 financial assets for the purpose of reporting on the historical financial information of our Group as a whole.

On the basis of (i) the work done by our Directors, (ii) the Sole Sponsor's due diligence work, and (iii) the unqualified opinion on our historical financial information for the Track Record Period as a whole issued by the Reporting Accountant, as set out above, nothing has come to the attention of the Sole Sponsor that would lead it to cast doubts on the fair value estimation of the level 3 financial assets of our Group.

DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME ITEMS

The following table sets forth a summary of our consolidated statements of comprehensive income for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Revenue	731,972	901,890	1,282,039	556,644	764,910
Cost of sales	(614,720)	(751,509)	(1,048,263)	(443,483)	(546,356)
Gross profit	117,252	150,381	233,776	113,161	218,554
Selling and marketing expenses	(1,274)	(1,098)	(2,163)	(578)	(2,759)
Administrative expenses	(55,425)	(74,228)	(116,605)	(48,461)	(82,636)
(Impairment losses)/reversal on financial assets	(4,514)	(3,871)	9,967	(411)	(6,732)
Other income	238	4,180	39,501	12,738	26,510
Other gains/(losses) – net	4,121	32,440	1,238	2,751	(5,592)
Operating profit	60,398	107,804	165,714	79,200	147,345
Finance cost – net	(5,481)	(7,542)	(13,147)	(7,037)	(1,156)
Profit before income tax	54,917	100,262	152,567	72,163	146,189
Income tax expenses	(16,587)	(27,929)	(39,409)	(19,276)	(41,373)
Profit and total comprehensive income for the year/period	**38,330**	**72,333**	**113,158**	**52,887**	**104,816**
Profit and total comprehensive income/(loss) attributable to:					
– Owners of the Company	38,384	72,270	113,232	52,985	104,816
– Non-controlling interests	(54)	63	(74)	(98)	–
	38,330	**72,333**	**113,158**	**52,887**	**104,816**

Revenue

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

The table below sets forth the revenue contribution by each business line for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Property Management Services	458,502	62.7	552,739	61.3	703,218	54.8	329,077	59.1	444,202	58.0
Value-added services to non-property owners	198,633	27.1	267,555	29.7	431,769	33.7	166,498	29.9	250,598	32.8
Community value-added services	74,837	10.2	81,596	9.0	147,052	11.5	61,069	11.0	70,110	9.2
Total	**731,972**	**100.0**	**901,890**	**100.0**	**1,282,039**	**100.0**	**556,644**	**100.0**	**764,910**	**100.0**

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

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Revenue		Revenue		Revenue		Revenue		Revenue	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
RiseSun Development Group and its associates	220,477	30.1	280,048	31.1	498,678	38.9	180,971	32.5	303,973	39.7
Independent Third Parties	511,495	69.9	621,842	68.9	783,361	61.1	375,673	67.5	460,937	60.3
Total	**731,972**	**100.0**	**901,890**	**100.0**	**1,282,039**	**100.0**	**556,644**	**100.0**	**764,910**	**100.0**

Revenue from Property Management Services

Our property management services primarily include security, cleaning, greening and gardening, and repair and maintenance services. Under applicable PRC laws and regulations, property management fees may be charged on a lump sum basis or on a commission basis. We believe the "lump sum" model has been a prevailing market practice in China which provides incentive for property management companies to implement cost-saving initiatives and improve operational efficiency. During the Track Record Period, we charged property management fees on a lump sum basis for all of the properties (including the car parks of these properties) we managed. We expect that property management fees charged on a lump sum basis will continue to account for substantially all of our revenue from property management services in the foreseeable future. Our revenue from property management services represented 62.7%, 61.3%, 54.8%, 59.1% and 58.0%, respectively, of our total revenue in 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020. Revenue from property management services generally increased during the Track Record Period, primarily driven by the increase in the total GFA under management as a result of our business expansion. Our total GFA under management as of December 31, 2017, 2018 and 2019 and June 30, 2020 was 36.2 million sq.m., 41.6 million sq.m., 50.3 million sq.m. and 52.4 million sq.m., respectively.

During the Track Record Period, a significant portion of our revenue from property management services was derived from properties developed by RiseSun Development Group, which accounted for 100.0%, 99.9%, 99.8%, 99.9% and 99.3% respectively, of our revenue from property management services in 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020. The growth in our revenue from property management services during the Track Record Period was primarily driven by an increase in our GFA under management of properties developed by RiseSun Development Group. The growth in our GFA under management during the years and periods comprising the Track Record Period was substantially in line with the GFA completed and delivered by RiseSun Development Group during the respective years or periods. In 2018, while retaining our long-standing cooperation with RiseSun Development Group, we began to expand our business to manage properties developed by Independent Third Party property developers by leveraging our well-established market position and brand awareness.

The table below sets forth a breakdown of GFA under our management as of the dates indicated and our revenue generated from property management services by source of projects for the periods indicated:

	As of and for the year ended December 31,									As of and for the six months ended June 30,					
	2017			2018			2019			2019			2020		
	GFA under management	Revenue		GFA under management	Revenue		GFA under management	Revenue		GFA under management	Revenue		GFA under management	Revenue	
	'000 sq.m.	RMB'000	%	'000 sq.m.	RMB'000	%	'000 sq.m.	RMB'000	%	'000 sq.m.	RMB'000	%	'000 sq.m.	RMB'000	%
										(Unaudited)					
Properties developed by RiseSun Development Group[(1)]	36,208	458,502	100.0	41,570	552,456	99.9	50,051	701,678	99.8	44,279	328,874	99.9	51,649	440,899	99.3
Properties developed by Independent Third Party property developers	–	–	–	6	283	0.1	254	1,540	0.2	33	203	0.1	756	3,303	0.7
Total	**36,208**	**458,502**	**100.0**	**41,576**	**552,739**	**100.0**	**50,305**	**703,218**	**100.0**	**44,312**	**329,077**	**100.0**	**52,405**	**444,202**	**100.0**

Note:

(1) Refers to properties solely developed by RiseSun Development Group and properties that RiseSun Development Group jointly developed with other property developers in which RiseSun Development Group held a controlling interest.

The table below sets forth a breakdown of our revenue generated from property management services by type of customers for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Property developers	30,219	6.6	40,865	7.4	79,191	11.3	23,645	7.2	48,868	11.0
Property owners, owners' associations and tenants	428,283	93.4	511,874	92.6	624,027	88.7	305,432	92.8	395,334	89.0
Total	**458,502**	**100.0**	**552,739**	**100.0**	**703,218**	**100.0**	**329,077**	**100.0**	**444,202**	**100.0**

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

	As of or for the year ended December 31,									As of or for the six months ended June 30,					
	2017			2018			2019			2019			2020		
	GFA	Revenue		GFA	Revenue		GFA	Revenue		GFA	Revenue		GFA	Revenue	
	'000 sq.m.	RMB'000	%	'000 sq.m.	RMB'000	%	'000 sq.m.	RMB'000	%	'000 sq.m.	RMB'000 (Unaudited)	%	'000 sq.m.	RMB'000	%
Residential properties	34,998	436,117	95.1	40,195	513,418	92.8	46,188	635,023	90.3	42,881	311,346	94.6	47,444	411,259	92.6
Non-residential properties	1,210	22,385	4.9	1,381	39,321	7.2	4,117	68,195	9.7	1,431	17,731	5.4	4,961	32,943	7.4
Total	**36,208**	**458,502**	**100.0**	**41,576**	**552,739**	**100.0**	**50,305**	**703,218**	**100.0**	**44,312**	**329,077**	**100.0**	**52,405**	**444,202**	**100.0**

The table below sets forth a breakdown of our average property management fee by source and type of projects for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB per sq.m. per month				
Residential properties	1.4	1.5	1.6	1.5	1.6
– Properties developed by RiseSun Development Group[1]	1.4	1.5	1.6	1.5	1.6
– Properties developed by Independent Third Party property developers	–	–	1.6	–	1.6
Overall	**1.4**	**1.5**	**1.6**	**1.5**	**1.6**

Notes:

(1) Refers to properties solely developed by RiseSun Development Group and properties that RiseSun Development Group jointly developed with other property developers in which RiseSun Development Group held a controlling interest.

(2) A number of the non-residential properties that were under our management during the Track Record Period, such as certain industry parks, were charged on a fixed annual contract amount. The property management fees charged under such agreements did not directly correspond to the actual GFA under our management, as they mainly reflected key factors such as the technical expertise required to service the property and service standards required for the type of property. Accordingly, the average property management fee for non-residential properties calculated as the relevant revenue divided by GFA under management would not accurately reflect the financial aspect of the property management services provided by us to non-residential properties during the Track Record Period and therefore is not presented herein.

During the Track Record Period, a significant portion of our revenue from property management services was derived from residential properties, which accounted for 95.1%, 92.8%, 90.3%, 94.6% and 92.6%, respectively, of our revenue from property management services in 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020. The general increase in percentage of revenue from non-residential properties primarily reflected our continuous efforts to diversify our property management portfolio to cover non-residential properties such as commercial properties, public and other properties. With respect to residential properties, our average property management fee for properties developed by RiseSun Development Group during the Track Record Period was in line with that for properties from other sources.

To facilitate management of our property management network, we divide our geographic coverage into four major regions in China, namely the Bohai Economic Rim, the Yangtze River Delta region, the Greater Bay Area and surrounding regions, and Central and Western China.

The table below sets forth a breakdown of our revenue generated from property management services by geographical region for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Revenue		Revenue		Revenue		Revenue		Revenue	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Bohai Economic Rim[1]	292,800	63.8	336,742	60.9	426,169	60.6	198,466	60.3	261,714	58.8
Yangtze River Delta region[2]	112,641	24.6	145,264	26.3	187,815	26.7	88,058	26.8	124,180	28.0
Greater Bay Area and surrounding regions[3]	18,253	4.0	29,213	5.3	36,747	5.2	18,230	5.5	21,103	4.8
Central and Western China[4]	34,808	7.6	41,520	7.5	52,487	7.5	24,323	7.4	37,205	8.4
Total	**458,502**	**100.0**	**552,739**	**100.0**	**703,218**	**100.0**	**329,077**	**100.0**	**444,202**	**100.0**

Notes:

(1) In this region, we provided property management services to projects located in Hebei, Liaoning, Inner Mongolia and Shandong.

(2) In this region, we provided property management services to projects located in Shanghai, Jiangsu and Zhejiang.

(3) In these regions, we provided property management services to projects located in Huizhou in the Greater Bay Area and other cities in Guangdong.

(4) In this region, we provided property management services to projects located in Guizhou, Henan, Hunan, Sichuan, Anhui and Chongqing.

Revenue from Value-added Services to Non-Property Owners

Revenue from our value-added services to non-property owners, primarily including property engineering services, sales assistance services and other services, represented 27.1%, 29.7%, 33.7%, 29.9% and 32.8% of our total revenue in 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, respectively. The following table sets forth a breakdown of our revenue from value-added services to non-property owners for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Property engineering services	122,807	61.8	143,814	53.8	211,587	49.0	76,940	46.2	110,155	43.9
Sales assistance services	63,040	31.7	98,922	37.0	158,091	36.6	63,443	38.1	90,364	36.1
Other services	12,786	6.5	24,819	9.2	62,091	14.4	26,115	15.7	50,079	20.0
– Property delivery services	325	0.2	4,379	1.6	34,834	8.1	14,806	8.9	21,561	8.6
– After-sales services	12,461	6.3	20,440	7.6	15,388	3.6	6,324	3.8	18,710	7.5
– Preliminary planning and design consultancy services	–	–	–	–	11,869	2.7	4,985	3.0	9,808	3.9
Total	**198,633**	**100.0**	**267,555**	**100.0**	**431,769**	**100.0**	**166,498**	**100.0**	**250,598**	**100.0**

Revenue from our property engineering services as a percentage of our total revenue from value-added services to non-property owners decreased during the Track Record Period, primarily attributable to the expansion of our sales assistance services and other types of value-added services to non-property owners, which include property delivery services, after-sale services and preliminary planning and design consultancy services.

Revenue from other services generally increased during the Track Record Period, both in absolute amount and as a percentage of revenue from value-added services to non-property owners. Such increase was primarily attributable to (i) a general increase in revenue from property delivery services and after-sales services, driven by increased construction, sales and delivery activities by our property developer customers, mainly being RiseSun Development Group; and (ii) revenue generated from preliminary planning and design consultancy services, which we commenced to provide since 2019 in an effort to diversify our service offerings in response to customer needs.

Revenue from Community Value-added Services

Revenue from our community value-added services, primarily including home-living services and property space management services, represented 10.2%, 9.0%, 11.5%, 11.0% and 9.2% of our total revenue in 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, respectively. Revenue from our home-living services as a percentage of revenue from community value-added service decreased in 2018, primarily because we waived the charges of certain access cards from our residents since 2018. Revenue from our home-living services as a percentage of our total revenue from community value-added service increased in 2019, primarily due to the increased sales of goods from our community retail and commercial procurement services. Revenue from our property space management services decreased in the six months ended June 30, 2020 as compared to the same period in 2019, primarily due to the decrease in revenue from property brokerage business for car parks and commercial properties and the decrease in revenue from advertisement bulletin boards, due to the termination of strategic cooperation agreements with a media and advertisement company. The following table sets forth a breakdown of our revenue from community value-added services for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Home-living services	54,409	72.7	50,001	61.3	105,300	71.6	35,545	58.2	51,613	73.6
Property space management services	20,428	27.3	31,595	38.7	41,752	28.4	25,524	41.8	18,497	26.4
Total	**74,837**	**100.0**	**81,596**	**100.0**	**147,052**	**100.0**	**61,069**	**100.0**	**70,110**	**100.0**

Cost of Sales

Our cost of sales mainly consists of (i) employee benefit expenses of our on-site staff directly providing property management services and value-added services; (ii) maintenance costs; (iii) engineering costs; (iv) greening and cleaning expenses; (v) costs of goods sold for our community retail and commercial procurement services; (vi) utilities; (vii) taxes and other levies; (viii) cost of consumables; (ix) office expenses; (x) travelling and entertainment expenses, primarily including transportation and accommodation expenses incurred for property management staff to commute to and from headquarters to attend trainings in order to improve their technical skills and knowledge in providing property management services and for engineering project staff to travel to different sites in providing value-added services to non-property owners; (xi) depreciation and amortization charges; and (xii) others, primarily including miscellaneous expenses in connection with our property delivery services. Our cost of sales increased during the Track Record Period primarily due to the increase in the employee benefit expenses from 2017 to 2019, as well as the increase in maintenance costs, engineering costs and greening and cleaning expenses due to the growth of our GFA under management and expansion of our value-added services to non-property owners and community value-added services. The following table sets forth the components of our cost of sales for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Employee benefit expenses	377,289	61.4	467,017	62.2	491,681	47.0	262,010	59.0	212,987	39.1
Maintenance costs	53,243	8.7	73,891	9.8	157,996	15.1	50,352	11.4	108,929	19.9
Engineering costs	96,773	15.7	115,888	15.4	181,578	17.3	61,718	13.9	90,083	16.5
Greening and cleaning expenses	28,194	4.6	27,360	3.6	84,046	8.0	27,342	6.2	65,780	12.1
Costs of good sold	8,473	1.4	13,059	1.7	46,065	4.4	8,644	1.9	29,200	5.3
Utilities	20,924	3.4	17,931	2.4	22,023	2.1	11,021	2.5	17,152	3.1
Taxes and other levies	6,434	1.1	8,874	1.2	13,050	1.2	5,387	1.2	5,571	1.0
Cost of consumables	5,092	0.8	7,066	0.9	18,493	1.8	3,954	0.9	1,833	0.3
Travelling and entertainment expenses	4,437	0.7	5,808	0.8	6,332	0.6	1,918	0.4	1,001	0.2
Office expenses	4,505	0.7	5,329	0.7	9,222	0.9	2,938	0.7	3,268	0.6
Depreciation and amortization charges	569	0.1	1,201	0.2	1,562	0.1	803	0.2	1,217	0.2
Others	8,787	1.4	8,085	1.1	16,215	1.5	7,396	1.7	9,335	1.7
Total	**614,720**	**100.0**	**751,509**	**100.0**	**1,048,263**	**100.0**	**443,483**	**100.0**	**546,356**	**100.0**

Substantially all of our cost of sales during the Track Record Period were variable costs that would vary depending on the fluctuations in, among others, our GFA under management, which accounted for 99.9%, 99.8%, 99.9%, 99.8% and 99.8% of our cost of sales in 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, respectively. Accordingly, we consider all of our cost of sales for the Track Record Period were variable costs except for depreciation and amortization charges, which accounted for less than 0.3% of total cost of sales during the Track Record Period. As a result, our gross profit margin largely depends our ability to effectively control variable costs, and we do not expect fixed costs to have a material impact on our gross profit margin.

During the Track Record Period, we outsourced certain services, such as maintenance and repairs, construction, greening and cleaning services, to third party service providers while maintaining close supervision of their services to ensure service quality. In 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, we incurred sub-contracting costs of RMB11.2 million, RMB31.4 million, RMB239.6 million, RMB60.0 million and RMB183.8 million, respectively, accounting for 1.8%, 4.2%, 22.9%, 13.5% and 33.6% of our total cost of sales, respectively. Since 2019, we started to delegate certain of our property management services and also enlarged our outsourcing scale of property engineering services to third-party sub-contractors. As a result, our sub-contracting costs increased significantly since 2019, as compared to those incurred in 2017 and 2018, which resulted in a slower increase in employee benefit expenses in 2019 and, together with our cost-saving strategies during the COVID-19 outbreak and social insurance contribution exemption granted by the central and local governmental authorities in China as COVID-19 relief measures between February 2020 and June 2020, further led to a decrease in our employee benefit expenses in the six months ended June 30, 2020 as compared to the same period in 2019. The following table sets forth a breakdown of our sub-contracting costs for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Maintenance costs	1,575	10,253	62,746	11,722	72,660
Engineering costs	9,617	21,190	126,087	34,410	57,110
Greening and cleaning expenses	–	–	50,757	13,857	54,069
Total sub-contracting costs	**11,192**	**31,443**	**239,590**	**59,989**	**183,839**

Gross Profit and Gross Profit Margin

Gross profit represents the excess of revenue over cost of sales. The following table sets forth our gross profit and gross profit margin by business line for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Property management services	70,988	15.5	97,744	17.7	131,501	18.7	65,118	19.8	144,415	32.5
Value-added services to non-property owners	19,709	9.9	25,633	9.6	54,505	12.6	33,184	19.9	52,030	20.8
Community value-added services	26,555	35.5	27,004	33.1	47,770	32.5	14,859	24.3	22,109	31.5
Total/Overall	**117,252**	**16.0**	**150,381**	**16.7**	**233,776**	**18.2**	**113,161**	**20.3**	**218,554**	**28.6**

Our gross profit in 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020 was RMB117.3 million, RMB150.4 million, RMB233.8 million, RMB113.2 million and RMB218.6 million, respectively, and our gross profit margin was 16.0%, 16.7%, 18.2%, 20.3% and 28.6% for the same period, respectively. The increase in our gross profit during the Track Record Period was primarily attributable to the growth in our revenue and an overall growth in our gross profit margin.

Our overall gross profit margin is affected by our business mix. Our overall gross profit margin increased slightly from 16.0% in 2017 to 16.7% in 2018, primarily due to an increase in the gross profit margin of our property management services, which was driven by an increase in our average property management fees from RMB1.4 per sq.m. per month in 2017 to RMB1.5 per sq.m. per month in 2018. Our overall gross profit margin increased from 16.7% in 2018 to 18.2% in 2019, primarily due to an increase in the gross profit margin of our value-added services to non-property owners, which was driven by increased contribution from higher-margin services such as property delivery services, and preliminary planning and design consultancy services which we started to offer since 2019. Our overall gross profit margin increased from 20.3% for the six months ended June 30, 2019 to 28.6% for same period in 2020, primarily due to the increases in the gross profit margins of (i) our property management services from 19.8% to 32.5%, which was in turn primarily attributable to a RMB63.7 million, or 34.4%, non-recurring decrease in employee benefit expenses for the property management services segment driven by (a) our one-off cost-saving strategies during the COVID-19 outbreak such as a decrease in the number of onsite service staff providing property management services by approximately 1,220, or 13.9%, primarily due to the COVID-19 prevention requirements; (b) one-off social insurance contribution exemption of RMB12.0 million granted by central and local government authorities in China as COVID-19 relief measures between February 2020 and June 2020; and (c) our enlarged outsourcing scale for property management services; and (ii) our community value-added services from 24.3% to 31.5%, which was in turn primarily attributable to a decrease in employee benefit expenses as a percentage of revenue for this segment from 20.4% to 17.6%, driven by (a) our revenue growth for this segment; (b) one-off social insurance contribution exemption of RMB0.3 million granted by the central and local governmental authorities in China as COVID-19 relief measures between February and June 2020 and (c) our one-off cost-saving strategies during the COVID-19 outbreak such as a decrease in the number of onsite service staff for this segment by approximately 20, or 12.8%, primarily due to the COVID-19 prevention requirements.

The table below sets forth our gross profit and gross profit margin by type of customers for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
RiseSun Development Group and its associates	19,355	8.8	41,778	14.9	58,958	11.9	32,454	17.9	86,800	28.6
Independent Third Parties	97,897	19.1	108,603	17.5	174,818	22.2	80,707	21.5	131,754	28.6
Total/Overall	**117,252**	**16.0**	**150,381**	**16.7**	**233,776**	**18.2**	**113,161**	**20.3**	**218,554**	**28.6**

During the Track Record Period, our gross profit margin for services provided to RiseSun Development Group and its associates was generally lower than that for Independent Third Parties, primarily because we provided a higher proportion of property engineering services to RiseSun Development Group and its associates as compared to Independent Third Parties, primarily due to the relatively higher demand for property engineering services from RiseSun Development Group, as a property developer, as compared to Independent Third Party customers which were primarily property owners and residents to which we provided property management services and community value-added services. Such property engineering services generally involved higher material costs and therefore had a lower gross profit margin as compared to property management services and community value-added services. Our gross profit margin for services provided to RiseSun Development Group and its associates increased from 11.9% for the year ended December 31, 2019 to 28.6% for the six months ended June 30, 2020, which increase was more significant than the increase in our overall gross profit margin from 18.2% for the year ended December 31, 2019 to 28.6% for the six months ended June 30, 2020, primarily due to (i) an increase in the gross profit margin of property engineering services provided to RiseSun Development Group from 4.7% for the year ended December 31, 2019 to 10.0% for the six months ended June 30, 2020, primarily due to a decrease in our employee benefit expenses driven by our cost-saving strategies during the COVID-19 outbreak and social insurance contribution exemption granted by the central and local governmental authorities in China as COVID-19 relief measures between February 2020 and June 2020; (ii) an increase in the gross profit margin of preliminary planning and design consultancy services provided to RiseSun Development Group from 46.1% for the year ended December 31, 2019 to 79.1% for the six months ended June 30, 2020, primarily because we expanded our service scope in 2020 to cover smart community designing during the planning stage of property development, allowing us to charge higher fees, as well as a decrease in our employee benefit expenses as a percentage of revenue from such services, as detailed under "—Value-added Services to Non-Property Owners" of this subsection; and (iii) an increase in gross profit margin of our property delivery services provided to RiseSun Development Group from 39.7% for the year ended December 31, 2019 to 79.5% for the six months ended June 30, 2020, primarily due to a decrease in our employee benefit expenses and cost of consumables as a percentage of revenue from such services, as well as a change in service mix, as detailed under "—Value-added Services to Non-Property Owners" of this subsection.

Property Management Services

The gross profit margin for our property management services was 15.5%, 17.7% 18.7%, 19.8% and 32.5% for 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, respectively. The gross profit margin for our property management services depend on the excess of our average fee per sq.m. per month we charge for our property management services over our cost of sales per sq.m. per month for providing such services. The average property management fees for residential properties amounted to approximately RMB1.4 per sq.m./month, RMB1.5 per sq.m./month, RMB1.6 per sq.m./month, RMB1.5 per sq.m./month and RMB1.6 per sq.m./month in 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, respectively. The overall improvement in our gross profit derived from property management services was mainly attributable to (i) an increase in the average property management fees; (ii) the improvement in our cost control efficiency as a result of the enhanced cost control measures and the economies of scales as our property management scale expanded; and (iii) a decrease in employee benefit expenses as a result of social insurance contribution exemption granted by the central and local governmental authorities in China as COVID-19 relief measures between February and June 2020.

The table below sets forth a breakdown of our gross profit and gross profit margin generated from property management services by source of projects for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
RiseSun Development Group[1]	70,988	15.5	97,664	17.7	131,933	18.8	64,950	19.7	144,404	32.8
Properties developed by Independent Third Party property developers	–	–	80	28.4	(432)	(28.1)	168	82.8	11	0.3
Total/Overall	**70,988**	**15.5**	**97,744**	**17.7**	**131,501**	**18.7**	**65,118**	**19.8**	**144,415**	**32.5**

Note:

(1) Refers to properties solely developed by RiseSun Development Group and properties that RiseSun Development Group jointly developed with other property developers in which RiseSun Development Group held a controlling interest.

The gross profit margin for projects of other sources was higher than that for properties developed by RiseSun Development Group in 2018, primarily because the projects of other sources managed by us were mainly non-residential properties, which had higher gross profit margin as compared to residential properties. The gross profit margin for projects of other sources was lower than that for properties developed by RiseSun Development Group in 2019 and the six months ended June 30, 2020, primarily because we managed certain loss-making projects developed by Independent Third Party property developers and incurred relatively large costs at the early stage of our management of such projects with respect to staff set-up and deployment and coordination of third-party service providers. For a detailed explanation of our loss-making projects, please refer to "Business—Property Management Services—Property Management Fees."

The table below sets forth a breakdown of our gross profit and gross profit margin generated from property management services by type of properties for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Residential properties	67,060	15.4	86,894	16.9	113,671	17.9	60,396	19.4	137,366	33.4
Non-residential properties										
– Commercial properties	3,928	17.5	10,770	27.6	17,671	26.2	4,719	26.7	6,792	24.7
– Public and other properties	–	–	80	28.3	159	19.6	3	7.9	257	4.7
Subtotal	3,928	17.5	10,850	27.6	17,830	26.1	4,722	26.6	7,049	21.4
Total/Overall	**70,988**	**15.5**	**97,744**	**17.7**	**131,501**	**18.7**	**65,118**	**19.8**	**144,415**	**32.5**

During 2017, 2018 and 2019, we generally derived higher gross profit margin from non-residential properties than residential properties. According to CIA, property management developers generally can charge relatively higher property management fees for non-residential properties than residential properties because customers of non-residential properties generally have higher service quality expectation or may require more complex service which create more room for higher charge.

The gross profit margin of our residential properties increased during the Track Record Period, primarily due to (i) an increase in our average property management fee for residential properties; (ii) the improvement of our operation efficiency as a result of the enhanced cost control measures and (iii) for the six months ended June 30, 2020, a decrease in employee benefits expenses as a result of social insurance contribution exemption granted by the central government in China as COVID-19 relief measures between February and June 2020. The gross profit margin of our commercial properties increased from 17.5% in 2017 to 27.6% in 2018, primarily because we increased our fee level for certain commercial properties under management and started to manage certain newly delivered projects in 2018 with higher gross profit margin. The gross profit margin of our commercial properties decreased slightly from 26.7% for the six months ended June 30, 2019 to 24.7% for the six months ended June 30, 2020, primarily due to an increase in our maintenance costs for certain commercial properties.

The gross profit margin of public and other properties decreased from 28.3% in 2018 to 19.6% in 2019, primarily because we started to manage public and other properties such as factories and schools which had relatively lower gross profit margin. The gross profit margin of public and other properties in the six months ended June 30, 2020 was lower than that in the prior periods, primarily because we strategically undertook to manage two large-scale projects which incurred relatively larger costs at the early stage of our management with respect to staff set-up and deployment and coordination of third-party service providers and thus had relatively lower profit margins.

Value-added Services to Non-Property Owners

The table below sets forth a breakdown of our gross profit and gross profit margin generated from our value-added services to non-property owners for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Property engineering services	4,972	4.0	5,919	4.1	9,875	4.7	8,393	10.9	10,974	10.0
Sales assistance services	9,917	15.7	13,527	13.7	22,172	14.0	9,593	15.1	12,789	14.2
Other services	4,820	37.7	6,187	24.9	22,458	36.2	15,198	58.2	28,267	56.4
– Preliminary planning and design consultancy services	–	–	–	–	5,466	46.1	3,922	78.7	7,759	79.1
– Property delivery services	91	28.0	1,224	28.0	13,846	39.7	9,432	63.7	17,144	79.5
– After-sales services	4,729	38.0	4,963	24.3	3,146	20.4	1,844	29.2	3,364	18.0
Total/Overall	**19,709**	**9.9**	**25,633**	**9.6**	**54,505**	**12.6**	**33,184**	**19.9**	**52,030**	**20.8**

The gross profit margin for our value-added services to non-property owners decreased slightly from 9.9% in 2017 to 9.6% in 2018, primarily as a result of an increase in labor cost. The gross profit margin for our value-added services to non-property owners increased from 9.6% in 2018 to 12.6% in 2019, primarily attributable to the increased contribution from our property delivery services and preliminary planning and design and consultancy services we commenced to offer since 2019 which had considerably higher gross profit margins as compared to our other value-added services to non-property owners. The gross profit margin for our value-added services to non-property owners increased from 19.9% for the six months ended June 30, 2019 to 20.8% for the same period in 2020, primarily because (i) we generated larger portion of revenue from our property delivery services and preliminary planning and design and consultancy services which generally had a higher gross profit margin, as compared with our property engineering services that involved higher material costs, while the number of staff providing such services was relatively stable; (ii) social insurance contribution exemption granted by the central and local governmental authorities in China as COVID-19 relief measures between February 2020 and June 2020 and (iii) the decrease in onsite pre-sales supporting staff due to the COVID-19 prevention requirements. The gross profit margin for our value-added services to non-property owners from 2017 to 2019 was lower than that for the six months ended June 30, 2020, primarily driven by a change in the revenue mix, as revenue generated from property engineering services, which had a relatively lower gross profit margin, accounted for a larger proportion of our revenue from value-added services to non-property owners in 2017 to 2019. In the six month ended June 30, 2020, as a result of the COVID-19 outbreak and the expansion of our sales assistance services and other services, revenue generated from property engineering services accounted for a smaller proportion of our revenue from value-added services to non-property owners, resulting in an increase in our overall gross profit margin from value-added services to non-property owners.

Generally, our property engineering services had a relatively lower gross profit margin as compared to other types of value-added services to non-property owners, primarily because property engineering services involve higher material costs on top of labor costs. The gross profit margin of our property engineering services in the six months ended June 30, 2019 was 10.9%, higher than 4.0%, 4.1% and 4.7% in the full years from 2017 to 2019, respectively, primarily because we carried out a larger proportion of higher-margin building works, such as project dewatering and construction site fence installation, in the six months ended June 30, 2019, in response to service needs by our property developer customers as part of their construction activities. Such works were incidental to the overall construction works of the property development, the provision of which was in general very fast paced and involved less materials costs, resulting in a relatively higher gross profit margin. In the six month ended June 30, 2020, the gross profit margin of our property engineering services was also relatively high, primarily due to a decrease in our employee benefit expenses driven by our cost-saving strategies during the COVID-19 outbreak and social insurance contribution exemption granted by the central and local governmental authorities in China as COVID-19 relief measures between February 2020 and June 2020.

Our preliminary planning and design consultancy services had a relatively higher gross profit margin as compared to other types of value-added services to non-property owners, primarily because such services are consulting in nature with less material costs involved, and mainly involve labor costs that were shared among different services. The gross profit margin of our preliminary planning and design consultancy services in the six months ended June 30, 2020 was 79.1%, significantly higher than 46.1% in the year ended December 31, 2019, primarily because we expanded our service scope in 2020 to cover smart community designing during the planning stage of property development, allowing us to charge higher fees. We started to offer such services in response to increased customer demand in view of the trend of adopting smart-living technologies in property planning and development. We provide smart community designing services to property developers who expect to use our property management expertise to refine their property project designs, including but not limited to the design of smart access control systems, security patrolling systems, public facilities monitoring systems and car park management systems. As a result, our average service fee for preliminary planning and design consultancy services increased from

RMB2.0 per sq.m. in 2019 to RMB5.0 per sq.m. in the six months ended June 30, 2020. The relatively higher gross profit margin in the six months ended June 30, 2020 for preliminary planning and design consultancy services was primarily due to (i) the increase in our average service fee as discussed above, and (ii) a decrease in our employee benefit expenses for these services as a percentage of revenue from these services from 52.7% in the full year of 2019 to 20.0% in the six months ended June 30, 2020, driven by our revenue growth and social insurance contribution exemption granted by the central and local governmental authorities in China as COVID-19 relief measures between February 2020 and June 2020.

Our property delivery services had a relatively higher gross profit margin as compared to property engineering services, sales assistance services and after-sales services, because (i) property delivery services are primarily provided by our skilled staff and sub-contractors and do not involve much material costs; and (ii) property delivery services are important for property developers to make their properties suitable for delivery and improve their customer satisfaction rate, which allows us to charge higher fees. The gross profit margin of our property delivery services in 2019 was 39.7%, higher than 28.0% in both 2017 and 2018, primarily because we started to outsource certain property delivery services to third-party sub-contractors since 2019, primarily including pre-delivery cleaning services which refer to the initial clean-up of the properties to be delivered where construction debris and wastes will need to be cleaned up professionally. As these sub-contractors charged their fees on an as-used basis, our labor costs for these services reduced and therefore the gross profit margin of our property delivery services increased since 2019. The gross profit margin of our property delivery services increased significantly to 79.5% in the six months ended June 30, 2020, primarily due to (i) a decrease in our employee benefit expenses for these services as a percentage of revenue from these services from 25.9% in the full year of 2019 to 8.4% in the six months ended June 30, 2020, driven by our revenue growth and social insurance contribution exemption granted by the central and local governmental authorities in China as COVID-19 relief measures between February 2020 and June 2020; (ii) a decrease in cost of consumables for these services as a percentage of revenue from these services from 33.4% in the full year of 2019 to 11.4% in the six months ended June 30, 2020, driven by our cost-saving measures in the first half of 2020, such as the launch of a central procurement system; and (iii) a change in our service mix in response to customer needs. In the six months ended June 30, 2020, pre-delivery inspection services accounted for 40.3% of our revenue from property delivery services, as compared to 19.8% in the full year of 2019. Pre-delivery inspection services typically have higher margin than other types of property delivery services, as inspection services rely more on the skills rather than the number of our staff and sub-contractors to spot potential defects and issues, and are therefore less labor intensive.

Our after-sales services had a relatively lower gross profit margin as compared to preliminary planning and design consultancy services and property delivery services, primarily because after-sales services include housing repair services which involve higher material costs on top of labor costs. The gross profit margin of our after-sales services decreased from 38.0% in 2017 to 24.3% in 2018 and further to 20.4% in 2019, primarily due to the expansion of certain lower-margin services, such as housing repair services, in response to customer needs.

Community Value-added Services

The gross profit margin for our community value-added services decreased from 35.5% in 2017 to 33.1% in 2018, primarily due to (i) the decreased contribution from certain home-living services as we waived the charges of certain access cards from our residents in 2018, which had a relatively higher gross profit margin and (ii) increased sales volume of goods for our community retail services, which typically had a relatively lower gross profit margin. The gross profit margin for our community value-added services decreased to 32.5% in 2019 from 33.1% in 2018, primarily attributable to the continued increase in the sales volume of goods for our community retail services. The gross profit margin for our community value-added services increased from 24.3% for the six months ended June 30, 2019 to 31.5% for the six months ended June 30, 2020, primarily attributable to the decrease in employee benefit expenses as a result of (i) social insurance contribution exemption granted by the central and local governmental authorities in China as COVID-19 relief measures between February and June 2020 and (ii) the decrease in supporting staff due to the COVID-19 prevention requirements.

Selling and Marketing Expenses

Our selling and marketing expenses mainly consist of employee benefit expenses for our sale and marketing staff and office expenses. Our selling and marketing expenses were RMB1.3 million, RMB1.1 million, RMB2.2 million, RMB0.6 million and RMB2.8 million for 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, respectively.

Administrative Expenses

Our administrative expenses mainly consist of (i) employee benefit expenses for our administrative staff; (ii) travelling and entertainment expenses; (iii) professional service fees, primarily including legal fees and IT usage and maintenance fees for our mobile application; (iv) office expenses; (v) bank charges; (vi) listing expenses; (vii) depreciation and amortization charges for our office equipment; (viii) auditors' remuneration; (ix) cost of consumables and (x) others, which mainly include recruiting expenses. Our administrative expenses generally increased during the Track Record Period, primarily due to an increase in employee benefit expenses for our administrative staff in response to our business expansion.

The following table sets forth the components of our administrative expenses for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Employee benefit expenses	38,566	57,361	89,967	38,873	69,544
Travelling and entertainment expenses	6,437	7,612	10,609	3,284	3,696
Professional service fees	395	510	6,124	2,533	3,663
Office expenses	2,350	3,366	3,205	1,099	1,101
Bank charges	2,003	2,555	2,229	1,095	1,621
Listing expenses	–	–	1,373	284	1,131
Depreciation and amortization charges	1,100	827	1,112	529	577
Auditors' remuneration	–	–	39	–	–
Cost of consumables	659	489	237	84	58
Others	3,915	1,508	1,710	680	1,245
Total	**55,425**	**74,228**	**116,605**	**48,461**	**82,636**

(Impairment Losses)/Reversal of Impairment Losses on Financial Assets

We are exposed to credit risk in relation to our trade and other receivables, contract assets, cash deposits at banks and financial assets at fair value through profit or loss ("**FVPL**"). Impairment losses on financial assets primarily consist of impairment made for trade and other receivables due from third parties. We apply the simplified approach to provide for expected credit losses ("**ECL**") as prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables and contract assets due from third parties. Impairment on loans and interest receivables due from related parties, and other receivables from third parties and related parties are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If there is a significant increase in credit risk of a receivable since initial recognition, then the impairment is measured as lifetime expected credit losses. For other receivables due from third parties, our management makes periodic collective assessments as well as individual assessment on the recoverability based on historical settlement records and past experience. We expect that the credit risk associated with impairment losses on financial assets due from related parties (including trade and other receivables and loans due from related parties) would be low, since these related parties have a strong ability to meet their contractual cash flow obligations in the near term. Considering the low credit risk associated with impairment losses on balances due from related parties, our Directors believe that there is no need to make any provision for impairment losses on financial assets due from related parties.

The following table sets forth the breakdown of our (impairment losses)/reversal of impairment losses on financial assets for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
				(Unaudited)	
Trade receivables (excluding trade receivables from related parties)	(3,041)	(3,302)	10,264	(555)	(6,746)
Other receivables (excluding other receivables from related parties and prepayments)	(1,473)	(569)	(297)	144	14
Total (impairment losses)/reversal of impairment losses on financial assets	**(4,514)**	**(3,871)**	**9,967**	**(411)**	**(6,732)**

Other Income

Our other income mainly includes (i) interest income from loans due from related parties representing interest income derived from our non-ABS loans due from related parties, as detailed under "Description of Certain Consolidated Balance Sheet Items—Loans and Interest Receivables Due from Related Parties"; (ii) interest income on financial lease from sub-leasing certain car parks and retail units; and (iii) government grants.

The following table sets forth the components of our other income for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
				(Unaudited)	
Interest income from loans due from related parties	–	3,721	30,487	9,388	22,558
Interest income on finance lease	–	–	8,617	3,186	2,593
Government grants[1]	238	459	397	164	1,359
Total	**238**	**4,180**	**39,501**	**12,738**	**26,510**

Note:

(1) During the Track Record Period, the government grants mainly comprised government subsidies and certain tax benefits to encourage our effort to stabilize employment.

Other Gains/(Losses) – net

Our net other gains mainly consist of (i) net gain from fair value change of financial assets at FVPL, including fund products and wealth management products; (ii) fair value (losses)/gains on investment properties, including retail units and car parks held for rental income and capital appreciation; (iii) net gains/(losses) from early termination of lease agreements and derecognition of right-of-use assets related to certain retail units and car parks we leased from certain property owners and residents in the properties managed by us and (iv) gains on disposal of subsidiaries.

The following table sets forth the components of our net other gains/(losses) for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Net fair value gain on financial assets at FVPL	11,301	8,346	2,062	1,538	508
Fair value (losses)/gains on investment properties	(8,668)	27,188	5,309	1,051	3,564
Net gains/(losses) from early termination of lease agreements and derecognition of right-of-use assets	1,643	5	(2,587)	272	(9,580)
Net (losses)/gains on disposal of equipment	(34)	(22)	6	—	6
Gains on disposal of subsidiaries	—	—	58	—	—
Others	(121)	(3,077)	(3,610)[1]	(110)	(90)
Total other gains/(losses)	**4,121**	**32,440**	**1,238**	**2,751**	**(5,592)**

Note:

(1) Primarily consist of provision for litigation liabilities in connection with certain pending litigations. We believe those litigations would not have a material adverse effect on our business, financial condition or results of operations.

Finance Costs – net

Our finance costs mainly consist of interest expenses of borrowings and lease liabilities. Such costs are partially offset by interest income from loans to related parties and bank deposits. Interest income from loans to related parties mainly represented interest income derived from inter-company loans provided to related parties as part of the ABS financing arrangement, which loans were fully settled as of July 31, 2019 upon the full redemption of the ABS. For details related to the ABS arrangement, please refer to "– Description of Certain Consolidated Balance Sheet Items – the Loans and Interest Receivables Due from Related Parties." In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our net finance costs were RMB5.5 million, RMB7.5 million, RMB13.1 million, RMB7.0 million and RMB1.2 million, respectively.

The following table sets forth the components of our net finance costs for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Finance income					
Interest income from loans to related parties	52,377	44,307	17,750	15,859	—
Interest income from bank deposits	1,127	1,215	3,615	1,449	1,864
	53,504	**45,522**	**21,365**	**17,308**	**1,864**
Finance costs					
Interest expenses of borrowings	(53,564)	(44,307)	(22,813)	(18,497)	(902)
Interest expenses of lease liabilities	(5,421)	(8,757)	(11,699)	(5,848)	(2,118)
	(58,985)	**(53,064)**	**(34,512)**	**(24,345)**	**(3,020)**
Finance Costs – net	**(5,481)**	**(7,542)**	**(13,147)**	**(7,037)**	**(1,156)**

Income Tax Expenses

Our income tax expenses mainly comprise PRC corporate income tax.

In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, our effective income tax rates were 30.2%, 27.9%, 25.8%, 26.7% and 28.3%, respectively. Our effective income tax rates in 2017 and 2018 were higher than PRC statutory corporate income tax rate of 25%, primarily because of certain expenses that were not tax deductible such as entertainment expenses. Our effective income tax rate in 2019 was similar to statutory corporate income tax rate of 25%, primarily because of different tax rates available to different subsidiaries and branches of the Group due to favorable policies for micro and small enterprises, despite certain expenses not deductible for tax purposes such as entertainment expenses. Our effective income tax rates for the six months ended June 30, 2020 were 28.3%, higher than the statutory corporate income tax rate of 25%, primarily because certain expenses were not tax deductible, such as share-based payment expenses.

RESULTS OF OPERATIONS

Six months ended June 30, 2020 compared to six months ended June 30, 2019

Revenue

Our revenue increased by 37.4% from RMB556.6 million for the six months ended June 30, 2019 to RMB764.9 million for the six months ended June 30, 2020. The increase in revenue was driven by an increase in revenue from all three business lines.

- *Revenue from property management services.* Revenue from property management services increased by 35.0% from RMB329.1 million for the six months ended June 30, 2019 to RMB444.2 million for the six months ended June 30, 2020, primarily due to an increase in our GFA under management from 44.3 million sq.m. as of June 30, 2019 to 52.4 million sq.m. as of June 30, 2020, primarily attributable to (i) an increase of 7.4 million sq.m. in our GFA under management of properties developed by RiseSun Development Group which was substantially in line with the GFA completed and delivered by RiseSun Development Group during the period from June 30, 2019 to June

30, 2020; and (ii) an increase of 0.7 million sq.m. in our GFA under management of properties from other sources as a result of our efforts to diversify our property management portfolio through the successful bidding of more non-residential properties developed by Independent Third Party property developers.

- *Revenue from value-added services to non-property owners.* Revenue from value-added services to non-property owners increased by 50.5% from RMB166.5 million for the six months ended June 30, 2019 to RMB250.6 million in or the six months ended June 30, 2020, primarily attributable to (i) a RMB33.2 million increase in revenue from property engineering services due to increased construction activities for properties developed by RiseSun Development Group and Independent Third Parties; (ii) a RMB26.9 million increase in revenue from sales assistance services due to increased sales activities for properties developed by RiseSun Development Group and Independent Third Parties; and (iii) a RMB24.0 million increase in revenue from other value-added services to non-property owners primarily due to increased construction and delivery activities for properties developed by RiseSun Development Group and Independent Third Parties.

- *Revenue from community value-added services.* Revenue from community value-added services increased by 14.8% from RMB61.1 million for the six months ended June 30, 2019 to RMB70.1 million for the six months ended June 30, 2020, primarily attributable to (i) an increase in sales of goods from our community retail and commercial procurement services primarily due to the increase in the number of our offline convenience stores from 25 as of June 30, 2019 to 35 as of June 30, 2020; and (ii) the increase in the number of properties under management and GFA under management.

Cost of Sales

Our cost of sales increased by 23.2% from RMB443.5 million for the six months ended June 30, 2019 to RMB546.4 million in for the six months ended June 30, 2020, primarily due to (i) significant increases in sub-contracting cost from RMB60.0 million in the first half of 2019 to RMB183.8 million in the first half of 2020; and (ii) an increase of RMB20.6 million in costs of goods sold in line with increased sales volume in connection with our community value-added services, which was partially offset by a decrease of RMB49.0 million in employee benefit expenses as a result of (a) the significant increase in sub-contracting cost; (b) social insurance contribution exemption of RMB17.3 million granted by central and local government authorities in China as COVID-19 relief measures between February 2020 and June 2020; and (c) the decrease in the number of onsite service staff primarily due to the COVID-19 prevention requirements.

Our sub-contractors during the Track Record Period primarily consisted of Independent Third Parties engaged by us through tender and bidding processes. We adopt such tender and bidding processes with a view to ensuring their fee rates are consistent with the prevailing market prices. According to CIA, the rates charged by our sub-contractors during the Track Record Period were generally comparable to those charged by other suppliers in the market for similar services.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 93.1% from RMB113.2 million for the six months ended June 30, 2019 to RMB218.6 million for the six months ended June 30, 2020. Our gross profit margin increased from 20.3% for the six months ended June 30, 2019 to 28.6% for the six months ended June 30, 2020, because the increase in revenue outpaced the increase in cost of sales. Specifically:

- *Property management services.* Our gross profit margin for property management services increased from 19.8% for the six months ended June 30, 2019 to 32.5% for the six months ended June 30, 2020, primarily due to a RMB63.7 million, or 34.4%, decrease in employee benefit expenses for the property management services segment driven by (i) our enlarged outsourcing scale for property management services; (ii) social insurance contribution exemption of RMB12.0 million granted by central and local government authorities in China as COVID-19 relief measures between February 2020 and June 2020; and (iii) a decrease in the number of onsite service staff providing property management services by approximately 1,220, or 13.9%, primarily due to the COVID-19 prevention requirements. While we enlarged the outsourcing scale of property management services in 2020 as part of our cost-saving measures, which led to a significant increase in sub-contracting costs for this segment, such increase was partially offset by the decrease in employee benefit expenses as mentioned above. As a result, while the aggregate amount of employee benefit expenses and sub-contracting costs for property management services, which represent the major components of our cost of sales for this segment, increased by 16.8% in the six months ended June 30, 2020 as compared to the same period in 2019, such increase was significantly lower than the revenue increase of 35.0% for the same period, resulting in the overall increase in gross profit margin for this segment.

- *Value-added services to non-property owners.* Our gross profit margin for value-added services to non-property owners slightly increased from 19.9% for the six months ended June 30, 2019 to 20.8% for the six months ended June 30, 2020, primarily because (i) we generated a higher portion of revenue from our property delivery services and preliminary planning and design consultancy services, which in aggregate accounted for 12.5% of our revenue from this segment in the six months ended June 30, 2020 as compared to 11.9% in the same period in 2019, and such services generally had a higher gross profit margin, as compared with our engineering services that involved higher material costs, while the number of staff providing such services are relatively stable; (ii) a decrease in employee benefit expenses as a percentage of our revenue for this segment from 38.8% to 31.7% driven by our revenue growth for this segment, the social insurance contribution exemption of RMB5.0 million granted by central and local government authorities in China as COVID-19 relief measures between February 2020 and June 2020 and the further increase in the outsourcing scale of property engineering services; and (iii) other cost-saving measures we took in the first half of 2020, such as the launch of a central procurement system.

- *Community value-added services.* Our gross profit margin for community value-added services increased from 24.3% for the six months ended June 30, 2019 to 31.5% for the six months ended June 30, 2020, primarily attributable to a decrease in employee benefit expenses as a percentage of revenue for this segment from 20.4% to 17.6%, driven by (i) our revenue growth for this segment; (ii) social insurance contribution exemption of RMB0.3 million granted by the central and local governmental authorities in China as COVID-19 relief measures between February and June 2020 and (iii) a decrease in the number of onsite service staff for this segment by approximately 20, or 12.8%, primarily due to the COVID-19 prevention requirements.

Selling and Marketing Expenses

Our selling and marketing expenses increased significantly from RMB0.6 million for the six months ended June 30, 2019 to RMB2.8 million for the six months ended June 30, 2020, primarily due to an increase in employee benefit expenses for our sales and marketing staff as we hired more sales and marketing staff for our new offline convenience stores.

Administrative Expenses

Our administrative expenses increased by 70.5% from RMB48.5 million for the six months ended June 30, 2019 to RMB82.6 million for the six months ended June 30, 2020, primarily due to the increases in employee benefit expenses due to the increase in the number of our administrative staff and the amortization of the share-based payment.

(Impairment Losses)/Reversal of Impairment Losses on Financial Assets

Our impairment losses on financial assets increased significantly from RMB0.4 million for the six months ended June 30, 2019 to RMB6.7 million for the six months ended June 30, 2020, primarily due to the increase in our trade receivables, which was in turn attributable to our business expansion, the slower settlement as a result of the COVID-19 outbreak and the fact that certain of our customers tend to pay their property management fees toward year-end which, our Directors believe, is out of personal preference and convenience. For details of our impairment policy, please refer to "—Description of Certain Consolidated Balance Sheet Items—Trade and Other Receivables and Prepayments."

Other Income

Our other income increased by 108.1% from RMB12.7 million for the six months ended June 30, 2019 to RMB26.5 million for the six months ended June 30, 2020, primarily attributable to (i) an increase in interest income derived from loans due from related parties; and (ii) an increase in government grants as a result of the COVID-19 outbreak. The increase in interest income derived from loans due from related parties included in other income for the six months ended June 30, 2020 was mainly due to the additional loans we made to certain subsidiaries of RiseSun Development Group for their operation needs. As of June 30, 2020, the outstanding balance of principal and interests under these loans was RMB15.4 million. As of the Latest Practicable Date, the principal and related interests of these loans had been fully settled. Please refer to "—Description of Certain Consolidated Balance Sheet Items—Loans and Interest Receivables Due from Related Parties" for further details.

Other Gains/(Losses) – net

We recorded net gains of RMB2.8 million for the six months ended June 30, 2019 and net losses of RMB5.6 million for the same period in 2020, primarily due to (i) losses incurred as a result of our termination of commercial arrangements with owners of certain retail units and car parks, details of which are set forth in "—Description of Certain Consolidated Balance Sheet Items—Investment Properties"; and (ii) costs incurred in connection with purchasing preventive necessities in response to the COVID-19 outbreak.

Finance Costs – net

Our net finance costs decreased from RMB7.0 million for the six months ended June 30, 2019 to RMB1.2 million for the six months ended June 30, 2020, primarily due to a decrease in interest expenses on borrowings as a result of our repayment of bank borrowings.

Income Tax Expenses

Our income tax expenses increased by 114.6% from RMB19.3 million for the six months ended June 30, 2019 to RMB41.4 million for the six months ended June 30, 2020, primarily due to the increase in profit before tax for the six months ended June 30, 2020.

Profit and Total Comprehensive Income for the Period

As a result of the foregoing, our profit and total comprehensive income for the period increased by 98.1% from RMB52.9 million for the six months ended June 30, 2019 to RMB104.8 million for the six months ended June 30, 2020, and our net profit margin increased from 9.5% for the six months ended June 30, 2019 to 13.7% for the six months ended June 30, 2020.

2019 compared to 2018

Revenue

Our revenue increased by 42.2% from RMB901.9 million in 2018 to RMB1,282.0 million in 2019. The increase in revenue was driven by an increase in revenue from all three business lines.

- *Revenue from property management services.* Revenue from property management services increased by 27.2% from RMB552.7 million in 2018 to RMB703.2 million in 2019, primarily due to (i) an increase in our GFA under management from 41.6 million sq.m. as of December 31, 2018 to 50.3 million sq.m. as of December 31, 2019 primarily attributable to an increase of 11.5 million sq.m. in our GFA under management of properties developed by RiseSun Development Group, which was substantially in line with the GFA completed and delivered by RiseSun Development Group in 2019; (ii) an increase in revenue from managing commercial properties from RMB39.0 million in 2018 to RMB67.4 million in 2019, primarily due to an increase in the number of commercial properties developed by RiseSun Development Group and Independent Third Party property developers under our management reflecting our efforts to diversify our property management portfolio; and (iii) an increase in our average property management fees from approximately RMB1.5 per sq.m./month to approximately RMB1.6 per sq.m./month, which was primarily because we charged relatively higher prices for newer projects and raised property management fees for certain existing projects.

- *Revenue from value-added services to non-property owners.* Revenue from value-added services to non-property owners increased by 61.4% from RMB267.6 million in 2018 to RMB431.8 million in 2019, primarily attributable to (i) a RMB67.8 million increase in revenue from property engineering services due to increased construction activities for properties developed by RiseSun Development Group and Independent Third Parties; (ii) a RMB59.2 million increase in revenue from sales assistance services due to increased sales activities for properties developed by RiseSun Development Group and Independent Third Parties; and (iii) a RMB37.3 million increase in revenue from other value-added services to non-property owners primarily due to increased delivery activities for properties developed by RiseSun Development Group and Independent Third Parties and our commencement of offering preliminary planning and design consultancy services in 2019 in an effort to diversify our service offerings in response to customer needs.

- *Revenue from community value-added services.* Revenue from community value-added services increased by 80.2% from RMB81.6 million in 2018 to RMB147.1 million in 2019, primarily attributable to (i) an increase in revenue generated from our home-living services and property space management services as a result of the increase in the types of our community value-added services, such as property brokerage services; (ii) an increase in sales of goods from our community retail and commercial procurement services primarily due to the increase in the number of our offline convenience stores from 20 as of December 31, 2018 to 27 as of December 31, 2019; and (iii) the increase in the number of properties under management and GFA under management as a result of our business expansion.

Cost of Sales

Our cost of sales increased by 39.5% from RMB751.5 million in 2018 to RMB1,048.3 million in 2019, primarily due to (i) increases in employee benefit expenses, construction costs and maintenance costs in line with our business expansion; (ii) an increase in outsourcing labor costs as we started to delegate certain of our property management services to third-party sub-contractors; and (iii) an increase in costs of goods sold in line with increased sales volume in connection with our community value-added services.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 55.5% from RMB150.4 million in 2018 to RMB233.8 million in 2019. Our gross profit margin increased from 16.7% in 2018 to 18.2% in 2019, primarily due to increases in the gross profit margins of our value-added services to non-property owners and community value-added services.

- *Property management services.* Our gross profit margin for property management services remained stable at 17.7% in 2018 and 18.7% in 2019.

- *Value-added services to non-property owners.* Our gross profit margin for value-added services to non-property owners increased from 9.6% in 2018 to 12.6% in 2019, primarily attributable to the increased contribution from our property delivery services and preliminary design and consultancy services, which had considerably higher gross profit margins as compared to our other value-added services to non-property owners.

- *Community value-added services.* Our gross profit margin for community value-added services decreased from 33.1% in 2018 to 32.5% in 2019, primarily attributable to the continued increase in the sales volume of goods for our community retail services.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 97.0% from RMB1.1 million in 2018 to RMB2.2 million in 2019, primarily due to an increase in employee benefit expenses for our sales and marketing staff primarily resulting from an increase in the number of our offline convenience stores.

Administrative Expenses

Our administrative expenses increased by 57.1% from RMB74.2 million in 2018 to RMB116.6 million in 2019, primarily due to the increases in employee benefit expenses for our administrative staff and travelling and entertainment expenses in line with the expansion of our business scale.

(Impairment Losses)/Reversal of Impairment Losses on Financial Assets

We recorded impairment losses on financial assets of RMB3.9 million in 2018 and reversal of impairment losses on financial assets in 2019 of RMB10.0 million, primarily because in 2019, we collected certain trade receivables that were impaired based on the expected credit losses model in the previous year. The reversal of impairment losses on financial assets in 2019 was mainly due to the collection of RMB44.6 million overdue property management fees which had been provided for in previous years. During 2019, we collected approximately 88.9% of the trade receivables outstanding as of December 31, 2018. While a relatively large impairment loss provision was made in 2017 and 2018 based on assessment of long overdue financial asset items, including certain amount of trade and other receivables overdue for more than one year, the recovery of which had resulted in a significant reversal of impairment losses on financial assets during 2019. For details of our impairment policy, please refer to "—Description of Certain Consolidated Balance Sheet Items—Trade and Other Receivables and Prepayments."

Other Income

Our other income increased significantly from RMB4.2 million in 2018 to RMB39.5 million in 2019, primarily attributable to an increase in interest income derived from loans due from related parties, which was mainly because we made certain non-ABS related loans to certain subsidiaries of RiseSun Development Group for their operation needs since late 2018 and derived interest income in 2019. Please refer to "—Description of Certain Consolidated Balance Sheet Items—Loans and Interest Receivables Due from Related Parties" for further details.

Other Gains – net

Our other net gains decreased by 96.2% from RMB32.4 million in 2018 to RMB1.2 million in 2019, primarily due to a decrease in gains on investment properties as we disposed of certain retail units and car parks in 2019.

Finance Costs – net

Our net finance costs increased by 74.3% from RMB7.5 million in 2018 to RMB13.1 million in 2019, primarily due to an increase in interest expenses on lease liabilities primarily in connection with certain car parks we purchased in May 2018 and disposed of in December 2019.

Income Tax Expenses

Our income tax expenses increased by 41.2% from RMB27.9 million in 2018 to RMB39.4 million in 2019, primarily due to an increase in current income tax in line with the increase in profit before tax in 2019.

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 56.6% from RMB72.3 million in 2018 to RMB113.2 million in 2019, and our net profit margin increased from 8.0% in 2018 to 8.8% in 2019.

2018 compared to 2017

Revenue

Our revenue increased by 23.2% from RMB732.0 million in 2017 to RMB901.9 million in 2018. The increase in revenue was driven by an increase in revenue from all three business lines.

- *Revenue from property management services.* Revenue from property management services increased by 20.6% from RMB458.5 million in 2017 to RMB552.7 million in 2018, primarily due to (i) an increase in revenue from managing commercial properties, primarily due to increases in GFA under management and the number of projects under management for commercial properties; (ii) an increase in our GFA under management from 36.2 million sq.m. as of December 31, 2017 to 41.6 million sq.m. as of December 31, 2018, primarily attributable to an increase of 5.4 million sq.m. in our GFA under management of properties developed by RiseSun Development Group, which was substantially in line with the GFA completed and delivered by RiseSun Development Group in 2018, and (iii) an increase in the average property management fees from RMB1.4 per sq.m./month to RMB1.5 per sq.m./month.

- *Revenue from value-added services to non-property owners.* Revenue from value-added services to non-property owners increased by 34.7% from RMB198.6 million in 2017 to RMB267.6 million in 2018, primarily attributable to a RMB35.9 million increase in revenue from sales assistance services and a RMB21.0 million increase in revenue from property engineering services due to increased construction and sales activities for properties developed by RiseSun Development Group and Independent Third Parties.

- *Revenue from community value-added services.* Revenue from community value-added services remained relatively stable at RMB74.8 million and RMB81.6 million in 2017 and 2018, respectively.

Cost of Sales

Our cost of sales increased by 22.3% from RMB614.7 million in 2017 to RMB751.5 million in 2018, primarily due to (i) an increase in employee benefit expenses primarily due to an increase in the average salary of our employees; (ii) an increase in construction costs in connection with our expansion of property engineering services; and (iii) an increase in cost of goods sold in line with an increase in sales volume of goods for our community value-added services.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 28.3% from RMB117.3 million in 2017 to RMB150.4 million in 2018. Our gross profit margin increased from 16.0% in 2017 to 16.7% in 2018, primarily due to an increase in the gross profit margin of our property management services.

- *Property management services.* Our gross profit margin for property management services increased from 15.5% in 2017 to 17.7% in 2018, primarily due to an increase in the average property management fees from RMB1.4 per sq.m./month to RMB1.5 per sq.m./month.

- *Value-added services to non-property owners.* Our gross profit margin for value-added services to non-property owners decreased slightly from 9.9% in 2017 to 9.6% in 2018, primarily as a result of an increase in labor costs.

- *Community value-added services.* Our gross profit margin for community value-added services decreased from 35.5% in 2017 to 33.1% in 2018, primarily due to (i) a decreased contribution from certain home-living services as we waived the charges of certain access cards from our residents in 2018, which had a relatively higher gross profit margin and (ii) an increase in sales volume of goods for our community retail services, which typically had a relatively lower profit margin.

Selling and Marketing Expenses

Our selling and marketing expenses remained relatively stable at RMB1.3 million and RMB1.1 million in 2017 and 2018, respectively.

Administrative Expenses

Our administrative expenses increased by 33.9% from RMB55.4 million in 2017 to RMB74.2 million in 2018, primarily due to an increase in the number of administrative personnel to support our business expansion and the associated increase in employee benefit expenses.

(Impairment Losses)/Reversal of Impairment Losses on Financial Assets

We recorded impairment losses on financial assets of RMB4.5 million in 2017 and RMB3.9 million in 2018, primarily due to the impairment we made according to the expected credit losses model for the increasing amount of trade receivables from third parties. Please refer to "—Description of Certain Consolidated Balance Sheet Items—Trade and Other Receivables and Prepayments—Trade receivables."

Other Income

Our other income increased significantly from RMB0.2 million in 2017 to RMB4.2 million in 2018, primarily attributable to an increase in interest income derived from loans due from related parties.

Other Gains – net

Our other net gains increased by 687.2% from RMB4.1 million in 2017 to RMB32.4 million in 2018, primarily due to an increase in fair value gains on retail units held for rental income and capital appreciation.

Finance Costs – net

Our net finance costs increased by 37.6% from RMB5.5 million in 2017 to RMB7.5 million in 2018, primarily due to an increase in interest expenses on lease liabilities for car parks.

Income Tax Expenses

Our income tax expenses increased by 68.1% from RMB16.6 million in 2017 to RMB27.9 million in 2018, primarily due to an increase in current income tax in line with the increase in profit before tax in 2018.

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 88.7% from RMB38.3 million in 2017 to RMB72.3 million in 2018, and our net profit margin increased from 5.2% in 2017 to 8.0% in 2018.

DESCRIPTION OF CERTAIN CONSOLIDATED BALANCE SHEET ITEMS

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Non-current assets				
Property, plant and equipment	6,518	8,338	13,352	14,120
Investment properties	117,704	218,609	75,516	74,783
Intangible assets	13	2	1,084	1,836
Other receivables	–	–	71,824	16,019
Financial assets at fair value through other comprehensive income	–	6,467	–	–
Loans due from related parties	635,000	435,000	–	–
Deferred income tax assets	16,383	13,226	12,629	7,517

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
	775,618	681,642	174,405	114,275
Current assets				
Inventories	19,443	16,604	16,403	15,388
Contract assets	59,850	64,610	50,804	38,042
Prepaid taxes	3,059	5,596	14,381	13,498
Trade and other receivables and prepayments	478,918	680,583	752,257	788,524
Financial assets at fair value through profit or loss	66,623	30,823	–	4,800
Loans and interest receivables due from related parties	194,596	304,482	482,076	15,427
Restricted cash	–	–	100,000	–
Cash and cash equivalents	481,890	448,782	228,867	795,697
	1,304,379	1,551,480	1,644,788	1,671,376
Total assets	**2,079,997**	**2,233,122**	**1,819,193**	**1,785,651**
Equity				
Equity attributable to owners of the Company				
Paid-in capital/Share capital	5,000	55,000	60,310	282,000
Reserves	21,122	28,741	129,768	165,278
Retained earnings	25,704	91,355	188,892	163,624
	51,826	175,096	378,970	610,902
Non-controlling interests	247	310	–	–
Total equity	**52,073**	**175,406**	**378,970**	**610,902**
Liabilities				
Non-current liabilities				
Borrowings	665,000	455,000	–	–
Contract liabilities	53,880	45,486	20,723	21,398
Lease liabilities	57,373	121,124	57,748	12,323
Deferred income tax liabilities	1,790	1,506	5,202	4,741
	778,043	623,116	83,673	38,462
Current liabilities				
Trade and other payables	883,018	1,044,677	1,003,671	795,161
Borrowings	200,000	210,000	90,000	–
Contract liabilities	109,298	124,147	237,880	315,094
Lease liabilities	4,347	5,363	8,908	2,376
Current income tax liabilities	53,218	50,413	16,091	23,656
	1,249,881	1,434,600	1,356,550	1,136,287
Total liabilities	**2,027,924**	**2,057,716**	**1,440,223**	**1,174,749**
Total equity and liabilities	**2,079,997**	**2,233,122**	**1,819,193**	**1,785,651**

Property, Plant and Equipment

Our property, plant and equipment mainly consist of office equipment, machinery, vehicles, leasehold improvements and right-of-use assets. Our property, plant and equipment amounted to approximately RMB6.5 million, RMB8.3 million, RMB13.4 million and RMB14.1 million as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. The increase in our property, plant and equipment during the Track Record Period was primarily attributable to the procurement of office equipment and machinery and the increase in leasehold improvements to support our business expansion.

Investment Properties

We held certain retail units and car parks as investment properties for rental income. In 2017 and 2018, we entered into commercial arrangements with owners of certain retail units and car parks. Under these commercial arrangements, we agreed to lease such retail units and car parks for a period ranging from five to ten years and to pay rents to their owners at a pre-determined amount each year. We sub-leased those retail units and car parks to Independent Third Party tenants and collected a rental income. In 2019, we terminated some of these commercial arrangements; for the rest of these commercial arrangements, we sub-leased the relevant retail units and car parks to our related parties and collected an interest income on finance lease. Between January and June 2020, we terminated some of the sub-lease contracts with our related parties and accordingly, we terminated the commercial arrangements with owners of the relevant retail units and car parks. On June 30, 2020, we terminated all remaining sub-lease contracts with our related parties and sub-leased the relevant retail units and car parks to an Independent Third Party tenant.

In addition, we purchased certain retail units and acquired the use rights of certain car parks from RiseSun Development Group and held them as investment properties for capital appreciation.

Our investment properties increased from RMB117.7 million as of December 31, 2017 to RMB218.6 million as of December 31, 2018, primarily attributable to an increase in the number of car parks subject to the abovementioned commercial arrangements. Our investment properties decreased from RMB218.6 million as of December 31, 2018 to RMB75.5 million as of December 31, 2019, primarily reflecting the decreases in our retail units and car parks held for rental income as we entered into finance lease contracts and terminated some of the commercial arrangements with owners of the retail units and car parks. Our investment properties decreased from RMB75.5 million as of December 31, 2019 to RMB74.8 million as of June 30, 2020, primarily because the increase of disposal of investment properties outpaced that of purchase. For details, please refer to "—Description of Certain Consolidated Balance Sheet Items—Trade and Other Receivables and Prepayments—Finance Lease Receivables" in this section.

Intangible Assets

Our intangible assets mainly include computer software. Our intangible assets amounted to RMB13,000, RMB2,000, RMB1.1 million and RMB1.8 million as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively, which remained immaterial to our business.

We did not record any goodwill as of December 31, 2017, 2018 and 2019 and June 30, 2020.

Inventories

Our inventories primarily consist of (i) consumables, (ii) finished goods for our community retail and commercial procurement services and (iii) raw materials mainly used for our property engineering services. Our inventories decreased from RMB19.4 million as of December 31, 2017 to RMB16.6 million as of December 31, 2018, and further decreased to RMB16.4 million as of December 31, 2019 and RMB15.4 million as of June 30, 2020, primarily attributable to the increased consumption of our business leading to a decrease of the raw materials. During the Track Record Period, no impairment or allowance for impairment in inventories was provided. The following table sets forth the breakdown of our inventories as of the dates indicated.

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Consumables	4,841	5,340	6,250	6,862
Finished goods	10,647	8,356	5,739	3,751
Raw materials	3,955	2,908	4,414	4,775
Total	**19,443**	**16,604**	**16,403**	**15,388**

The following table sets forth our inventory turnover days for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
Inventory turnover days[(1)]	8.5	8.8	5.7	8.7	5.3

Note:

(1) Calculated as the average balance of inventories of a period divided by the cost of sales for that period then multiplied by (i) 365 days for the years ended December 31, 2017, 2018 and 2019; or (ii) 182 days for the six months ended June 30, 2020.

Our inventory turnover days remained stable in 2017 and 2018, and decreased in 2019 and the six months ended June 30, 2020, which was primarily due to a decrease in the balances of inventories during the Track Record Period. Our inventory turnover days remained short, in line with the nature of goods sold from our community retail and commercial procurement services.

As of the Latest Practicable Date, approximately RMB7.8 million, or 50.6% of our inventories as of June 30, 2020 were subsequently consumed or sold.

Contract Assets

Our contract assets represented the unbilled revenue of our property engineering services provided to customers, when the cost-to-cost method of revenue recognized from our property engineering services exceeds the amount billed to the customers. Contract assets will be reclassified as trade receivables when the progress billings are issued as the payment is unconditional because only the passage of time is required before the payment is due. Our contract assets were RMB59.9 million, RMB64.6 million, RMB50.8 million and RMB38.0 million as of December 31, 2017, 2018 and 2019 and June 30, 2020. Our contract assets increased from RMB59.9 million as of December 31, 2017 to RMB64.6 million as of December 31, 2018, primarily attributable to an increase in the number of engineering projects, which was in line with our business expansion. Our contract assets decreased from RMB64.6 million as of December 31, 2018 to RMB50.8 million as of December 31, 2019, primarily due to our disposal of Langfang Shengkun Gardening Engineering in September 2019. Our contract assets decreased from RMB50.8 million as of December 31, 2019 to RMB38.0 million as of June 30, 2020, primarily because we accelerated our collection of receivables for our engineering projects.

The following table sets forth our contract assets turnover days for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
Contract assets turnover days[(1)]	156	158	100	145	73

Note:

(1) Calculated as the average balance of contract assets of a period divided by revenue from property engineering services for that period then multiplied by (i) 365 days for the years ended December 31, 2017, 2018 and 2019; or (ii) 182 days for the six months ended June 30, 2019 and 2020.

Our contract assets turnover days remained stable in 2017 and 2018. Our contract assets turnover days decreased from 158 days in 2018 to 100 days in 2019, and decreased from 145 days in the six months ended June 30, 2019 to 73 days in the same period in 2020, primarily due to (i) a decrease in our contract assets as a result of our disposal of Langfang Shengkun Gardening Engineering in September 2019 and (ii) our efforts to accelerate collection of receivables for our property engineering services since September 2019.

As of the Latest Practicable Date, approximately RMB25.1 million, or 66.1%, of our contract assets as of June 30, 2020 were subsequently converted to trade receivables.

The following table sets forth turnover days of our trade receivables and contract assets for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
Trade receivables and contract assets turnover days[(1)]	119	120	110	130	121
– Related parties	185	218	180	232	178
– Third parties	90	76	65	80	83

Note:

(1) Calculated as the average balance of the sum of trade receivables and contract assets of a period divided by revenue for that period then multiplied by (i) 365 days for the years ended December 31, 2017, 2018 and 2019; or (ii) 182 days for the six months ended June 30, 2019 and 2020.

Our trade receivables and contract assets turnover days for related parties increased from 185 days in 2017 to 218 days in 2018, primarily due to an increase in trade receivable turnover days for related parties as a result of increased trade receivables due to business growth. Our trade receivables and contract assets turnover days for related parties decreased from 218 days in 2018 to 180 days in 2019, primarily due to an increase in contract assets turnover days for related parties, driven by (i) a decrease in our contract assets as a result of our disposal of Langfang Shengkun Gardening Engineering in September 2019 and (ii) our efforts to accelerate collection of receivables for our property engineering services since September 2019. Our trade receivables and contract assets turnover days for related parties decreased from 232 days in the six months ended June 30, 2019 to 178 days in the same period in 2020, primarily due to (i) our strengthened credit controls and collection efforts over trade receivables from related parties; (ii) a decrease in our contract assets as a result of our disposal of Langfang Shengkun Gardening Engineering in September 2019 and (iii) our efforts to accelerate collection of receivables for our property engineering services since September 2019. Our trade receivables and contract assets turnover days for third parties decreased from 2017 to 2019, primarily due to our efforts to accelerate collection of receivables. Our trade receivables and contract assets turnover days for third parties remained stable in the six months ended June 30, 2019 and 2020.

Loans and Interest Receivables Due from Related Parties

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Loans and interest receivables due from related parties	194,596	304,482	482,076	15,427

Our loans due from related parties had a tenor ranging from one month to 61 months and carried interest rates ranging from 4.37% to 18.0% per annum. As of December 31, 2017, 2018 and 2019 and June 30, 2020, our loans and interest receivables due from related parties were approximately RMB194.6 million, RMB304.5 million, RMB482.1 million and RMB15.4 million, respectively.

In November 2016, we entered into an ABS arrangement with a third-party asset management company in an aggregate principal amount of RMB1,050.0 million for the purposes of providing financing to RiseSun Development Group, as part of RiseSun Development Group's internal cash management at the time. In November 2016, RiseSun Development Group provided loans to us by way of entrusted shareholder's loans, where the loan proceeds were provided by RiseSun Development Group to a commercial bank who then remitted such loans to us, in a total amount of RMB1,050.0 million at interest rates ranging from 4.95% to 5.36% per annum, and then assigned such loans and interest receivables due from us to a third-party asset management company for the purpose of obtaining financing of RMB1,050.0 million by way of issuing the ABS. The ABS was secured by a pledge of our right to receive property management fees relating to certain projects under our management. As part of this financing arrangement, we also lent RMB1,000.0 million as inter-company loans to certain subsidiaries of RiseSun Real Estate Development for their operation needs at interest rates ranging from 4.37% to 5.83% per annum. Please refer to "—Indebtedness" for further details. As of July 31, 2019, the principal amount and related interest of these loans had been fully settled, the ABS had been redeemed and the pledge provided by us under the ABS had been released.

According to CIA, it is common that property management companies in the PRC enter into ABS arrangements for the purpose of obtaining financing for their affiliated property development companies, given that traditional bank borrowings often require fixed assets (with a value that is comparable to the principal amount of the loan) as security for the borrowings, while the ABS is a flexible means of fundraising tailored to the characteristics of property management companies, pursuant to which trade receivables of property management fees and loan receivables could be securitized into borrowings. Such financing arrangement takes into consideration of our payment ability given the stable collection rate of our property management fees and future cash inflow from continued and successful operational management. Please also refer to "Business—Our Strategic Business Relationship with and Reliance on RiseSun Development Group—Financing Arrangements with RiseSun Development Group during the Track Record Period."

In 2018, 2019 and the six months ended June 30, 2020, we made loans to certain subsidiaries of RiseSun Real Estate Development for their operation needs. These loans were unsecured and most of them carried interest rates ranging from 10.0% to 12.0% per annum. One of these loans with a principal amount of RMB20.0 million carried an interest rate of 18.0% per annum primarily due to its relatively short tenor. As of June 30, 2020, the outstanding balance of principal and interests under these loans was RMB15.4 million. As of the Latest Practicable Date, the principal and related interests of these loans had been fully settled.

We are exposed to certain risks as a result of providing loan financings as described above. For details, please refer to "Risk Factors—Risks Relating to Our Business and Industry—We may be subject to penalties from the PBOC or adverse judicial rulings as a result of providing loan financings."

Trade and Other Receivables and Prepayments

The following table sets forth the breakdown of our trade and other receivables and prepayments as of the dates indicated.

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	202,947	265,617	388,966	535,812
Note receivables	–	13,006	49,017	70,101
Less: allowance for impairment of trade receivables	(15,697)	(18,999)	(8,732)	(15,478)
	187,250	259,624	429,251	590,435
Finance lease receivables	–	–	85,739	21,005
Other receivables	266,543	398,833	270,737	144,950
Less: allowance for impairment of other receivables	(3,872)	(4,441)	(4,513)	(4,499)
	262,671	394,392	266,224	140,451
Prepayments to suppliers	28,997	26,567	32,306	31,257
Prepaid listing expenses	–	–	10,561	21,395
Total trade and other receivables and prepayments	478,918	680,583	824,081	804,543
Less: non-current portion of finance lease receivables	–	–	(71,824)	(16,019)
Current portion of trade and other receivables and prepayments	478,918	680,583	752,257	788,524

Trade Receivables

Trade receivables mainly arise from the provision of various services under our property management services, our value-added services to non-property owners and our community value added services.

	As of December 31,			As of June 30,
	2017	**2018**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Trade receivables				
– Related parties	85,517	143,764	248,577	267,716
– Third parties	117,430	121,853	140,389	268,096
Total	202,947	265,617	388,966	535,812
Note receivables	–	13,006	49,017	70,101
Less: allowance for impairment of trade receivables	(15,697)	(18,999)	(8,732)	(15,478)
	187,250	**259,624**	**429,251**	**590,435**

There are generally no credit terms for our property management services and community value-added services. For value-added services to non-property owners, the credit terms of trade receivables vary according to the terms agreed with customers, normally ranging from 0 to 30 days. Before allowance for impairment of trade receivables, our trade receivables increased from RMB202.9 million as of December 31, 2017 to RMB265.6 million as of December 31, 2018, to RMB389.0 million as of December 31, 2019, and further to RMB535.8 million as of June 30, 2020. The overall increases in trade receivables from both related parties and third parties were primarily in line with the growth of our revenue and GFA under management. The following table sets forth our trade receivable turnover days for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2017	**2018**	**2019**	**2019**	**2020**
Trade receivables turnover days[(1)]	92.6	94.8	93.2	109.6	110.0
– Related parties	113.5	149.4	143.6	179.9	154.6
– Third parties	83.6	70.2	61.1	75.8	80.6

Note:

(1) Calculated as the average balances of trade receivables of a period divided by revenue for that period then multiplied by (i) 365 days for the years ended December 31, 2017, 2018 and 2019; or (ii) 182 days for the six months ended June 30, 2020.

Our overall trade receivables turnover days remained stable in 2017, 2018 and 2019. The overall trade receivables turnover days in the six months ended June 30, 2019 and 2020 increased slightly, which were relatively higher than the full-year turnover days, primarily because certain of our customers tend to pay their property management fees toward year-end which, our Directors believe, is out of personal preference and convenience. The increase in trade receivables turnover days for third parties in the six months ended June 30, 2020 as compared to the same period in 2019 was primarily attributable to the slower settlement as a result of the COVID-19 outbreak. The decrease in trade receivables turnover days for related parties in the six months ended June 30, 2020 as compared to the same period in 2019 was primarily attributable to our strengthened credit controls and collection efforts over trade receivables from related parties in an effort to narrow down the gap between our average trade receivable turnover days for related parties and for third parties.

During the Track Record Period, our trade receivables turnover days for related parties were longer than that for third parties, primarily because (i) we provided a higher proportion of value-added services to non-property owners to related parties than to third parties, and such services typically had longer credit terms and turnover days; (ii) the settlement of related party receivables was relatively slower as we considered that the credit risk of our related parties was low taking into consideration our long-standing, close business relationship with our related parties and their solid financial position and credit history.

As of the Latest Practicable Date, approximately RMB158.8 million, or 59.3%, of our trade receivables from related parties as of June 30, 2020 were subsequently settled. As of the Latest Practicable Date, approximately RMB166.4 million, or 62.1%, of our trade receivables from third parties as of June 30, 2020 were subsequently settled.

The following table sets forth an aging analysis of our trade receivables based on invoice date as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Up to 1 year				
– Related parties	69,052	111,607	212,529	261,315
– Third parties	63,454	71,262	126,824	244,664
	132,506	182,869	339,353	505,979
1 to 2 years				
– Related parties	15,761	18,977	26,938	6,056
– Third parties	26,925	17,160	11,410	20,753
	42,686	36,137	38,348	26,809
2 to 3 years				
– Related parties	704	12,981	3,054	116
– Third parties	20,335	15,090	1,122	1,920
	21,039	28,071	4,176	2,036
3 to 5 years				
– Related parties	–	199	6,056	161
– Third parties	5,973	18,297	240	330
	5,973	18,496	6,296	491
Over 5 years				
– Related parties	–	–	–	68
– Third parties	743	44	793	429
	743	44	793	497
	202,947	**265,617**	**388,966**	**535,812**

Trade receivables aged over one year amounted to RMB70.4 million, RMB82.7 million, RMB49.6 million and RMB29.8 million as of December 31, 2017, 2018, 2019 and June 30, 2020, respectively, which accounted for 34.7%, 31.2%, 12.8% and 5.6% of our trade receivables as of the respective dates. Among these, trade receivables from related parties aged over one year amounted to RMB16.5 million, RMB32.2 million, RMB36.0 million and RMB6.4 million, respectively, as of December 31, 2017, 2018, 2019 and June 30, 2020, which accounted for 8.1%, 12.1%, 9.3% and 1.2% of our trade receivables as of the respective dates. Such trade receivables from related parties were long outstanding primarily because our settlement of related party receivables was historically slow as we considered that the credit risk of our related parties was low taking into consideration our long-standing, close business relationship with our related parties and their solid financial position and credit history. Our Directors consider that there is no material recoverability issue with respect to trade receivables from related parties aged over one year, as we have enhanced internal control policies on trade receivables due from related parties to closely monitor the payment progress. In particular, we conducted monthly review of our trade receivables due from related parties and followed up regularly with related parties in an effort to accelerate the settlement of long outstanding trade receivables from related parties.

The table below sets forth the movements in our allowance for impairment of trade receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year	12,656	15,697	18,999	8,732
Provision for receivables impairment	8,119	10,376	7,536	13,820
Unused amounts reversed	(5,078)	(7,074)	(17,800)	(7,074)
Disposal of a subsidiary	–	–	(3)	–
At the end of the year	15,697	18,999	8,732	15,478

For trade receivables, we apply the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. For further details on our impairment policy related to trade receivables, please refer to Note 2.12 and 3.1.2 to Accountant's Report in Appendix I to this prospectus. In determining the recoverability of trade receivables from the property management services, we take into consideration a number of indicators, including subsequent settlement status, historical write-off experience and management fee collection rate of the residents in estimating the future cash flows from the receivables. In determining the recoverability of trade receivables from value-added services to non-property owners and community value-added services, we consider any change in the credit quality of the trade receivable from the date on which the credit was initially granted up to the reporting date.

To expedite the recovery of our trade receivables, we have formulated and implemented various measures, including the following:

- sending reminders through various channels, such as phone calls, text messages, mails, and our mobile application, and notifying the property owners and residents in person. If such measures do not suffice, we would hire legal counsel to take legal action against the property owners to recover the outstanding payments;
- conducting an evaluation to make sure the property management fees we contract for are sufficient in light of the services we provide;
- designating relevant personnel to closely monitor the progress of collecting trade receivables and designating key personnel to calculate the overdue fees, prepare payment reminders, notices or legal complaints etc. to collect major recoverable items; and
- actively monitoring the progress of, and coordinating with our customers on, payment schedules.

In view of the relatively longer average turnover days for related parties as compared to third parties, we intend to strengthen credit controls over trade receivables from related parties with an aim to narrowing down the gap between our average trade receivable turnover days for related parties and for third parties after the Listing. We enhanced internal control policies on trade receivables due from related parties to closely monitor the payment progress. In particular, we conducted monthly review of our trade receivables due from related parties and followed up regularly with related parties to settle the outstanding balance. We will also designate special personnel to track the progress of collecting property management fees due from related parties, and regularly evaluate performance of such special personnel based on collection rate.

Finance Lease Receivables

As of December 31, 2017, 2018 and 2019 and June 30, 2020, we recorded finance lease receivables in the amount of nil, nil, RMB85.7 million and RMB21.0 million. Our finance lease receivables as of June 30, 2020 were primarily resulting from the finance lease agreements we entered into to sub-lease certain car parks and retail units.

Other Receivables

Other receivables primarily consist of other receivables from related parties, payments made on behalf of property owners and residents related to utility fees, tender deposits and advances to employees.

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Other receivables				
– Related parties	241,884	380,550	243,758	109,767
– Third parties	24,659	18,283	26,979	35,183
	266,543	398,833	270,737	144,950
Less: allowance for impairment of other receivables	(3,872)	(4,441)	(4,513)	(4,499)
	262,671	**394,392**	**266,224**	**140,451**

Before allowance for impairment of other receivables, our other receivables increased from RMB266.5 million as of December 31, 2017 to RMB398.8 million as of December 31, 2018, primarily due to an increase in other receivables from related parties. Before allowance for impairment of other receivables, our other receivables decreased from RMB398.8 million as of December 31, 2018 to RMB270.7 million as of December 31, 2019, and further decreased to RMB145.0 million as of June 30, 2020, primarily due to a decrease in other receivables from related parties as a result of our efforts to gradually reduce our non-trade related party balance. We expect to fully settle other receivables from related parties prior to the Listing.

Prepayments

Our prepayments primarily consist of prepayments to suppliers in connection with our purchase of raw materials, services and insurance, utility fees prepaid to the power supply bureaus and prepaid listing expenses. Our prepayments decreased from RMB29.0 million as of December 31, 2017 to RMB26.6 million as of December 31, 2018. Our prepayment increased from RMB26.6 million as of December 31, 2018 to RMB32.3 million as of December 31, 2019, primarily due to an increase in prepayment of listing expenses in connection with the Listing and an increase in utility fees prepaid to the power supply bureau as a result of an increase in the number of properties under our management. Our prepayment decreased from RMB32.3 million as of December 31, 2019 to RMB31.3 million as of June 30, 2020, primarily due to our settlement of the outstanding balance of prepayments to suppliers.

Financial Assets Measured at Fair Value

Our financial assets at fair value through profit or loss primarily consist of fund products and wealth management products. Our financial assets at fair value through other comprehensive income primarily consists of equity interests in private companies. The following table sets forth our financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss				
– Fund products	64,673	21,383	–	–
– Wealth management products	1,950	9,440	–	4,800
	66,623	30,823	–	4,800
Financial assets at fair value through other comprehensive income				
– Equity interests in private companies	–	6,467	–	–

During the Track Record Period, we invested in two types of investment products, including fund products and wealth management products. Fund products were related to our investment in non-principal protected fund products issued by investment fund companies. Wealth management products were mainly related to our investment in certain short-term financial products issued by banks and financial institutions frequently from time to time to make use of our available cash for higher yield.

In 2017, 2018 and 2019 and the six months ended June 30, 2020, our fair value gains on these financial assets were RMB11.3 million, RMB8.3 million, RMB2.1 million and RMB0.5 million, respectively, which were recognized under our other gains/(losses) – net as "net fair value gain on financial assets at FVPL" in our consolidated statements of comprehensive income.

Our financial assets at fair value through profit or loss decreased from RMB66.6 million as of December 31, 2017 to RMB30.8 million as of December 31, 2018 and further to nil as of December 31, 2019, primarily because we redeemed such financial assets. Our financial assets at fair value through profit or loss increased from nil as of December 31, 2019 to RMB4.8 million as of June 30, 2020, primarily due to an increase in wealth management products.

Our financial assets at fair value through other comprehensive income were RMB6.5 million as of December 31, 2018, primarily reflecting our equity interests in several private companies controlled by the parent company. We did not have any financial assets at fair value through other comprehensive income as of December 31, 2017 and 2019 and June 30, 2020.

To manage our cash on hand, we purchase and redeem wealth management products frequently from which we could readily access cash as needed and generate higher yield than bank deposits, as we consider that these products are highly liquid and bear a relatively low level of risk. The underlying financial assets of the wealth management products in which we invested primarily consist of low-risk wealth management products issued by renowned commercial banks and other financial institutions in the PRC. The amount of purchase is determined based on our surplus funds and capital budget. Our investment decisions are made after due and careful consideration of a number of factors, including market and investment conditions, economic developments, investment cost, duration of investment and the expected returns.

Trade and Other Payables

The following table sets forth a breakdown of our trade and other payables as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	62,965	94,236	207,350	238,236
Other payables	729,074	851,855	680,330	428,946
Accrued payroll	55,967	71,187	85,322	81,847
Other taxes payables	25,040	17,357	22,387	35,195
Advance rent receipt	5,376	6,474	8,162	10,937
Interests payable	4,596	3,568	120	–
	883,018	**1,044,677**	**1,003,671**	**795,161**

Trade Payables

Our trade payables primarily represent our obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, including purchase of materials.

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Related parties	663	2,132	12,107	8,849
Third parties	62,302	92,104	195,243	229,387
	62,965	**94,236**	**207,350**	**238,236**

Our trade payables amounted to approximately RMB63.0 million, RMB94.2 million, RMB207.4 million and RMB238.2 million as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. The continuous increase in our trade payables was in line with the growth in our cost of sales, which was due to our business expansion during the Track Record Period.

The following table sets forth our trade payable turnover days for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
Trade payable turnover days[(1)]	32.1	38.2	52.5	39.1	74.2

Note:

(1) Calculated as the average balances of trade payables of a period divided by cost of sales for that period then multiplied by (i) 365 days for the years ended December 31, 2017, 2018 and 2019; or (ii) 182 days for the six months ended June 30, 2020.

The general increase in our trade payable turnover days from 2017 to 2019 primarily reflected an increase in the balance of our trade payables in line with our business expansion. The increase in our trade payable turnover days from the six months ended June 30, 2019 to the six months ended June 30, 2020 was also because we started to delegate certain of our property management services such as security and cleaning services to third party sub-contracts which resulted in an increase in the balance of our trade payables. We adopt cash management policy to manage the potential liquidity mismatch between the relatively long trade receivable turnover days and the relatively short trade payable turnover days. Please refer to "Business—Our Cash Management Policy."

The following table sets forth an aging analysis of our trade payables based on the invoice date as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Up to 1 year	53,925	83,173	201,707	227,707
1 to 2 years	8,447	7,048	5,449	8,566
2 to 3 years	559	3,831	173	1,796
Over 3 years	34	184	21	167
	62,965	**94,236**	**207,350**	**238,236**

As of October 31, 2020, approximately RMB190.2 million, or 79.9%, of our trade payables as of June 30, 2020 were subsequently settled.

Other Payables

Our other payables mainly represent amounts due to our related parties as detailed in "—Related Party Transactions and Balances" in this section, deposits from property owners or residents and suppliers, maintenance funds for the properties under our management, cash collected on behalf of property developers and owners, utility fees paid on behalf of property owners and residents, tax payables and accrued listing expenses. The following table sets out a breakdown of our other payables as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Related parties	387,538	437,368	323,800	107,162
Deposits received	80,828	135,537	124,224	145,088
Maintenance funds	109,734	106,428	91,956	69,386
Receipts and payments on behalf of property owners	109,656	115,191	96,173	82,640
Accrued listing expenses	–	–	7,895	8,671
Provisions	2,074	637	5,534	282
Others	39,244	56,694	30,748	15,717
	729,074	**851,855**	**680,330**	**428,946**

Our other payables increased from RMB729.1 million as of December 31, 2017 to RMB851.9 million as of December 31, 2018, primarily due to an increase in other payables due to related parties and an increase in deposits received from property owners and residents as a result of our business expansion. Our other payables decreased from RMB851.9 million as of December 31, 2018 to RMB680.3 million as of December 31, 2019, primarily due to a decrease in other payables due to related parties as we settled the outstanding payments and a decrease in maintenance funds. Our other payables decreased from RMB680.3 million as of December 31, 2019 to RMB428.9 million as of June 30, 2020, primarily due to a decrease in other payables due to related parties as we settled certain outstanding balance.

Contract Liabilities

Our contract liabilities mainly represent the advance payments made by customers while the underlying services are yet to be provided. Our contract liabilities increased from RMB163.2 million as of December 31, 2017 to RMB169.6 million as of December 31, 2018, and further to RMB258.6 million as of December 31, 2019 and RMB336.5 million as of June 30, 2020. The increase in contract liabilities during the Track Record Period was mainly due to an increase in advance payments of property management fees resulting from the increase of our GFA under management as a result of our business expansion. Our contract liabilities increased as of June 30, 2020 as compared to December 31, 2019, primarily due to, other than the reason described above, certain of our customers tend to pay their property management fees toward year-end which, our Directors believe, is out of personal preference and convenience. The following table sets forth our contract liabilities as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities – current				
– Related parties	21,486	17,507	42,907	50,397
– Third parties	87,812	106,640	194,973	264,697
	109,298	124,147	237,880	315,094
Contract liabilities – non-current				
– Third parties	53,880	45,486	20,723	21,398

As of October 31, 2020, approximately RMB240.1 million, or 71.4%, of our contract liabilities as of June 30, 2020 were recognized as revenue.

Current Income Tax Liabilities

As of December 31, 2017, 2018 and 2019 and June 30, 2020, our current income tax liabilities amounted to approximately RMB53.2 million, RMB50.4 million, RMB16.1 million and RMB23.7 million, respectively. Current income tax liabilities as of the specified dates mainly represented the income tax payable for the year or period then ended according to the prevailing income tax rate. In addition, our current income tax liabilities as of December 31, 2017 and 2018 included adjustments in accordance with the applicable standards under the HKFRSs as a result of timing differences on the recognition of revenue, cost of sales and other operating expenses relating to the provision of our services.

In 2017, 2018 and 2019 and the six months ended June 30, 2020, we paid income tax of RMB12.4 million, RMB30.4 million, RMB79.7 million and RMB28.3 million, respectively. Please refer to "Appendix I—Accountants' Report—I. Historical Financial Information of the Group—Consolidated statements of cash flows" for more details on our income tax paid. Our current income tax liabilities as of December 31, 2017 were RMB53.2 million, which were higher than income tax paid in 2018 of RMB30.4 million, primarily due to our historical adoption of the

Cash Basis (as defined below) for tax computation and therefore income tax payable outstanding as of December 31, 2017 was not fully settled in 2018 as we did not receive relevant payment from customers in 2018. Our current income tax liabilities as of December 31, 2018 and 2019 were RMB50.4 million and RMB16.1 million, respectively, which were lower than income tax paid in 2019 and the six months ended June 30, 2020 of RMB79.7 million and RMB28.3 million, respectively, primarily due to our settlement of unpaid income tax for prior years as a result of our adoption of the Accrual Basis (as defined below) for tax computation. In 2018, 2019 and the six months ended June 30, 2020, we made payment of unpaid income tax for prior years in the amount of RMB5.3 million, RMB31.4 million and RMB4.0 million, respectively, which fully covered our total unpaid income tax for prior years in accordance with PRC tax law requirements. Our Directors confirm that we had no tax payment outstanding for the Track Record Period as of the date of this prospectus.

Before the adoption of the Accrual Basis (as defined below) for tax computation as discussed below, we recorded revenues upon the settlement of invoices with customers, and recorded relevant cost of sales and other operating expenses when we made the payments to suppliers or employees (the "**Cash Basis**"). We originally adopted the Cash Basis, rather than the Accrual Basis (as defined below), mainly because it would be practically more convenient to provide relevant documentary evidence to the relevant tax authorities if requested. Pursuant to the relevant PRC tax law requirements, accounts to be filed for income tax computation purposes should, in principle, be determined based on when the revenue from the delivery of goods or rendering of services to customer is earned (the "**Accrual Basis**"), regardless of the timing of payment or collections. The PRC tax law requirements are substantially consistent with the applicable HKFRSs, where revenues shall be recognized when services were rendered to customers, and relevant cost of sales and other operating expenses shall be recorded when they were incurred.

Upon identification of this issue in May 2018, we started to roll out the Accrual Basis in tax computation among our subsidiaries and branches. We also applied the Accrual Basis retrospectively to prior years, and made payment of the unpaid income tax for prior years (where applicable) for our relevant PRC subsidiaries and branch companies as a result of such adjustment. As of December 31, 2019, we had fully adopted the Accrual Basis in tax computation for all of our subsidiaries and branches.

Considering that (i) our historical adoption of the Cash Basis for tax computation was because it would be practically more convenient to provide relevant documentary evidence to the relevant tax authorities if requested; (ii) we have adopted the Accrual Basis for tax computation; (iii) we have retrospectively applied the Accrual Basis to prior years and fully paid the unpaid income tax for prior years (where applicable) in accordance with PRC tax law requirements and no tax payment was outstanding as of the date of this prospectus; and (iv) during the Track Record Period and up to the Latest Practicable Date, we had not been charged any penalty with respect to tax filings we had made, our Directors are of the view that the tax matters discussed above would not have any material and adverse impact on our business, financial performance and results of operations. For risks related to our current income tax liabilities, please refer to "Risk Factors—Risks Relating to Our Business and Industry—We may be subject to additional tax liabilities and adverse tax consequences as a result of adjustments to revenue recognition."

To prevent the recurrence of similar incidents, we have implemented the following enhanced internal control measures: (i) we have adopted a tax management policy which clearly requires the adoption of the Accrual Basis for tax filings; (ii) we require subsidiaries and branches to collect and study local tax regulations and new policies which may be issued and amended from time to time; (iii) we have formulated future training plans and will arrange our relevant employees to attend trainings on applicable laws and regulations on a regular basis; and (iv) we have further established internal procedures to conduct internal inspections on tax compliance annually and if needed, will formulate correction measures and plans in a timely manner, designate responsible personnel and monitor and review correction progress to ensure compliance with the applicable laws and regulations.

NET CURRENT ASSETS

	As of December 31,			As of June 30,	As of October 31,
	2017	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)
Current assets					
Inventories	19,443	16,604	16,403	15,388	16,079
Contract assets	59,850	64,610	50,804	38,042	47,075
Prepaid taxes	3,059	5,596	14,381	13,498	10,706
Trade and other receivables and prepayments	478,918	680,583	752,257	788,524	989,927
Financial assets at fair value through profit or loss	66,623	30,823	–	4,800	6,900
Loans and interest receivables due from related parties	194,596	304,482	482,076	15,427	–
Restricted cash	–	–	100,000	–	–
Cash and cash equivalents	481,890	448,782	228,867	795,697	594,903
Total current assets	**1,304,379**	**1,551,480**	**1,644,788**	**1,671,376**	**1,665,590**
Current liabilities					
Trade and other payables	883,018	1,044,677	1,003,671	795,161	878,174
Borrowings	200,000	210,000	90,000	–	–
Contract liabilities	109,298	124,147	237,880	315,094	282,874
Lease liabilities	4,347	5,363	8,908	2,376	2,451
Current income tax liabilities	53,218	50,413	16,091	23,656	7,533
Total current liabilities	**1,249,881**	**1,434,600**	**1,356,550**	**1,136,287**	**1,171,032**
Net current assets	**54,498**	**116,880**	**288,238**	**535,089**	**494,558**

We recorded net current assets of RMB54.5 million, RMB116.9 million, RMB288.2 million, RMB535.1 million and RMB494.6 million, respectively, as of December 31, 2017, 2018 and 2019 and June 30 and October 31, 2020. Our net current assets increased from approximately RMB54.5 million as of December 31, 2017 to RMB116.9 million as of December 31, 2018, primarily due to (i) an increase in trade and other receivables and prepayments in line with the growth of our revenue and GFA under management, and (ii) an increase in loans and interest receivables due from related parties, partially offset by an increase in trade and other payables. Our net current assets increased from approximately RMB116.9 million as of December 31, 2018 to RMB288.2 million as of December 31, 2019, primarily due to (i) an increase in loans and interest receivables due from related parties, and (ii) a decrease in borrowings due to repayment of our borrowings, partially offset by a decrease in cash and cash equivalents and an increase in contract liabilities. Our net current assets increased from approximately RMB288.2 million as of December 31, 2019 to RMB535.1 million as of June 30, 2020, which was mainly attributable to decreases in trade and other payables and borrowings. Our net current assets decreased from approximately RMB535.1 million as of June 30, 2020 to RMB494.6 million as of October 31, 2020, which was mainly attributable to an increase in trade and other payables.

WORKING CAPITAL

Our Directors are of the opinion that, after taking into account the financial resources available to us including the estimated net proceeds of the Global Offering and our internally generated funds, we have sufficient working capital to satisfy our requirements for at least the next 12 months following the date of this prospectus.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our principal use of cash has been for working capital purposes. Our main source of liquidity has been generated from cash flow from operations. In the foreseeable future, we expect such source to continue to be our principal sources of liquidity and we may use a portion of the proceeds from the Global Offering to finance some of our capital requirements.

Cash Flow

The following table sets forth a summary of our cash flows for the periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Operating cash flow before changes in working capital	63,482	75,717	118,337	67,009	160,572
Cash generated from operations	64,624	126,237	112,952	34,031	84,375
– Income tax paid	(12,378)	(30,398)	(79,710)	(36,628)	(28,274)
Net cash generated from/(used in) operating activities	52,246	95,839	33,242	(2,597)	56,101
Net cash generated from/(used in) investing activities	157,826	24,762	487,126	(187,540)	636,507
Net cash used in financing activities	(85,444)	(153,709)	(740,283)	(46,001)	(125,778)
Net increase/(decrease) in cash and cash equivalents	124,628	(33,108)	(219,915)	(236,138)	566,830
Cash and cash equivalents at beginning of year/period	357,262	481,890	448,782	448,782	228,867
Cash and cash equivalents at end of year/period	**481,890**	**448,782**	**228,867**	**212,644**	**795,697**

Net Cash Generated from Operating Activities

In the six months ended June 30, 2020, net cash generated from operating activities was RMB56.1 million. Operating cash inflow before changes in working capital was RMB160.6 million, primarily attributable to profit before tax of RMB146.2 million, as adjusted by certain line items such as (i) interest income from loans due from related parties of RMB22.6 million; (ii) share-based payment of RMB22.4 million; and (iii) net loss from termination of lease agreements of RMB9.6 million. Our movements in working capital primarily reflect an increase in trade and other receivables and prepayments of RMB176.1 million, partially offset by an increase in contract liabilities of RMB77.9 million, in line with the growth of our business.

In the six months ended June 30, 2019, we had negative cash outflow from operating activities of RMB2.6 million. Operating cash inflow before changes in working capital was RMB67.0 million, primarily attributable to profit before tax of RMB72.2 million, as adjusted by certain line items such as (i) interest income from loans due from related parties of RMB25.2 million; and (ii) finance costs of RMB24.3 million. Our movements in working capital primarily reflect an increase in trade and other receivables and prepayments of RMB173.6 million, partially offset by an increase in contract liabilities of RMB89.2 million and an increase in trade and other payables of RMB54.3 million, in line with the growth of our business.

In 2019, net cash generated from operating activities was RMB33.2 million. Operating cash inflow before changes in working capital was RMB118.3 million, primarily attributable to profit before tax of RMB152.6 million, as adjusted by certain line items such as (i) interest income from loans due from related parties of RMB48.2 million; (ii) finance cost of RMB34.5 million; (iii) impairment provision on financial assets of RMB10.0 million and (iv) interest income on finance lease of RMB8.6 million. Our movements in working capital primarily reflect (i) an increase in trade and other payables of RMB103.9 million and (ii) an increase in contract liabilities of RMB93.6 million, partially offset by an increase in trade and other receivables and prepayments of RMB196.3 million.

In 2018, net cash generated from operating activities was RMB95.8 million. Operating cash inflow before changes in working capital was RMB75.7 million, primarily attributable to profit before tax of RMB100.3 million, as adjusted by certain line items such as (i) finance cost of RMB53.1 million; (ii) interest income from loans due from related parties of RMB48.0 million; and (iii) fair value adjustment to investment properties of RMB27.2 million. Our movements in working capital primarily reflect an increase in trade and other payables of RMB112.9 million, partially offset by an increase in trade and other receivables and prepayments of RMB66.9 million.

In 2017, net cash generated from operating activities was RMB52.2 million. Operating cash inflow before changes in working capital was RMB63.5 million, primarily attributable to profit before tax of RMB54.9 million, as adjusted by certain line items such as (i) finance cost of RMB59.0 million and (ii) interest income from loans due from related parties of RMB52.4 million. Our movements in working capital primarily reflect (i) an increase in trade and other payables of RMB33.5 million and (ii) an increase in contract liabilities of RMB27.8 million, partially offset by (i) an increase in trade and other receivables and prepayments of RMB34.8 million; (ii) an increase in contract assets of RMB14.9 million and (iii) an increase in inventories of RMB10.3 million.

Net Cash Generated from/(used in) Investing Activities

In the six months ended June 30, 2020, net cash generated from investing activities was RMB636.5 million, primarily reflecting the net effect of (i) repayment of loans by related parties of RMB518.8 million; (ii) repayments from related parties of RMB385.2 million; and (iii) proceeds from redemption of financial assets at FVPL of RMB135.1 million, partially offset by (i) cash advances made to related parties of RMB237.2 million and (ii) purchase of financial assets at FVPL of RMB139.9 million.

In 2019, net cash generated from investing activities was RMB487.1 million, primarily reflecting the net effect of (i) proceeds from redemption of financial assets at FVPL of RMB733.8 million; (ii) repayment of loans by related parties of RMB695.5 million; and (iii) repayments from related parties of RMB568.8 million, partially offset by (i) purchase of financial assets at FVPL of RMB703.4 million; (ii) loans granted to related parties of RMB429.3 million; and (iii) cash advances made to related parties of RMB426.9 million.

In 2018, net cash generated from investing activities was RMB24.8 million, primarily reflecting the net effect of (i) proceeds from redemption of financial assets at FVPL of RMB1,119.4 million; (ii) repayments from related parties of RMB274.3 million; and (iii) repayment of loans by related parties of RMB234.0 million, partially offset by (i) purchase of financial assets at FVPL of RMB1,083.9 million; (ii) cash advances made to related parties of RMB412.9 million; and (iii) loans granted to related parties of RMB144.0 million.

In 2017, net cash generated from investing activities was RMB157.8 million, primarily reflecting the net effect of proceeds from redemption of financial assets at FVPL of RMB2,930.1 million, partially offset by purchase of financial assets at FVPL of RMB2,919.1 million.

Net Cash Used in Financing Activities

In the six months ended June 30, 2020, net cash used in financing activities was RMB125.8 million, primarily reflecting (i) repayments of cash advances from related parties of RMB416.9 million and (ii) repayments of borrowings of RMB90.0 million, partially offset by (i) cash advances from related parties of RMB201.8 million; (ii) capital contribution from shareholders of the Company of RMB104.8 million; and (iii) decrease in restricted cash of RMB100.0 million.

In 2019, net cash used in financing activities was RMB740.3 million, primarily reflecting (i) repayments of borrowings of RMB665.0 million; (ii) repayments of cash advances from related parties of RMB423.5 million; and (iii) increase in restricted cash of RMB100.0 million, partially offset by (i) cash advances from related parties of RMB304.8 million; (ii) capital contribution from shareholders of the Company of RMB99.0 million; and (iii) proceeds from borrowings of RMB90.0 million.

In 2018, net cash used in financing activities was RMB153.7 million, reflecting primarily (i) repayment of borrowings of RMB200.0 million and (ii) repayments of cash advances from related parties of RMB320.9 million, partially offset by cash advances from related parties of RMB370.7 million.

In 2017, net cash used in financing activities was RMB85.4 million, reflecting primarily (i) repayment of borrowings of RMB185.0 million and (ii) repayment of cash advances from related parties of RMB119.6 million, partially offset by cash advances from related parties of RMB275.8 million.

INDEBTEDNESS

Borrowings

	As of December 31,			As of June 30, 2020	As of October 31, 2020
	2017	**2018**	**2019**		
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
					(Unaudited)
Non-current					
Borrowings from a third party asset management company	865,000	665,000	–	–	–
Less: current portion of non-current borrowings	(200,000)	(210,000)	–	–	–
	665,000	455,000	–	–	–
Current					
Bank borrowings	–	–	90,000	–	–
Current portion of non-current borrowings from a third party asset management company	200,000	210,000	–	–	–
	200,000	210,000	90,000	–	–
	865,000	**665,000**	**90,000**	**–**	**–**

As of December 31, 2017, 2018 and 2019, June 30, 2020 and October 31, 2020, our total borrowings amounted to RMB865.0 million, RMB665.0 million, RMB90.0 million, nil and nil, respectively.

As of December 31, 2017 and 2018, we had borrowings from a third-party asset management company of RMB865.0 million and RMB665.0 million, respectively. In November 2016, through a commercial bank, RiseSun Real Estate Development provided a total amount of RMB1,050.0 million to us by way of entrusted shareholder's loans at interest rates ranging from 4.95% to 5.36% per annum, and then assigned such loans and interest receivables due from us to a third-party asset management company for the purpose of obtaining financing of RMB1,050.0 million by way of issuing an ABS. The ABS was secured by a pledge of our right to receive property management fees relating to certain projects under our management. As part of this financing arrangement, we also lent RMB1,000.0 million as inter-company loans to certain subsidiaries of RiseSun Real Estate Development for their operation needs at interest rates ranging from 4.37% to 5.83% per annum. As of July 31, 2019, these loans and related interests had been fully settled, the ABS had been redeemed and the pledge provided by us under the ABS had been released.

As of December 31, 2019, our bank borrowings amounted to RMB90.0 million and carried an interest rate at 4.35% per annum and were secured by cash deposits of our subsidiary which was recorded as restricted cash of RMB100.0 million as of December 31, 2019 in our consolidated balance sheet. These bank borrowings were fully repaid in March 2020.

Our borrowings were repayable as of the dates indicated as follows:

	As of December 31,			As of June 30, 2020	As of October 31, 2020
	2017	2018	2019		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Within 1 year	200,000	210,000	90,000	–	–
Between 1 to 2 years	210,000	225,000	–	–	–
Between 2 to 5 years	455,000	230,000	–	–	–
	865,000	665,000	90,000	–	–

Besides discussed above, we did not have any bank borrowings or any unutilized banking facilities as of October 31, 2020. Since October 31, 2020 and up to the Latest Practicable Date, there had not been any material adverse changes to our indebtedness.

Lease Liabilities

Lease liabilities primarily arise from our commercial arrangements with the owners of retail units and car parks pursuant to which we were obligated to pay rents for such retail units and car parks. Our lease liabilities increased from RMB61.7 million as of December 31, 2017 to RMB126.5 million as of December 31, 2018, primarily due to an increase in the number of car parks subject to such commercial arrangements. Our lease liabilities decreased from RMB126.5 million as of December 31, 2018 to RMB66.7 million as of December 31, 2019, primarily because we terminated certain commercial arrangements with owners of the retail units and car parks. Our lease liabilities decreased from RMB66.7 million as of December 31, 2019 to RMB14.7 million as of June 30, 2020, primarily due to the termination of certain commercial arrangements with owners of the retail units and car parks. Our lease liabilities remained relatively stable at RMB14.7 million as of October 31, 2020, compared to RMB14.7 million as of June 30, 2020. The following table sets forth our lease liabilities as of the dates indicated:

	As of December 31,			As of June 30, 2020	As of October 31, 2020
	2017	2018	2019		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Lease liabilities					
– Current	4,347	5,363	8,908	2,376	2,451
– Non-current	57,373	121,124	57,748	12,323	12,233
	61,720	**126,487**	**66,656**	**14,699**	**14,684**

Other Payables Due to Related Parties

As of December 31, 2017, 2018 and 2019 and June 30 and October 31, 2020, we had other payables due to related parties, which were non-trade in nature, of approximately RMB387.5 million, RMB437.4 million, RMB323.8 million, RMB107.2 million and RMB65.6 million, respectively. These payables were interest-free, unsecured and payable on demand. We expect to fully settle other payables due to related parties prior to the Listing.

Contingent Liabilities

Except as disclosed herein and apart from intra-group liabilities, we did not have any outstanding loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans, or acceptance credits or purchase commitments, guarantees or other material contingent liabilities or any covenant in connection therewith as of October 31, 2020. Our Directors have confirmed that there had not been any material change in the indebtedness, capital commitments and contingent liabilities of our Group since October 31, 2020 and up to the Latest Practicable Date.

COMMITMENTS

Capital Commitments

We did not record any capital commitments as of December 31, 2017, 2018 and 2019. We recorded capital commitments of RMB5.6 million as of June 30, 2020, which was mainly related to the purchase of the "Rice Community" mobile application.

Lease Commitments – As Lessee

We lease staff dormitories under non-cancellable leases agreements with lease term less than 12 months. Our future aggregate minimum lease payments under non-cancellable short-term leases as of the dates indicated are set forth below:

	As of December 31,			As of June 30, 2020
	2017	2018	2019	
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	554	282	37	430

Capital Expenditures

The table below sets forth the amount of capital expenditures incurred during the Track Record Period:

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Additions to:					
Property, plant and equipment	3,167	3,911	9,195	4,895	2,675
Other intangible assets	20	–	1,181	1,110	829
Total	**3,187**	**3,911**	**10,376**	**6,005**	**3,504**

The total estimated capital expenditure incurred and to be incurred for the year ending December 31, 2020 is RMB28.7 million, primarily attributable to purchase of property, plant, equipment for our business operation and purchase of software for our digitalization measures.

OFF-BALANCE SHEET ARRANGEMENTS

We had no material off-balance sheet arrangements as of June 30, 2020, the date of our most recent financial statement, and as of the Latest Practicable Date.

SUMMARY OF KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates and for the periods indicated:

	As of or for the year ended December 31,			As of or for the six months ended June 30,
	2017	2018	2019	2020
Current ratio(1)	1.0 times	1.1 times	1.2 times	1.5 times
Liabilities to assets ratio(2)	97.5%	92.1%	79.2%	65.8%
Gearing ratio(3)	17.8	4.5	0.4	0.02
Return on total assets(4)	1.8%	3.2%	6.2%	5.9%
Return on equity(5)	73.6%	41.2%	29.9%	17.2%

Notes:

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

(2) Liabilities to assets ratio is calculated based on total liabilities divided by total assets as of the respective dates and multiplied by 100%. Total liabilities represent the sum of current liabilities and non-current liabilities. Total assets represent the sum of current assets and non-current assets.

(3) Gearing ratio is calculated based on the sum of long-term and short-term interest-bearing bank and other borrowings and lease liabilities as of the respective dates divided by total equity as of the same dates.

(4) Return on total assets is calculated based on our profit and total comprehensive income for the year or period divided by our total assets at the end of the year or period and multiplied by 100%.

(5) Return on equity is calculated based on our profit and total comprehensive income for the year or period divided by total equity at the end of the year or period and multiplied by 100%.

Current Ratio

Our current ratio was 1.0 times, 1.1 times, 1.2 times and 1.5 times as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. The increase in our current ratio during the Track Record Period was mainly due to an increase in our current assets and a decrease in our current liabilities as detailed under "—Net Current Assets."

Liabilities to Assets Ratio

Our liabilities to assets ratio was 97.5%, 92.1%, 79.2% and 65.8% as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. The decreasing trend in our liabilities to assets ratio was primarily due to an increase in our total assets mainly as a result of our net profit for the period, capital injection from shareholder and a decrease in our borrowings as a result of the repayment of our borrowings as detailed under "—Indebtedness."

Gearing Ratio

Our gearing ratio was 17.8, 4.5, 0.4 and 0.02 as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively. The decreasing trend in our gearing ratio was mainly as a result of the decreases in our borrowings and lease liabilities as well as an increase of equity as a result of our net profit for the year/period and capital injection from shareholders during the Track Record Period.

Return on Total Assets

Our return on total assets was 1.8%, 3.2%, 6.2% and 5.9% in 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively. The increase in our return on total assets from 2017 to 2018 was mainly because the increase in our profit and total comprehensive income for the year outpaced the increase in our total assets. The increase in our return on total assets from 2018 to 2019 was mainly due to the continuous increase in our profit and total comprehensive income for the year and a decrease in our total assets mainly as a result of a decrease in loans due from related parties as detailed under "—Loans and Interest Receivables Due from Related Parties." Despite a slight decrease in our total assets level as of June 30, 2020 as compared to December 31, 2019, the slight decrease in our return on total assets for the six months ended June 30, 2020 was mainly because only profit for the six months ended June 30, 2020 was taken into account in our calculation of return on total assets for the six months ended June 30, 2020, as compared to full-year profit in 2019.

Return on Equity

Our return on equity was 73.6%, 41.2%, 29.9% and 17.2% in 2017, 2018 and 2019 and the six months ended June 30, 2020, respectively. The decrease in our return on equity from 2017 to 2019 was mainly because the increase in total equity resulting from capital contribution from owners outpaced the increase in our profit and total comprehensive income for the year. The decrease in our return on equity for the six months ended June 30, 2020 as compared to 2019 was mainly because (i) our total equity level increased significantly as a result of an increase in share capital as detailed under "History, Reorganization and Corporate Structure—Pre-IPO Investments"; and (ii) only profit for the six months ended June 30, 2020 was taken into account in our calculation of return on equity for the six months ended June 30, 2020, as compared to full-year profit in 2019.

QUANTITATIVE AND QUALITATIVE ANALYSIS ABOUT MARKET RISK

The main risks arising from our financial instruments are interest rate risk, credit risk and liquidity risk. Our exposure to these risks and the financial risk management policies and practices used by us to manage these risks are described below.

Interest Rate Risk

Our interest rate risk arises from our borrowings. As of December 31, 2017, 2018 and 2019 and June 30, 2020, all of our borrowings bore fixed interest rates. We are exposed to fair value interest rate risk arising from borrowings at fixed interest rates.

Credit Risk

We are exposed to credit risk in relation to our trade and other receivables, contract assets, cash deposits with banks and financial assets at fair value through profit or loss.

The carrying amounts of trade and other receivables, cash and cash equivalents, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income represent our maximum exposure to credit risk in relation to financial assets.

We expect there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at banks with high credit rating. Management does not expect that there will be any significant losses from non-performance by these counterparties.

For trade and other receivables, our management has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, we review the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, our directors consider that our credit risk is significantly reduced.

We expect no significant credit risk associated with financial assets at fair value through profit or loss because we furnish investment mandates to commercial banks and the entities controlled by the parent company. These mandates require them to invest in wealth management products with high market credit rating, liquidity and stable return. Management does not expect that there will be any significant losses from non-performance by these counterparties.

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 reporting period. To assess whether there is a significant increase in credit risk, we compare the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. We also consider available reasonable and supportive forward-looking information.

Liquidity Risk

To manage the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows.

The table below sets out our financial liabilities by relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of December 31, 2017					
Borrowings	244,307	244,088	489,142	–	977,537
Trading and other payables (excluding accrued payroll, other tax payable and advance rent receipt)	796,635	–	–	–	796,635
Lease liabilities	9,129	9,273	40,572	26,030	85,004
	1,050,071	**253,361**	**529,714**	**26,030**	**1,859,176**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of December 31, 2018					
Borrowings	244,088	248,064	241,078	–	733,230
Trading and other payables (excluding accrued payroll, other tax payable and advance rent receipt)	949,659	–	–	–	949,659
Lease liabilities	13,018	22,847	65,599	89,608	191,072
	1,206,765	**270,911**	**306,677**	**89,608**	**1,873,961**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of December 31, 2019					
Borrowings	90,901	–	–	–	90,901
Trading and other payables (excluding accrued payroll, other tax payable and advance rent receipt)	887,800	–	–	–	887,800
Lease liabilities	14,412	15,104	33,593	26,997	90,106
	993,113	**15,104**	**33,593**	**26,997**	**1,068,807**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of June 30, 2020					
Trading and other payables (excluding accrued payroll, other tax payable and advance rent receipt)	667,182	–	–	–	667,182
Lease liabilities	3,672	2,386	6,591	8,332	20,981
	670,854	**2,386**	**6,591**	**8,332**	**688,163**

RELATED PARTY TRANSACTIONS AND BALANCES

Significant Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to 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 are considered as related parties. For further details, please refer to Note 36 to the Accountant's Report in Appendix I to this prospectus. During the Track Record Period, we had the following significant transactions with related parties.

Provision of Services

In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, we recorded revenue from provisions of services to related parties in the amount of RMB220.5 million, RMB280.0 million, RMB498.7 million, RMB181.0 million and RMB304.0 million, respectively. These are typically revenue from provision of property management services, value-added services to non-property owners and community value-added services to related parties.

Additions of Right-of-use Assets

In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, we recorded lease of right-of-use assets from related parties in the amount of RMB18.3 million, RMB15.1 million, RMB8.9 million, nil and RMB10.8 million, respectively. These are typically payment for car parks.

Purchase of Goods and Services from Related Parties

In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, we recorded purchases of goods and services from related parties in the amount of RMB2.1 million, RMB3.8 million, RMB11.7 million, RMB4.8 million and RMB6.4 million, respectively. These are typically purchase of services for our mobile application and sub-contracting expenses.

Office Leasing Expenditures

In 2018 and 2019, we recorded office leasing expenditures to related parties in the amount of RMB55,000 and RMB61,000, respectively. These are typically rental payment for leasing our offices. We did not record such expenditures to related parties in 2017 or for the six months ended June 30, 2019 or 2020.

Interest Income on Loans Due from Related Parties

In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, we recorded interest income from loans due from related parties in the amount of RMB52.4 million, RMB48.0 million, RMB48.2 million, RMB25.2 million and RMB22.6 million, respectively. Please refer to "—Description of Certain Consolidated Balance Sheet Items—Loans and Interest Receivables Due from Related Parties."

Other Income

In 2019 and the six months ended June 30, 2019 and 2020, we recorded interest income on finance lease of RMB8.6 million, RMB3.2 million and RMB2.6 million, respectively. We derived such interest income on finance lease from sub-leasing retail units and car parks to our related parties. Please refer to "—Description of Certain Consolidated Balance Sheet Items—Investment Properties" for further details.

Other Gains

Our other gains mainly consist of net gain from fair value change of financial assets at fair value through profit or loss and net gains from early termination of lease agreements. In 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, we recorded other gains from related parties in the amount of RMB6.5 million, RMB3.8 million, RMB1.6 million, RMB1.6 million and nil, respectively.

Balances with Related Parties

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments and receivables from related parties				
Trade receivables	85,517	143,764	248,577	267,716
Note receivables	–	13,006	49,017	70,101
Contract assets	50,573	55,199	44,262	34,632
Finance lease receivables	–	–	85,739	–
Other receivables	241,884	380,550	243,758	109,767
Loans and interests receivables due from related parties				
– Loan receivables (ABS)	825,000	635,000	–	–
– Interest receivables (ABS)	4,596	3,568	–	–
– Loan receivables (non-ABS)	–	100,000	468,800	–
– Interest receivables (non-ABS)	–	914	13,276	15,427
	829,596	739,482	482,076	15,427
Prepayments	17,990	9,987	7,698	8,207
Total prepayments and receivables from related parties	1,225,560	1,341,988	1,161,127	505,850
Payables to related parties				
Trade payables	663	2,132	12,107	8,849
Other payables	387,538	437,368	323,800	107,162
Contract Liabilities	21,486	17,507	42,907	50,397
Lease liabilities	462	485	448	459
Total payables to related parties	410,149	457,492	379,262	166,867
Equity interests in related parties	–	6,467	–	–
Fund products from related parties	64,673	21,383	–	–
Total investment in related parties	64,673	27,850	–	–

The above trade receivables, note receivables, contract assets, finance lease receivables, prepayments, trade payables, contract liabilities and lease liabilities are trade in nature. The above other receivables, other payables, equity interests in related parties and fund products from related parties are non-trade in nature. We will fully settle balances with related parties that are non-trade in nature before Listing. Our Directors confirm that the transactions with respect to the amounts due from and due to related parties were conducted on an arm's length basis and on normal commercial terms, and would not distort our results of operations during the Track Record Period or impact the reflection of our future performance.

During the Track Record Period, we had non-trade receivables from or payables to related parties mainly because RiseSun Development Group conducted centralized fund management and allocation. Our non-trade receivables from or payables to related parties during the Track Record Period consisted of (i) loans and interest receivables from related parties, which represented interest-bearing loans we made to related parties for their operation needs. Please refer to "—Description of Certain Consolidated Balance Sheet Items—Loans and Interest Receivables Due from Related Parties" for further details; and (ii) other receivables from and other payables to related parties, which were unsecured, interest-free and repayable on demand. As of the Latest Practicable Date, loans and interest receivables from related parties had been fully settled. We expect to fully settle other receivables from and other payables to related parties prior to the Listing. For further details on related party balances and transactions, please refer to Note 36 to the Accountant's Report in Appendix I to this prospectus.

NON-HKFRS MEASURES

To supplement our consolidated financial statements which are presented in accordance with HKFRSs, we also presented adjusted net profit, adjusted total equity and adjusted bank and other borrowings and lease liabilities as additional financial measures, which are not required by, nor presented in accordance with, HKFRSs. We believe that these non-HKFRS measures facilitate comparison of our financial performance and position by eliminating the impact of items that we do not consider indicative of the actual performance of our business.

We define adjusted net profit as profit and total comprehensive income for the year/period excluding income and costs related to borrowings and loans due from related parties. We define adjusted total equity as total equity excluding income and costs related to borrowings and loans due from related parties. We define adjusted bank and other borrowings and lease liabilities as sum of long-term and short-term interest-bearing bank and other borrowings and lease liabilities excluding borrowings related to ABS arrangement.

Adjusted net profit margin is calculated as adjusted net profit divided by revenue for the relevant period. Adjusted gearing ratio is calculated as adjusted bank and other borrowings and lease liabilities divided by adjusted total equity as of the respective dates.

These non-HKFRS measures eliminate the effect of borrowings and loans due from related parties and borrowings related to the ABS arrangement, which are not related to our ordinary course of business and are non-recurring in nature. We believe that these measures provide more useful information to investors and others in understanding and evaluating our consolidated results of operations and financial position in the same manner as our management. Our presentation of these non-HKFRS measures may not be comparable to similarly titled measures presented by other companies. The use of these measures has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under HKFRSs.

The following table reconciles our adjusted net profit in each period of the Track Record Period presented to the most directly comparable financial measure calculated and presented in accordance with HKFRSs:

	Year ended December 31,			Six months ended June 30,	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
				(Unaudited)	
Reconciliation of profit and total comprehensive income for the year/period to adjusted net profit					
Profit and total comprehensive income for the year/period	38,330	72,333	113,158	52,887	104,816
Less:					
Other income related to borrowings and loans due from related parties	–	(2,791)	(22,865)	(7,041)	(16,919)
Finance income related to borrowings and loans due from related parties	(39,283)	(33,230)	(13,313)	(11,894)	–

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Add:					
Finance costs related to borrowings and loans due from related parties	40,173	33,230	14,826	13,090	–
Adjusted net profit	**39,220**	**69,542**	**91,806**	**47,042**	**87,898**

Our adjusted net profit margin, defined as adjusted net profit divided by revenue for the relevant period, is 5.4%, 7.7%, 7.2%, 8.5% and 11.5%, respectively, in 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020.

The following table reconciles our adjusted total equity as of the dates indicated to the most directly comparable financial measure calculated and presented in accordance with HKFRSs:

	As of December 31			As of June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Reconciliation of total equity to adjusted total equity				
Total equity	52,073	175,406	378,970	610,902
Less:				
Income and costs related to borrowings and loans due from related parties	890	(1,901)	(23,253)	(40,171)
Adjusted total equity	**52,963**	**173,505**	**355,717**	**570,731**

The following table reconciles our adjusted bank and other borrowings and lease liabilities as of the dates indicated to the most directly comparable financial measure calculated and presented in accordance with HKFRSs:

	As of December 31			As of June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Reconciliation of sum of long-term and short-term interest-bearing bank and other borrowings and lease liabilities to adjusted bank and other borrowings and lease liabilities				
Sum of long-term and short-term interest-bearing bank and other borrowings and lease liabilities	926,719	791,486	156,656	14,699
Less:				
Borrowings related to ABS	(865,000)	(665,000)	–	–
Adjusted bank and other borrowings and lease liabilities	**61,719**	**126,486**	**156,656**	**14,699**

Our adjusted gearing ratio, defined as adjusted bank and other borrowings and lease liabilities divided by adjusted total equity, is 1.2, 0.7, 0.4 and 0.03, respectively, as of December 31, 2017, 2018 and 2019 and June 30, 2020.

DIVIDEND POLICY AND DISTRIBUTABLE RESERVES

In 2017, 2018 and 2019 and the six months ended June 30, 2020, we did not pay or declare any dividends. On August 18, 2020, we declared a dividend in an amount of RMB149.5 million. As of the Latest Practicable Date, we had fully paid such dividend to our pre-Listing Shareholders.

Subject to applicable laws and regulations as well as our Articles of Association, we expect to pay a dividend no less than 25% of the profit after tax after the Listing each year. The payment and amounts of dividends (if any) depend on our results of operations, cash flows, financial position, statutory and regulatory restrictions on the dividends paid by us, future prospects and other relevant factors. The declaration, payment and amount of dividends will be subject to our discretion. The proposed payment of dividends is also subject to the absolute discretion of the Board, and, after the Listing, any declaration of final dividend for the year will be subject to the approval of our Shareholders.

As of June 30, 2020, our Group had retained earnings of approximately RMB163.6 million, as reserves available for distribution to our Shareholders.

DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

Except as otherwise disclosed in this prospectus, we confirm that, as of the Latest Practicable Date, we were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

LISTING EXPENSES

The total listing expenses (including underwriting commissions) for the Listing of the H Shares are estimated to be approximately RMB89.4 million, or 7.1% of the estimated gross proceeds from the Global Offering (assuming an Offer Price of HK$15.91 per H Share, being the mid-point of the indicative Offer Price range and the over-allotment option is not exercised), among which, approximately RMB83.7 million is directly attributable to the issuance of H Shares and will be charged to equity upon completion of the Listing, and approximately RMB5.7 million will be charged to our consolidated statement of comprehensive income. During the Track Record Period, we incurred listing expenses of approximately RMB23.9 million, of which approximately RMB21.4 million was included in prepayments and will be subsequently charged to equity upon completion of the Listing and approximately RMB2.5 million was charged to consolidated statement of comprehensive income.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules are set out to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to the owners of the Company as of June 30, 2020 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted 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 the Group had the Global Offering been completed as of June 30, 2020 or at any future dates. It is prepared based on the consolidated net assets of the Group as of June 30, 2020 as set out in the Accountant's Report of the Group, the text is set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountant's Report.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as of June 30, 2020	Pro forma adjustment Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted net tangible assets attributable to owners of the Company as of June 30, 2020	Unaudited pro forma adjusted net tangible assets per Share	
	Note 1	Note 2		Note 3	Note 4
	RMB'000	RMB'000	RMB'000	RMB	HK$
Based on an Offer Price of HK$13.46 per H Share	609,066	987,581	1,596,647	4.25	5.03
Based on an Offer Price of HK$18.36 per H Share	609,066	1,361,289	1,970,355	5.24	6.21

Notes:

(1) The audited consolidated net tangible assets attributable to owners of the Company as of June 30, 2020 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to owners of the Company as of June 30, 2020 of RMB610,902,000, with adjustments for intangible assets as of June 30, 2020 of RMB1,836,000.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK$13.46 and HK$18.36 per H Share, being the low and high end of the indicative Offer Price range respectively, after deducting the estimated underwriting fees and other related expenses payable by us, and takes no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 376,000,000 Shares were in issue assuming that the Global Offering has been completed on June 30, 2020 but takes no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option.

(4) For the purpose of this unaudited pro forma statement of adjusted net tangible assets, the balance stated in Renminbi is converted in to Hong Kong dollars at the rate of HK$1.00 to RMB0.8434. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(5) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2020.

(6) The unaudited pro forma adjusted net tangible assets does not take into account the additional dividend of RMB149,460,000 declared and paid after June 30, 2020. Had such dividend been taken into account, the unaudited pro forma adjusted net tangible asset per Share would be approximately HK$4.56 per Share and HK$5.74 per Share, based on the indicative Offer Price of HK$13.46 per H Share and HK$18.36 per H Share, respectively.

DIRECTORS' CONFIRMATION ON NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, since June 30, 2020 (being the date to which our Company's latest consolidated audited financial results were prepared) and up to the date of this prospectus, there has been no material adverse change in our financial or trading position, and there has been no event since June 30, 2020 which would materially affect the information shown in the Accountant's Report, the text of which is set out in Appendix I to this prospectus.

FUTURE PLANS

Please refer to "Business—Business Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK$15.91 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK$1,389.5 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised.

We intend to use the net proceeds of the Global Offering for the following purposes assuming the Offer Price is fixed at HK$15.91 per Offer Share (being the mid-point of the indicative Offer Price Range).

- Approximately 60.0% or HK$833.7 million, will be used to pursue selective strategic investment and acquisition opportunities to further expand our business scale and geographic coverage and broaden our service offerings, among which (i) approximately 45.0% or HK$625.3 million, will be used to acquire other property management companies which meet our selection criteria. Our selection criteria for a potential target company include but are not limited to: (a) GFA under management of over 1.0 million sq.m.; (b) operating revenue in the latest financial year of over RMB20.0 million; (c) compliance of business operations with laws and regulations; and (d) diversity in the portfolio of managed properties. We will prioritize in assessing potential investment or acquisition targets with a portfolio of managed properties covering tier-one or new tier-one cities, such as Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin and Chengdu, or those with a diversified portfolio of managed properties, such as commercial properties, industry parks, schools and hospitals. Through the investment in or acquisition of these companies, we expect to expand our geographic coverage, reinforce our competitive edge in economically developed regions, diversify our portfolio of managed properties and enhance our brand awareness; and (ii) approximately 15.0% or HK$208.4 million, will be used to acquire or invest in downstream companies with community services that are complementary to our community value-added services, including, among others, companies engaged in decoration and renovation, education and training and housekeeping services. As of the Latest Practicable Date, we had not identified any acquisition or investment targets for our use of net proceeds from the Global Offering;

- Approximately 15.0% or HK$208.4 million, will be used to enrich our community value-added service offerings, among which (i) approximately 4.0% or HK$55.6 million, will be used to increase the coverage of our offline convenience stores, expand product offerings and enhance intelligent operations at our offline convenience stores; (ii) approximately 4.0% or HK$55.6 million, will be used to further develop and expand our property brokerage services to cover intermediary services relating to the sales and leasing of properties managed by us; and (iii) approximately 7.0% or HK$97.2 million, will be used to further diversify our community value-added service offerings to cover housekeeping services, community elderly care and healthcare services;

- Approximately 15.0% or HK$208.4 million, will be used to upgrade our information technology infrastructure and promote smart community management, among which (i) approximately 5.0% or HK$69.5 million, will be used to upgrade our one-stop omni-channel service platform to enrich service scenarios and improve user experience; (ii) approximately 3.75% or HK$52.1 million, will be used to build information technology systems, including a resource management system and a remote data and video surveillance center, and to upgrade our Carpark Entry and Exit Management

System to achieve functions such as car park management and electronic payment through scanning QR code; (iii) approximately 3.75% or HK$52.1 million, will be used to increase the coverage of information technology systems and roll out smart community management tools in the communities under our management; and (iv) approximately 2.5% or HK$34.7 million, will be used to upgrade our information management systems; and

- Approximately 10.0% or HK$139.0 million, will be used for general business purpose and working capital.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated offer price range or the Over-allotment Option is exercised.

If the Offer Price is fixed at HK$18.36 per Offer Share (being the high end of the Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, we will receive net proceeds of approximately HK$1,611.1 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering.

If the Offer Price is fixed at HK$13.46 per Offer Share (being the low end of the Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, the net proceeds we receive will be approximately HK$1,168.0 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering.

In the event that the Over-allotment Option is exercised in full, we will receive additional net proceeds ranging from approximately HK$182.6 million (assuming an Offer Price of HK$13.46 per Share, being the low end of the proposed Offer Price range) to HK$249.0 million (assuming an Offer Price of HK$18.36 per Share, being the high end of the proposed Offer Price range), after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to deposit the net proceeds into short-term demand deposits with licensed financial institutions. We will make an appropriate announcement if there is any change to the above proposed use of proceeds or if any amount of the proceeds will be used for general corporate purpose.

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 prospectus from the amount as estimated by our Directors;

- we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our future plans relate;

- the Global Offering will be completed in accordance with and as described in the section entitled "Structure of the Global Offering" in this prospectus;

- there will be no material changes in existing accounting policies from those stated in the audited combined financial statements of our Group for the Track Record Period;

- our operations including our future plans will not be interrupted by any force majeure, unforeseeable factors, extraordinary items or economic changes in respect of inflation, interest rate and tax rate in the PRC;
- there will be no material changes in the bases or rates of taxation applicable to our activities;
- we will not be materially affected by the risk factors as set out in the section entitled "Risk Factors" in this prospectus;
- we will continue our operation including but not limited to retaining our key staff and maintaining our customers, suppliers and sub-contractors in the same manner as we did during the Track Record Period;
- there will be no material change in existing laws and regulations, or other governmental policies relating to our Group and our business, or in the political or market conditions in which we operate; and
- there will be no disasters, natural, political or otherwise, which would materially disrupt our businesses or operations.

IMPLEMENTATION PLAN

The following table sets out approximate amount, key milestones and timeframe for each strategic plan. Investors should note that the following implementation plan was formulated on the bases and assumptions referred to in "—Use of Proceeds—Bases and Assumptions" above. The bases and assumptions outlined are inherently subject to uncertainties, particularly those outlined in the section headed "Risk Factors" in this prospectus. Our actual course of business may vary from the business strategies set forth in this prospectus due to unforeseeable events, and there can be no assurance that we will accomplish our business strategies in a timely manner, or at all.

Major Categories	% of Total Proceeds	Amount	Sub-categories	Implementation activities	% of Total Proceeds	Timeframe 2021	2022	2023
		(HK$ in millions)				(HK$ in millions)		
Business expansion	60.0%	625.3	Strategic acquisitions and investments in property management companies	We plan to prioritize in assessing potential investment or acquisition targets with a portfolio of managed properties covering tier-one or new tier-one cities, such as Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin and Chengdu, or those with a diversified portfolio of managed properties, such as commercial properties, industry parks, schools and hospitals. Through the investment in or acquisition of these companies, we expect to expand our geographic coverage, reinforce our competitive edge in economically developed regions, diversify our portfolio of managed properties and enhance our brand awareness.	45.0%	268.9	215.1	141.3
		208.4	Strategic acquisitions and investments in downstream companies	We plan to acquire or invest in companies with community services that are complementary to our community value-added services, including those engaged in decoration and renovation, education and training and housekeeping services.	15.0%	125.0	41.7	41.7

Major Categories	% of Total Proceeds	Amount	Sub-categories	Implementation activities	% of Total Proceeds	Timeframe 2021	2022	2023
		(HK$ in millions)				(HK$ in millions)		
Enrich community value-added service offerings	15.0%	55.6	Increase the coverage of our offline convenience stores, expand product offerings and enhance intelligent operations at our offline convenience stores	We plan to utilize the net proceeds of the Global Offering (i) to open more convenience stores in the communities under our management; (ii) to upgrade our store layouts and decorations to improve our brand value; (iii) to purchase necessary equipment and expand our supply chains so that we can increase the product offerings; and (iv) to add unmanned store technology, smart price tags and robot salespersons to our offline convenience store operations; We plan to operate these new offline convenience stores by our own staff and may explore cooperations with other quality retail businesses in the future.	4.0%	27.8	16.7	11.1
		55.6	Further develop and expand our property brokerage services to cover intermediary services relating to the sales and leasing of properties managed by us	We plan to utilize the net proceeds of the Global Offering (i) to open more storefronts and upgrade the layouts and decorations of the storefronts; (ii) to build the human resources necessary for our property brokerage services by adding more licensed brokerage agents and a specialized team and system for risk control; (iii) to conduct marketing and promotion activities to improve our brand awareness; and (iv) to enhance intelligent operations by upgrading the information technology system for our property brokerage services and add virtual reality property viewing technology to our service. We plan to operate our property brokerage services by our own staff, instead of sub-contractors, but may explore cooperations with quality brokerage agencies in the future.	4.0%	33.4	16.7	5.5

Major Categories	% of Total Proceeds	Amount	Sub-categories	Implementation activities	% of Total Proceeds	Timeframe 2021	2022	2023
		(HK$ in millions)				(HK$ in millions)		
		97.2	Further diversify our community value-added service offerings to cover housekeeping services, community elderly care and healthcare services	We plan to utilize the net proceeds of the Global Offering (i) to add a housekeeping service order management system, to build a team of professional trainers and to establish a standardized training system for housekeeping service personnel; (ii) to expand the numbers and scale of community canteens, purchase equipment and inventories, upgrade layouts and decorations and add more manpowers for our community canteens which will be mainly serving elders and young workers in the communities; and (iii) to establish community elderly care and healthcare centers, by recruiting professional staff and management personnel, purchasing equipment and inventories and conducting brand-building marketing and promotion activities. We plan to operate these community value-added services by our own staff, instead of sub-contractors, but may explore cooperations with quality businesses in this field in the future. We believe that these additional community value-added services will be complementary to our existing services which share similar customer base. Our management team's rich experience in business management and our existing services will be essential for us to meet the human resource requirements for these additional community value-added services. In addition, although our current management and staff has not had any experience and expertise in directly handling these services, they are positioned to utilize their solid skills and experience accumulated in providing other community value-added services and also we plan to recruit management personnel and staff who have the pertinent skills and experience for these new services.	7.0%	58.2	19.5	19.5

Major Categories	% of Total Proceeds	Amount	Sub-categories	Implementation activities	% of Total Proceeds	Timeframe 2021	2022	2023
		(HK$ in millions)				(HK$ in millions)		
Upgrade information technology infrastructure	15.0%	69.5	Upgrade our one-stop omni-channel service platform to enrich service scenarios and improve user experience	We plan to utilize the net proceeds of the Global Offering (i) to build intelligent management platforms with necessary new systems and equipment, including the resource management system to monitor the number of households, number of carparks, GFA, average monthly property management fees and other key information of the communities under our management, the equipment and facility management system to monitor the operation status of our equipment and facilities and run repair and maintenance programs and the customer interaction service management system (觸點服務管理系統) to manage our employees' performance and service quality; (ii) to build property management service platforms, including the task management platform for management of service requests from our customers, the customer service platform to improve the customers' easy access to our employees, the reporting platform to handle customers' complaints and feedback and the internal training platform to provide occupational training to our employees; and (iii) to build value-added service platforms with necessary new systems and equipment to enhance our community value-added services, including, among others, home-living services, turnkey furnishing services and property brokerage services.	5.0%	41.7	13.9	13.9

Major Categories	% of Total Proceeds	Amount	Sub-categories	Implementation activities	% of Total Proceeds	Timeframe 2021	2022	2023
		(HK$ in millions)				(HK$ in millions)		
				We plan to offer additional services or functions, such as door control through mobile phones, sending and receiving packages by upgrading our one-stop omni-channel service platform, and provide property owners and residents with access to high-quality home living services offered by vendors located in the one-kilometer radius surrounding the communities. By upgrading our one-stop omni-channel service platform, the overall service quality and operational efficiency will be improved. For example, our customers may easily reach our service personnel and enjoy personalized service, their online requests for repair and maintenance will be quickly responded and resolved, 400 Call Center will be eventually replaced by online services which may reduce our labor costs, our customers will have better experience using our online payment, online shopping, report and feedback, community activities and other features on our onestop omni-channel service platform. The functions covering new service scenarios will be added to our existing one-stop omni-channel service platform and integrated with the existing functions.				

Major Categories	% of Total Proceeds	Amount	Sub-categories	Implementation activities	% of Total Proceeds	Timeframe 2021	2022	2023
		(HK$ in millions)				(HK$ in millions)		
		52.1	Build and upgrade information technology systems	We plan to build resource management system with necessary new equipment to efficiently monitor and manage our inventories and other resources electronically to avoid loopholes in inventory management and fee collection and remote data and video surveillance center so that we can comprehensively review the operational data, such as data on collection of property management service fees and completion of patrol requests, from our property projects and adjust our business operations correspondingly and also upgrade and integrate our Tianyan system in order to monitor the gates and other key areas and achieve remote voice control and centralized monitoring on the common areas and our business premises through real-time video surveillance to react swiftly and appropriately to incidents in the property projects under our management. We plan to upgrade our Carpark Entry and Exit Management System with necessary new equipment to achieve functions such as car park management which allows our centralized control of traffic flow, electronic payment through scanning QR code and easy online access to invoices. We plan to integrate these new systems and functions into our existing digital systems using the Internet of Things technology, through which we will be able to remotely monitor their operation status and receive warnings of malfunction incidents.	3.75%	20.1	16.9	15.1

Major Categories	% of Total Proceeds	Amount	Sub-categories	Implementation activities	% of Total Proceeds	Timeframe 2021	2022	2023
		(HK$ in millions)				(HK$ in millions)		
		52.1	Increase the coverage of information technology systems and roll out smart community management tools in the communities under our management	We plan to add more smart community management tools to the communities under our management, including, among others, (i) environment monitor equipment, which constantly monitors the wind speed, ambient temperature, fine particulate matters and other indicators; (ii) smart water and electricity meters, which allows remote data collection and equipment maintenance; (iii) equipment monitoring sensors to allow us to monitor the operation status of our equipment; (iv) video surveillance and networking equipment, which provides us and the property owners and residents with the access to the real-time video surveillance of the common areas of the communities under our management. We expect that the increased coverage of information technology systems and community management tools will make it easier for us to monitor the communities and our equipment remotely, which will enhance our service quality and operational efficiency.	3.75%	21.2	18.5	12.4
		34.7	Upgrade our internal information management systems	We plan to upgrade our online training system,office automation system, human resource system, finance system and business management system, in order to enhance internal control and business management efficiency.	2.5%	8.9	13.0	12.8
General corporate purposes	10.0%	139.0	Working capital and other general corporate purposes	–	10.0%			

Plans for Strategic Acquisitions and Investments

Other Property Management Companies

While we expect to retain our organic growth, we believe that expansion through strategic acquisitions and investments will also help us rapidly penetrate into the target markets by taking advantage of their existing property management portfolio and customer bases, in particular, in tier-one and new tier-one cities where the market competition is intense. We expect to expand our geographic coverage, reinforce our competitive edge in economically developed regions, and enable us to gain access to new markets and diversify our portfolio of managed properties in an efficient manner.

Although our Directors had not identified any suitable targets as of the Latest Practicable Date, we have determined the criteria for evaluating potential targets based on the results of our constant research, financial due diligence and preliminary assessments and feasibility studies in this regard.

Criteria for Strategic Acquisitions and Investments

We plan to prioritize in assessing potential investment or acquisition targets with a portfolio of managed properties covering tier-one or new tier-one cities, such as Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin and Chengdu, or those with a diversified portfolio of managed properties, such as commercial properties, industry parks, schools and hospitals. We set our selection criteria for a potential target based on the industry analysis set forth in the CIA Report. These selection criteria include but are not limited to: (a) GFA under management of over 1.0 million sq.m.; (b) operating revenue in the latest financial year of over RMB20.0 million; (c) compliance of business operations with laws and regulations; and (d) diversity in the portfolio of managed properties. We plan to prioritize in assessing potential investment or acquisition targets with a portfolio of managed properties covering tier-one or new tier-one cities or those with a diversified portfolio of managed properties. We tend to select the target companies with relatively high average property management fees and good profitability despite the relatively small size in terms of GFA under management. Our Directors set the criterion on the GFA under management in order to consider more target companies of smaller scales on the market in view of their relatively lower market value and bargaining power, which however, does not undermine their growth potentials. According to CIA, among the acquisitions that occurred on the property management market in July 2020, the acquired company with the lowest GFA under management had approximately 1.2 million sq.m. under management, which is in line with our criterion on GFA under management. As advised by CIA, there are many property management companies with GFA under management over 1.0 million sq.m. available for our acquisition and investment plan. We set another criterion on operating revenue in order to ascertain the suitable target companies with good profitability, despite their relatively small size in terms of GFA under management. We tend to select the target companies with relatively high average property management fees in order to make sure that they may generate enough operating revenue to be profitable.

Availability of Suitable Targets

According to CIA, with nearly 130,000 property management companies operating in the PRC in 2019, accelerated market concentration is a key trend in the highly competitive and fragmented PRC property management industry, and leading property management service providers are seeking access to enhance management standards and core competitiveness through mergers and acquisitions. There are 173 companies in the list of 2020 Top 100 Property Management Companies in terms of overall strength that match our criteria for Strategic Acquisitions and Investments, among which 134 companies were owned by or associated with property development companies. The rest of them are potential targets available for our consideration in such fragmented property management service industry, although we do not rule out the possibilities to consider acquiring or investing in property management companies owned by or associated with property development companies. The total capital required for the acquisition of, or investment in, such potential targets would depend, to a large extent, on the size and number of the targets. The determination of investment cost for each target is further subject to the percentage of equity interest to acquire, the financial performance and position of the target and our evaluation of the target's worthiness and potential with reference to the market value. As advised by CIA, our Directors believe that our criteria for strategic acquisitions and investments are in line with the industry practice and there are a rich variety of potential targets available for our consideration in such fragmented property management service industry. Leveraging the trend of industry consolidation, our established market position and extensive industrial experience, as well as efforts of our professional business development teams, we believe that we may find suitable targets for our acquisition and investment plan will be able to implement our acquisition and investment strategies successfully.

Although we had not identified or committed to any acquisition or investment targets, in 2020, we plan to conduct extensive market research and begin the due diligence, negotiation and valuation processes for our future acquisitions and investments. Based on our calculation, we plan to acquire two to five, two to three and two to three property management companies, respectively, in 2021, 2022 and 2023 with the net proceeds from the Global Offering. If the considerations to be paid for these acquisitions and investments exceed the net proceeds from the Global Offering, we believe that we will be able to utilize the funds from other sources to finance the acquisitions and investments.

Cost-Benefit Analysis for Strategic Acquisitions and Investments

According to CIA, while the property management market in China is becoming increasingly concentrated, the PRC property management industry is still fragmented and competitive. Large-scale property management companies actively improve their strategic layout and accelerate their business expansion in order to increase their market shares and achieve better results of operations, primarily through organic growth as well as strategic acquisitions and investments. Our Directors are of the view that the strategic acquisition and investments will be beneficial to our business strategy to further expand our business scale and market share based on the following analysis:

(i) Minimizing the time required for entering a new market

On one hand, based on our past experience, it generally takes more than 12 months for us to expand our property management services portfolio to a new market by way of organic growth, comprising (i) approximately three months for onsite inspection of the target market; (ii) approximately one month for the establishment of the branch company or subsidiary; (iii) approximately three months for conducting business development activities to obtain property projects; and (iv) approximately six months for taking over the property projects, recruitment and training of employees. On the other hand, based on our research and internal study, our Directors estimate that it generally takes approximately nine months to complete an acquisition or investment in a well-established property management company, comprising (i) approximately six months for the valuation, due diligence and negotiation; (ii) approximately two months for execution of relevant agreements; and (iii) approximately one month for integrating the management team of the acquired company into our system. Our Directors are of the view that strategic acquisitions and investments are more efficient for the purpose of expanding our presence in the targeted market.

(ii) Minimizing the uncertainties and additional costs associated with entering into a new market

We believe that when we expand our business to new markets through organic growth, we may face many uncertainties in regional social culture and market environment, which may require more time to adapt to the differences and further extend the payback period for the costs incurred. Alternatively, strategic acquisition and investment not only can effectively save time for expanding our service network, but also increase our technical and managerial talents, help to adapt our management model based on the local social culture and market environment, control the risks associated with long-distance management and save monetary costs. In addition, our Directors consider that the acquisition or investment will also allow us to diversify our customer base as we will have convenient access to the existing customer base of the target companies upon acquisition or investment. Such expansion method also enhances resource utilization, resulting in better market resource allocation, resource sharing and stronger business alliances.

Compared with organic growth to new markets, strategic acquisitions and investments can secure a more stable source of income and predictable investment payback with reference to the financial performance and the existing customer base of the targets. We will conduct valuation and due diligence on the target companies to make sure the investment payback. However, if we decide to grow our business organically in new markets, there is no objective and reliable benchmark for us to estimate the timeframe required for achieving investment payback in relation to the cost of recruiting, retaining and/or training up the relevant personnel and skilled workers because of our lack of an established customer base in the new markets.

Although we had been expanding our business primarily through organic growth since inception, we believe that expansion through strategic acquisitions and investments will enable us to gain access to new markets faster and expand our property management portfolio in an efficient and secured manner, and therefore constitute an alternative way to effectively achieve our business strategy to further expand our business scale and market share.

Downstream Companies

We also plan to acquire and invest in downstream companies with community services to complement our existing business scope. The downstream businesses that we plan to acquire or invest will offer decoration and renovation, education and training and housekeeping services, which share the similar customer base with our property management services and value-added services.

We believe that strategic acquisitions of and investments in well-established downstream businesses may save us the time and costs to develop our own downstream businesses and such acquisitions and investments will allow us to expand our business scope to cover the entire value chain of property management and value-added services, which may allow us to provide comprehensive services catering to our customers' needs and enhance our customer satisfaction and our market reputation. We believe that these downstream business can be quickly integrated into our business operation after our acquisition or investment and start to generate revenue from the property projects that we manage based on our existing property management service network.

Our selection criteria for a potential target include but are not limited to: (a) possession of all requisite licenses and governmental approvals for its business; (b) stable customer base and cash flow; (c) good reputation and brand awareness in the industry or in the regional market; and (d) a good management system and the ability to retain its core personnel. We set our selection criteria for a potential target based on the industry reports that are available to us, search results on the National Enterprise Credit Information Publicity System, public information regarding relevant license, permits or qualifications, third-party due diligence reports, customer survey and interviews conducted with such target downstream companies.

HONG KONG UNDERWRITERS

Hong Kong Underwriters

Huatai Financial Holdings (Hong Kong) Limited
Haitong International Securities Company Limited
Soochow Securities International Brokerage Limited
UOB Kay Hian (Hong Kong) Limited
Fuyuan Securities Limited
BOCOM International Securities Limited
CCB International Capital Limited
China Securities (International) Corporate Finance Company Limited
CMB International Capital Limited
Guotai Junan Securities (Hong Kong) Limited
ICBC International Securities Limited
Realord Asia Pacific Securities Limited
Yue Xiu Securities Company Limited
Alpha International Securities (HONG KONG) Limited
ZJKF Securities Investment (Hong Kong) Limited
Blackwell Global Securities Limited
Maxa Capital Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are initially offering 9,400,000 H Shares (subject to adjustment) for subscription by the public in Hong Kong on, and subject to the terms and conditions set out in this prospectus and the Application Forms.

Subject to:

- the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering as mentioned herein (including any additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option); and

- certain other conditions set out in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price being agreed upon between us and the Sole Global Coordinator (for itself and on behalf of the Underwriters)),

the Hong Kong Underwriters have agreed severally but not jointly to subscribe or procure subscribers to subscribe for, or failing which to subscribe for themselves, the Hong Kong Offer Shares which are being offered but not taken up under the Hong Kong Public Offering on the terms and subject to the conditions in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. If, for any reason, the Offer Price is not agreed between us and the Sole Global Coordinator (for itself and on behalf of the Underwriters), the Global Offering will not proceed.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) shall be entitled by notice to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect if, at any time prior to 8:00 a.m. on the Listing Date:

(a) there shall develops, occurs, exists or comes into effect:

(i) any local, national, regional or international event, series of events or circumstance, in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting Hong Kong, the PRC, the United States, the United Kingdom, any member of the European Union or any other jurisdiction relevant to any member of the Group or the Global Offering (collectively, the "**Relevant Jurisdictions**"); or

(ii) any change, or development involving a prospective change, or any event or series of events or circumstances likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions; or

(iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

(iv) any general moratorium on commercial banking activities in or affecting any of the Relevant Jurisdictions (whether imposed by the Financial Secretary or the Hong Kong Monetary Authority or any other competent or agency, or any stock exchange, self regulatory organisation or other non-governmental regulatory authority, or any court, tribunal or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign or supranational and of any jurisdiction ("**Authority**")), or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of the Relevant Jurisdictions; or

(v) any new law, or any change or development involving a prospective change or any event or circumstance likely to result in a change or development involving a prospective change in existing laws or in the interpretation or application thereof by any court or other competent Authority, in each case, in or affecting any of the Relevant Jurisdictions; or

(vi) a change or development involving a prospective change in or affecting taxation, or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in or affecting any of the Relevant Jurisdictions; or

(vii) any litigation or claim of any third party being threatened or instigated against any member of our Group or any executive Director; or

(viii) save as disclosed in this prospectus, a contravention by any member of the Group of the Listing Rules or applicable laws; or

(ix) an order or petition for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or

(x) an executive Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(xi) an Authority or a political body or organisation in any of the Relevant Jurisdictions announcing or commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director or any member of our Group,

which, individually or in the aggregate, in the sole opinion of the Sole Global Coordinator (for themselves and on behalf of the Hong Kong Underwriters) after prior consultation with our Company: (i) has or will have or may have a material adverse effect on the assets, liabilities, business, management, prospects, shareholders' equity, profits, losses, or position or condition, financial or otherwise, of our Group taken as a whole; or (ii) has or will have or may likely have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or (iii) makes or will make or may likely make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or (iv) has or will have or may likely have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable or impracticable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Sole Global Coordinator:

(i) that any statement contained in any of the Hong Kong Public Offering documents and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of the Hong Kong Public Offering documents and/or any public notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions in all material respects; or

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material misstatement in or an material omission from any of the Hong Kong Public Offering documents and/or any public notices and announcements issued by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or

(iii) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or

(iv) any material adverse change, or any development involving a prospective material adverse change, in the assets, liabilities, business, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, (financial or otherwise,) or performance of any member of our Group; or

(v) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the warranties under the Hong Kong Underwriting Agreement or, (in the case of those warranties not already qualified as to materiality) any breach of, or any event or circumstance rendering untrue, incorrect or misleading in any material respect, any of such warranties; or

(vi) approval by the Listing Committee of the listing of, and permission to deal in, the H Shares to be issued or sold (including any additional H Shares that may be issued pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(vii) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or

(viii) any person (other than the Sole Sponsor) has withdrawn or is subject to withdraw its consent to being named as an expert in any of the Hong Kong Public Offering documents or to the issue of any of the Hong Kong Public Offering documents with the inclusion of its reports, letters and/or summaries of legal opinions (as the case may be).

Undertakings to the Hong Kong Stock Exchange pursuant to the Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, no further H Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of H Shares or securities will be completed within six months from the Listing Date), except:

(a) under certain circumstances prescribed by Rule 10.08 of the Listing Rules; or

(b) pursuant to the Global Offering (including the Over-allotment Option).

Undertaking by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has irrevocably and unconditionally undertaken to the Hong Kong Stock Exchange and to our Company that, except pursuant to the Global Offering (including the Over-allotment Option), it will not and shall procure that the relevant registered holder(s) controlled by it will not, without the prior written consent of the Hong Kong Stock Exchange and unless in compliance with the requirements of the Listing Rules:

(a) in the period commencing on the date by reference to which disclosure of its shareholdings in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities of our Company in respect of which it is shown by this prospectus to be the beneficial owners; and

(b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would then cease to be a group of controlling shareholders of our Company for the purposes of the Listing Rules.

In addition, in accordance with Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has further irrevocably and unconditionally undertaken to the Hong Kong Stock Exchange and us that, within the period commencing on the date by reference to which disclosure of its shareholdings is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will, when it pledges or charges any securities of our Company beneficially owned by it in favour of any authorised institution pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of securities so pledged or charged and when it receives indications, either verbal or written, from the pledgee or chargee that any of the securities of our Company pledged or charged will be disposed of, immediately inform our Company of such indications.

We will also, as soon as we have been informed of the above matters (if any) by any of the Controlling Shareholders, inform the Hong Kong Stock Exchange and disclose such matters as soon as possible by way of an announcement as required under the Listing Rules.

Undertakings to the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to each of the Sole Global Coordinator, the Sole Sponsor and the Hong Kong Underwriters that, except for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-allotment Option) at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date falling six months after the Listing Date (the "**First Six-Month Period**"), our Company will not, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) (such consent not to be unreasonably withheld or delayed) and unless in compliance with the Listing Rules (and only after the consent of any relevant PRC Authority (if so required) has been obtained):

(a) issue any H Shares or other securities of our Company (including, without limitation, any securities convertible into or exchangeable or exercisable for any H Shares or other securities of our Company); or

(b) enter into any transaction with the same economic effect as any transaction described in paragraphs (a) above; or

(c) offer to or agree to effect any transaction described in paragraphs (a) or (b) above,

in each case, whether any of the foregoing transactions is to be settled by delivery of H Shares or other securities of our Company or in cash or otherwise (whether or not the issue of such H Shares or other securities will be completed within the First-Six Month Period).

Indemnity

We have agreed to indemnify, among others, the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters for certain losses which they may suffer, including, among other matters, losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement as the case may be.

Commission and Expenses

The Hong Kong Underwriters will receive an underwriting commission of 2.8% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering. In addition, our Company may, at its sole and absolute discretion pay to any of the Hong Kong Underwriters for its own account an incentive fee of 1.0% of the aggregate Offer Price of all the Offer Shares. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering and any International Offer Shares reallocated from the International Offering to the Hong Kong Public Offering, we will pay a gross commission which is equal to 2.8% of the Offer Price in respect of each International Offer Share (including each H Share reallocated to the International Offering, each H Share reallocated to the Hong Kong Public Offering and each H share to be issued pursuant to the Over-Allotment Option) and such commission will be paid to the relevant International Underwriters (but not the Hong Kong Underwriters). Our Company may also in its sole and absolute discretion pay the International Underwriters an additional incentive fee of up to 1.0% of the aggregate Offer Price of all the Offer Shares.

Assuming an Offer Price of HK$15.91 per Offer Share (being the mid-point of the indicative Offer Price Range), the aggregate commissions and fees (excluding the payment of discretionary incentive fee (if any) and assuming no exercise of the Over-allotment Option), together with Hong Kong Stock Exchange listing fees, SFC transaction levy, Hong Kong Stock Exchange trading fees, legal and other professional fees and printing and other expenses relating to the Global Offering, are estimated to amount in aggregate to approximately HK$106 million in total. Such commissions, fees and expenses are payable by our Company.

The commission and expenses were determined after arm's length negotiation between our Company and the Hong Kong Underwriters or other parties by reference to the current market conditions.

Hong Kong Underwriters' Interest in our Company

Save for its obligations under the Hong Kong Underwriting Agreement and as disclosed in this prospectus, none of the Hong Kong Underwriters has any shareholding interests in our Company or any other member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any member of the Group.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Underwriting Agreements.

The International Offering

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with the Sole Sponsor, the Sole Global Coordinator and the International Underwriters on or around the Price Determination Date, shortly after the determination of the Offer Price. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally and not jointly, agree to procure subscribers to subscribe for, or failing which to subscribe for themselves, their respective applicable proportions of the International Offer Shares being offered pursuant to the International Offering which are not taken up under the International Offering.

Restrictions on the Offer Shares

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make an offer or invitation. In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the PRC.

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilising process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the H Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the H Shares (which financing may be secured by the H Shares) in the Global Offering, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares, which may have a negative impact on the trading price of the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the

Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their underlying securities, whether on the Hong Kong Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

All such activities may occur both during and after the end of the stabilising period described in "Structure of the Global Offering." Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the H Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilising Manager or any person acting for it) must not, in connection with the distribution of the Offer Share, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Share), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Share at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to the Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

THE GLOBAL OFFERING

The Global Offering comprises:

- the Hong Kong Public Offering of 9,400,000 H Shares (subject to reallocation as mentioned below) in Hong Kong as described below under the sub-section headed "Hong Kong Public Offering"; and
- the International Offering of 84,600,000 H Shares (subject to reallocation and the Over-allotment Option as mentioned below).

The Hong Kong Public Offering is open to all members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offering will involve selective marketing of the International Offer Shares to institutional and professional investors and other investors expected to have a sizeable demand for the International Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. The Hong Kong Underwriters have severally agreed to underwrite the Hong Kong Offer Shares under the terms of the Hong Kong Underwriting Agreement. The International Underwriters will severally underwrite the International Offer Shares pursuant to the terms of the International Underwriting Agreement. Further details of the underwriting are set out in the section headed "Underwriting" in this prospectus.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the International Offer Shares under the International Offering, but may not do both.

References in this prospectus to applications, Application Forms, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring the Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of the Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

The Offer Price is expected to be fixed by the Price Determination Agreement to be entered into between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on or before the Price Determination Date, when the market demand for the Offer Shares will be ascertained. The Price Determination Date is currently expected to be on or about Friday, January 8, 2021 and, in any event, no later than Sunday, January 10, 2021.

The Offer Price will not be more than HK$18.36 per Offer Share and is expected to be not less than HK$13.46 per Offer Share. The Offer Price will fall within the Offer Price range as stated in this prospectus unless otherwise announced, as further explained below, no later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Prospective investors should be aware that the Offer Price to be determined on or before the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range as stated in this prospectus.

If, for any reason, the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company are unable to enter into the Price Determination Agreement by the Price Determination Date, the Global Offering will not become unconditional and will not proceed.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and private investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus, at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering.

In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event no later than Friday, January 8, 2021, being the last day for lodging applications under the Hong Kong Public Offering, cause there to be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.roiserv.com** notice of reduction in the number of Offer Shares and/or the indicative Offer Price range and will, as soon as practicable following the decision to make such reduction, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range, extend the period under which the Hong Kong Public Offering was opened for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their submitted subscriptions, and give potential investors who had applied for the Hong Kong Offer Shares the right to withdraw their applications under the Hong Kong Public Offering. Such notice and supplemental prospectus will also include confirmation or revision, as appropriate, of the offering statistics, and the future plans and use of proceeds as currently set out in "Summary" and any other financial information which may change as a result of such reduction.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.

If the number of the Offer Shares being offered under the Global Offering and/or the indicative Offer Price range is so reduced, applicants who have already submitted an application may or may not (depending on the information contained in the announcement) be notified that they are required to confirm their applications. All applicants who have already submitted an application need to confirm their applications in accordance with the procedures set out in the announcement and all unconfirmed applications will not be valid. The Offer Price, if agreed upon, will be fixed within such revised Offer Price range. In the absence of any notice being published of a reduction in the number of the Offer Shares being offered under the Global Offering stated in this prospectus and the Application Forms, respectively, on or before the last day for lodging applications under the Hong Kong Public Offering, the Offer Price, once agreed upon, will under no circumstances be higher than the maximum Offer Price as stated in the Application Forms.

In the event of a reduction in the number of the Offer Shares, the Sole Global Coordinator (for itself and on behalf of the Underwriters) may, at their discretion, reallocate the number of the Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of the Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Sole Global Coordinator (for itself and on behalf of the Underwriters) on the basis as described in the sub-section headed "Reallocation and Clawback" in this section.

In the absence of any notice being published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.roiserv.com** of a reduction in the indicative Offer Price range as stated in this prospectus on or before the morning of the last day for lodging applications under the Hong Kong Public Offering, the Offer Price, if agreed upon by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company, will not be set outside the Offer Price range as stated in this prospectus.

An announcement of the final Offer Price, together with indication of the level of interests in the International Offering, the results of application under the Hong Kong Public Offering and the basis and results of allocation of the Hong Kong Offer Shares is expected to be published on Thursday, January 14, 2021 on the website of our Company at **www.roiserv.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

The Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarised in the section headed "Underwriting" in this prospectus.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK$18.36 per Offer Share and is expected to be not less than HK$13.46 per Offer Share, unless otherwise announced no later than the morning of the last day for lodging applications under the Hong Kong Public Offering as set out above. Prospective investors should be aware that the Offer Price as determined on the Price Determination Date may be lower than the indicative Offer Price as stated in this prospectus.

Applicants under the Hong Kong Public Offering should pay, on application, the maximum price of HK$18.36 per Offer Share and 1.0000% brokerage, 0.0050% Stock Exchange trading fee and 0.0027% SFC transaction levy. That means a total of HK$9,272.51 is payable for every board lot of 500 H Shares. The Application Forms have tables showing the exact amount payable for certain numbers of Hong Kong Offer Shares. If the Offer Price, as finally determined in the manner as described above, is lower than the maximum price of HK$18.36 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application monies) will be made to applicants, without interest. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of the application for the Offer Shares pursuant to the Hong Kong Public Offering is conditional upon:

1. Listing

The Listing Committee granting listing of, and permission to deal in, the H Shares in issue and to be issued as mentioned in this prospectus on the Stock Exchange and such approval not subsequently having been revoked prior to the commencement of dealings in the H Shares.

2. Underwriting Agreements

(i) The obligations of the Underwriters under the Underwriting Agreements becoming unconditional, and not being terminated in accordance with the terms thereof; and

(ii) the execution and delivery of the International Underwriting Agreement prior to or on the Price Determination Date.

3. Price determination

The Offer Price having been determined and the execution of the Price Determination Agreement on or around the Price Determination Date. If any of the conditions is not fulfilled or waived on or before the times specified above, the Global Offering will lapse and the application monies will be returned to the applicants, without interest. The terms on which the application monies will be returned to the applicants are set out in the sub-section headed "Refund of your monies" in the relevant Application Forms.

In the meantime, the application monies will be held in one or more separate bank accounts with the receiving bank or other bank(s) in Hong Kong, licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)

HONG KONG PUBLIC OFFERING

Our Company is initially offering 9,400,000 Hong Kong Offer Shares for subscription (subject to reallocation) by members of the public in Hong Kong under the Hong Kong Public Offering, representing 10% of the total number of Offer Shares initially offered under the Global Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters subject to the Offer Price being agreed on or before Price Determination Date. Applicants for the Hong Kong Offer Shares are required on application to pay the maximum Offer Price of HK$18.36 per Share plus 1.0000% brokerage, 0.0050% Stock Exchange trading fee and 0.0027% SFC transaction levy.

Completion of the Hong Kong Public Offering is subject to the conditions set out in "Conditions of the Global Offering" above.

Applications

The Hong Kong Public Offering is open to all members of the public in Hong Kong. Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it has not applied for nor taken up any Offer Shares under the International Offering nor otherwise participated in the International Offering. Applicants should note that if such undertaking and/or confirmation given by an applicant is breached and/or is untrue (as the case may be), such applicant's application under the Hong Kong Public Offering is liable to be rejected.

Allocation

For allocation purposes only, the total number of the Hong Kong Offer Shares will be divided equally into two pools: pool A and pool B. The Hong Kong Offer Shares in pool A will consist of 4,700,000 H Shares and will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares in the value of HK$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy thereon) or less. The Hong Kong Offer Shares available in pool B will consist of 4,700,000 H Shares and will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares in the value of more than HK$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy) and up to the value of pool B.

Investors should be aware that the allocation ratios for applications in the two pools, as well as the allocation ratios for applications in the same pool, are likely to be different. Where one of the pools is under-subscribed, the surplus Hong Kong Offer Shares will be transferred to satisfy demand in the other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from any one pool but not from both pools and can only make applications to either pool A or pool B. Any application made for more than 4,700,000 H Shares, being 50% of the Hong Kong Offer Shares initially available under pool A or pool B will be rejected.

Allocation of the Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. When there is over-subscription under the Hong Kong Public Offering, allocation of the Hong Kong Offer Shares may involve balloting, which would mean that some applicants may be allotted more Hong Kong Offer Shares than others who have applied for the same number of the Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

Reallocation and Clawback

Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached. The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation at the discretion of the Sole Global Coordinator, subject to the following:

(a) where the International Offer Shares are fully subscribed or oversubscribed:

  (i) if the Hong Kong Offer Shares are undersubscribed, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Sole Global Coordinator deems appropriate;

  (ii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 9,400,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 18,800,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Global Offering;

  (iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (A) 15 times or more but less than 50 times; (B) 50 times or more but less than 100 times; and (C) 100 times or more, of the number of Offer Shares initially available under the Hong Kong Public Offering, the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 28,200,000 Offer Shares (in the case of (A)), 37,600,000 Offer Shares (in the case of (B)) and 47,000,000 Offer Shares (in the case of (C)) representing 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively;

(b) where the International Offer Shares are undersubscribed:

(i) if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe for or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus, the Application Forms and the Underwriting Agreements; and

(ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed (irrespective of the extent of over-subscription), then up to 9,400,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 18,800,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Global Offering.

In the event of reallocation of Offer Shares from the International Offering to the Hong Kong Public Offering in the circumstances described in paragraph (a)(ii) or (b)(ii) above, the final Offer Price shall be fixed at the bottom end of the Offer Price range (i.e. HK$13.46 per Offer Share) according to Guidance Letter HKEX-GL91-18 issued by the Stock Exchange.

In all cases of reallocation of Offer Shares from the International Offering to the Hong Kong Public Offering, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B in equal proportion and the number of Offer Shares allocated to the International Offering will be correspondingly reduced.

INTERNATIONAL OFFERING

Number of Offer Shares initially offered

Our Company is expected to offer initially 84,600,000 International Offer Shares (subject to reallocation and the Over-allotment Option) at the Offer Price under the International Offering. The number of International Offer Shares expected to be initially available for application under the International Offering represents 90% of the total number of Offer Shares being initially offered under the Global Offering. The International Offering is expected to be fully underwritten by the International Underwriters subject to the Offer Price being agreed on or before the Price Determination Date. Investors subscribing for the International Offer Shares are also required to pay the maximum Offer Price of HK$18.36 per H Share plus 1.0000% brokerage, 0.0050% Stock Exchange trading fee and 0.0027% SFC transaction levy of the Offer Price.

Allocation

It is expected that the International Underwriters, or selling agents nominated by them, on behalf of our Company, will conditionally place the International Offer Shares at the Offer Price with selected professional, institutional and other investors. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Other investors applying through banks or other institutions who sought the International Offer Shares in the International Offering may also be allocated the International Offer Shares.

Allocation of the International Offer Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to acquire further H Shares and/or hold or sell its H Shares after the Listing. Such allocation is intended to result in a distribution of the International Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and its shareholders as a whole. Investors to whom International Offer Shares are offered will be required to undertake not to apply for H Shares under the Hong Kong Public Offering.

Our Company, our Directors, the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the Underwriters) are required to take reasonable steps to identify and reject applications under the Hong Kong Public Offering from investors who receive H Shares under the International Offering, and to identify and reject indications of interest in the International Offering from investors who receive H Shares under the Hong Kong Public Offering.

The International Offering is expected to be subject to the conditions as stated in the sub-section headed "Conditions of the Global Offering" of this section.

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in the section headed "Hong Kong Public Offering—Reallocation and Clawback" above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unpurchased Offer Shares originally included in the Hong Kong Public Offering at the discretion of the Sole Global Coordinator (for itself and on behalf of the Underwriters).

Over-allotment Option

In connection with the Global Offering, our Company is expected to grant to the International Underwriters, exercisable by the Sole Global Coordinator (for itself and on behalf of the International Underwriters) the Over-allotment Option at any time from the Listing Date until 30 days after the date of the last day of lodging application under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, our Company may be required by the Sole Global Coordinator (for itself and on behalf of the International Underwriters) to allot and issue up to and not more than 14,100,000 additional H Shares (representing 15% of the total number of the Offer Shares initially available under the Global Offering) at the Offer Price to cover over-allocations in the International Offering. The Sole Global Coordinator (for itself and on behalf of the International Underwriters) may also cover such over-allocations by, among other means, purchasing Shares in the secondary market or by a combination of these means or otherwise as may be permitted under the applicable laws and regulatory requirements. Any such secondary market purchases will be made in compliance with all applicable laws, rules and regulations. If the Over-allotment Option is exercised in full, the additional 14,100,000 H Shares will represent approximately 3.61% of our Company's enlarged issued share capital immediately after completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised or expired, an announcement will be made by our Company.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. In Hong Kong, the stabilisation price is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilising Manager, its affiliates or any person acting for it, for itself and on behalf of the Underwriters, may over-allocate Shares or effect transactions with a view to stabilising or maintaining the market price of the H Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. The number of H Shares that may be over-allocated will be up to, but not more than, an aggregate of 14,100,000 additional H Shares, being the number of the H Shares that may be issued under the Over-allotment Option. Such stabilising actions may include over-allocating International Offer Shares and covering such over allocations by exercising the Over-allotment Option or by making purchases in the secondary market or through a combination of these means or otherwise. However, there is no obligation on the Stabilising Manager, its affiliates or any person acting for it to conduct any such stabilisation action. Such stabilisation action, if commenced, will be conducted at the absolute discretion of the Stabilising Manager, its affiliates or any person acting for it and may be discontinued at any time, and required to be brought to an end within 30 days after the last day for lodging of applications under the Hong Kong Public Offering. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements.

Stabilising action will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilisation. Subject to and under the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong), the Stabilising Manager (for itself and on behalf of the Underwriters) may take all or any of the following actions ("**primary stabilising action**") with respect to any H Shares during the stabilisation period, which should end on Sunday, February 7, 2021:

(1) purchase, or agree to purchase, any of the H Shares;

(2) offer or attempt to do anything as described in paragraph (1), for the sole purpose of preventing or minimising any reduction in the market price of the H Shares. The Stabilising Manager (for itself and on behalf of the Underwriters) may also, in connection with any primary stabilising action, take all or any of the following actions:

(a) for the purpose of preventing or minimising any reduction in the market price of the H Shares;

(i) allocate a greater number of H Shares than the number that is initially offered under the Global Offering; or

(ii) sell or agree to sell H Shares so as to establish a short position in them;

(b) pursuant to an option or other right to purchase or subscribe for H Shares, purchase or subscribe for or agree to purchase or subscribe for H Shares in order to close out any position established under paragraph (a);

(c) sell or agree to sell any H Shares acquired by it in the course of the primary stabilising action in order to liquidate any position that has been established by such action; and/or

(d) offer or attempt to do anything as described in paragraphs (a)(ii), (b) or (c).

Investors should be aware:

- that the Stabilising Manager (for itself and on behalf of the Underwriters) may, in connection with the stabilising action, maintain a long position in the H Shares;

- that there is no certainty regarding the extent to which and the time period for which the Stabilising Manager will maintain such a long position;

- of possible impact in the case of liquidation of such a long position by the Stabilising Manager;

- that stabilising action cannot be taken to support the price of the H Shares for longer than the stabilising period which begins on the Listing Date and ends on the earlier of the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering or the commencement of trading of the H Shares on the Stock Exchange, that the stabilizing period is expected to expire on Sunday, February 7, 2021, and that after this date, when no further stabilising action may be taken, demand for the H Shares, and therefore its price could fall; and

- that the price of the H Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and that stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price the investor has paid for the H Shares.

Over-allocation

Following any over-allocation of Shares in connection with the Global Offering, the Stabilising Manager, or any person acting for it may cover such over-allocation by, among other methods, using Shares purchased by the Stabilising Manager, its affiliates or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part, by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong, including in relation to stabilization, the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong), as amended, made under the SFO.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, January 15, 2021, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, January 15, 2021. The H Shares will be traded in board lots of 500 H Shares each and the stock code of the H Shares will be 2146.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

(a) use a **WHITE** or **YELLOW** Application Form;

(b) apply online via the **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**) or at **www.hkeipo.hk**; or

(c) electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

(1) are 18 years of age or older;

(2) have a Hong Kong address;

(3) are outside the United States, and are not a United States person (as defined in Regulation S); and

(4) are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** Service Provider, in addition to the above, you must also: (i) have a valid Hong Kong identity card number; and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the names of the individual members. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his or her representative capacity, and stamped with your corporation's chop.

If an application is made by a person duly authorised under a power of attorney, the Company and the Sole Global Coordinator may accept it at its discretion and on any conditions if thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **HK eIPO White Form** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

(a) an existing beneficial owner of Shares in our Company and/or any of its subsidiaries;

(b) a Director, chief executive officer or Supervisor of our Company and/or any of its subsidiaries;

(c) a connected person (as defined in the Listing Rules) and/or a core connected person (as defined in the Listing Rules) of the Company or will become a connected person (as defined in the Listing Rules) and/or a core connected person (as defined in the Listing Rules) of the Company immediately upon completion of the Global Offering;

(d) a close associate (as defined in the Listing Rules) of any of the above; or

(e) have been allocated or have applied for or indicated an interest in any Offer Shares under the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through the designated website at **www.hkeipo.hk** or the **IPO App**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, December 31, 2020 to 12:00 noon on Friday, January 8, 2021 from:

(i) any of the following offices of the Hong Kong Underwriters:

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

Haitong International Securities Company Limited
22/F Li Po Chun Chambers
189 Des Voeux Road Central, Hong Kong

Soochow Securities International Brokerage Limited
Level 17, Three Pacific Place
1 Queen's Road East, Hong Kong

UOB Kay Hian (Hong Kong) Limited
6/F, Harcourt House
39 Gloucester Road
Hong Kong

Fuyuan Securities Limited
Suite 4806-07 48/F Central Plaza
18 Harbour Road, Wanchai
Hong Kong

BOCOM International Securities Limited
9th Floor, Man Yee Building
68 Des Voeux Road Central
Hong Kong

CCB International Capital Limited
12/F CCB Tower
3 Connaught Road Central
Central, Hong Kong

China Securities (International) Corporate Finance Company Limited
18/F Two Exchange Square, 8 Connaught Place
Central, Hong Kong

CMB International Capital Limited
45/F., Champion Tower
3 Garden Road
Central, Hong Kong

Guotai Junan Securities (Hong Kong) Limited
27/F., Low Block, Grand Millennium Plaza
181 Queen's Road Central, Hong Kong

ICBC International Securities Limited
37/F, ICBC Tower
3 Garden Road, Hong Kong

Realord Asia Pacific Securities Limited
Suites 2402, 24/F Jardine House
1 Connaught Place
Central, Hong Kong

Yue Xiu Securities Company Limited
1003-1005, Siu On Centre
188 Lockhart Road, Wanchai
Hong Kong

Alpha International Securities (HONG KONG) Limited
Room 10 9/F China Merchants Tower
Shun Tak Centre, 168-200 Connaught Road
Central
Hong Kong

ZJKF Securities Investment (Hong Kong) Limited
Unit 21C, Level 12, Infinitus Plaza
199 Des Voeux Road Central
Sheung Wan
Hong Kong

Blackwell Global Securities Limited
26/F, Overseas Trust Bank Building
160 Gloucester Road, Wanchai
Hong Kong

Maxa Capital Limited
Unit 1908, Harbour Center
25 Harbour Road
Wanchai
Hong Kong

(ii) any of the designated branches of the following receiving bank:

Bank of China (Hong Kong) Limited

District	Branch Name	Address
Hong Kong Island	North Point (King's Centre) Branch	193-209 King's Road, North Point, Hong Kong
Kowloon	Castle Peak Road (Cheung Sha Wan) Branch	365-371 Castle Peak Road, Cheung Sha Wan, Kowloon
New Territories	Fanling Centre Branch	Shop 2D-E & H, Fanling Centre, Fanling, New Territories
	Tuen Mun Town Plaza Branch	Shop 2, Tuen Mun Town Plaza phase II, Tuen Mun, New Territories

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 10:00 a.m. on Thursday, December 31, 2020 to 12:00 noon on Friday, January 8, 2021 from:

1. any of the designated branches of the following receiving bank:

CMB Wing Lung Bank Limited

District	Branch Name	Address
Hong Kong Island	Kennedy Town Branch	28 Catchick Street
Kowloon	Mongkok Branch	B/F, CMB Wing Lung Bank Centre, 636 Nathan Road

You can collect a **YELLOW** Application Form and this prospectus during normal business hours from 9:00 a.m. on Thursday, December 31, 2020 until 12:00 noon on Friday, January 8, 2021 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED—ROISERV LIFESTYLE SERVICES PUBLIC OFFER**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

Bank of China (Hong Kong) Limited

Thursday, December 31, 2020 – 9:00 a.m. to 4:00 p.m.
Saturday, January 2, 2021 – 9:00 a.m. to 12:00 noon
Monday, January 4, 2021 – 9:00 a.m. to 4:00 p.m.
Tuesday, January 5, 2021 – 9:00 a.m. to 4:00 p.m.
Wednesday, January 6, 2021 – 9:00 a.m. to 4:00 p.m.
Thursday, January 7, 2021 – 9:00 a.m. to 4:00 p.m.
Friday, January 8, 2021 – 9:00 a.m. to 12:00 noon

CMB Wing Lung Bank Limited

Thursday, December 31, 2020	**–**	**10:00 a.m. to 4:00 p.m.**
Saturday, January 2, 2021	**–**	**9:00 a.m. to 12:00 noon**
Monday, January 4, 2021	**–**	**10:00 a.m. to 4:00 p.m.**
Tuesday, January 5, 2021	**–**	**10:00 a.m. to 4:00 p.m.**
Wednesday, January 6, 2021	**–**	**10:00 a.m. to 4:00 p.m.**
Thursday, January 7, 2021	**–**	**10:00 a.m. to 4:00 p.m.**
Friday, January 8, 2021	**–**	**10:00 a.m. to 12:00 noon**

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, January 8, 2021, the last application day or such later time as described in paragraph headed "10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorise our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and/or the Underwriters (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus, in the Application Form(s), in the **IPO App** or on the designated website under the **HK eIPO White Form** service and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to our Company, the H Share Registrar, the receiving banks, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus, in the Application Form, in the **IPO App** or on the designated website under the **HK eIPO White Form** service;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the Laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's H Share register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any H share certificate(s) and/or any e-Auto Refund payment instruction(s) and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the H Share certificate(s) and/or refund cheque(s) in person;

(xvi) understand that, where the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are oversubscribed, up to 9,400,000 H Shares may be reallocated to the Hong Kong Public Offering from the International Offering, increasing the total number of Hong Kong Offer Shares to 18,800,000 H Shares, representing 20% of the Offer Shares initially available under the Global Offering;

Further details of the reallocation are stated in the paragraph headed "Structure of the Global Offering—Hong Kong Public Offering—Reallocation and Clawback" of this prospectus;

(xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xviii) understand that our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xix) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and

(xx) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH THE HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in the paragraph headed "2. Who Can Apply" in this section may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk** or the **IPO App**.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website or the **IPO App**, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for submitting applications under the HK eIPO White Form service

You may submit your application to the **HK eIPO White Form** Service Provider at **www.hkeipo.hk** or the **IPO App** (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, December 31, 2020 until 11:30 a.m. on Friday, January 8, 2021 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, January 8, 2021 or such later time in the paragraph headed "10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists" in this section.

No multiple applications

If you apply by means of the **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under the **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (WUMP) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979-7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and our H Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(a) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(b) HKSCC Nominees will do the following things on your behalf:

(1) **agree** that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

(2) **agree** to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

(3) **undertake** and **confirm** that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;

(4) (if the **electronic application instructions** are given for your benefit) **declare** that only one set of **electronic application instructions** has been given for your benefit;

(5) (if you are an agent for another person) **declare** that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

(6) **confirm** that you understand that our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

(7) **authorise** our Company to place HKSCC Nominees' name on our Company's H Share register of members as the holder of the Hong Kong Offer Shares allocated to you and to send H Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

(8) **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

(9) **confirm** that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

(10) **agree** that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

(11) **agree** to disclose your personal data to our Company, our H Share Registrar, receiving banks, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents;

(12) **agree** (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

(13) **agree** that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with our Company and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (WUMP) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

(14) **agree** that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;

(15) **agree** to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

(16) **agree** with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance, the Special Regulations on Listing Overseas and the Articles of Association;

(17) **agree** that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong;

(18) **agree** with our Company, for itself and for the benefit of each Shareholder of our Company and each Director, Supervisor, manager and other senior officer of our Company (and so that our Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each Shareholder of our Company and each Director, Supervisor, manager and other senior officer of our Company, with each CCASS Participant giving **electronic application instructions**):

(i) to refer all differences and claims arising from the Articles of Association of our Company or any rights or obligations conferred or imposed by the *PRC Company Law* or other relevant laws and administrative regulations concerning the affairs of our Company to arbitration in accordance with the Articles of Association of our Company;

(ii) that any award made in such arbitration shall be final and conclusive; and

(iii) that the arbitration tribunal may conduct hearings in open sessions and publish its award;

(19) **agree** with our Company (for our Company itself and for the benefit of each Shareholder) that H Shares in our Company are freely transferable by their holders; and

(20) **authorize** our Company to enter into a contract on our behalf with each Director and officer of our Company whereby each such Director and officer undertakes to observe and comply with his obligations to Shareholders stipulated in the Articles of Association.

Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

(a) **instructed** and **authorised** HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

(b) **instructed** and **authorised** HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per H Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

(c) **instructed** and **authorised** HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum purchase amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 500 Hong Kong Offer Shares. Instructions for more than 500 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for inputting electronic application instructions[1]

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Thursday, December 31, 2020	**–**	**9:00 a.m. to 8:30 p.m.**
Saturday, January 2, 2021	**–**	**8:00 a.m. to 1:00 p.m.**
Monday, January 4, 2021	**–**	**8:00 a.m. to 8:30 p.m.**
Tuesday, January 5, 2021	**–**	**8:00 a.m. to 8:30 p.m.**
Wednesday, January 6, 2021	**–**	**8:00 a.m. to 8:30 p.m.**
Thursday, January 7, 2021	**–**	**8:00 a.m. to 8:30 p.m.**
Friday, January 8, 2021	**–**	**8:00 a.m. to 12:00 noon**

Note:

(1) The times in this subsection are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, December 31, 2020 until 12:00 noon on Friday, January 8, 2021 (24 hours daily, except on Friday, January 8, 2021, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, January 8, 2021, the last application day or such later time as described in "—10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists".

No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (WUMP) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

Personal Data

The section of the Application Form headed "Personal data" applies to any personal data held by our Company, our H Share Registrar, the receiving bank, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection with CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, January 8, 2021.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

(1) an account number; or

(2) some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

(a) the principal business of that company is dealing in securities; and

(b) you exercise statutory control over that company, then the application will be treated as being for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Stock Exchange.

"**Statutory control**" means you:

(a) control the composition of the board of directors of the company;

(b) control more than half of the voting power of the company; or

(c) hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 500 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 500 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk** or the **IPO App**.

If your application is successful, brokerage will be paid to the participants of the Stock Exchange, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "Structure and Conditions of the Global Offering—Price Payable on Application" in this prospectus.

10. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

(1) a tropical cyclone warning signal number 8 or above;

(2) a "black" rainstorm warning; or

(3) Extreme Conditions,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, January 8, 2021. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, January 8, 2021 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal and/or "Extreme Conditions" in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Thursday, January 14, 2021 on our Company's website at **www.roiserv.com**, and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

(a) in the announcement to be posted on our Company's website at **www.roiserv.com**, and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Thursday, January 14, 2021;

(b) from the "IPO Results" function in the **IPO App** or the designated results of allocations website at **www.tricor.com.hk/ipo/result (alternatively: www.hkeipo.hk/IPOResult)** with a "search by ID/Business Registration Number" function on a 24-hour basis from 8:00 a.m. on Thursday, January 14, 2021 to 12:00 midnight on Wednesday, January 20, 2021;

(c) by telephone enquiry line by calling 3691 8488, between 9:00 a.m. and 6:00 p.m. from Thursday, January 14, 2021 to Tuesday, January 19, 2021 (excluding Saturday and Sunday);

(d) in the special allocation results booklets which will be available for inspection during opening hours from Thursday, January 14, 2021 to Saturday, January 16, 2021 at all the receiving banks' designated branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure and Conditions of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED THE HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company, the Sole Global Coordinator or our or their agents exercise their discretion to reject your application:

Our Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee does not grant permission to list the Offer Shares either:

(1) within three weeks from the closing date of the application lists; or

(2) within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

(1) you make multiple applications or suspected multiple applications;

(2) you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;

(3) your Application Form is not completed in accordance with the stated instructions;

(4) your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website or the **IPO App**;

(5) your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;

(6) the Underwriting Agreements do not become unconditional or are terminated;

(7) our Company or the Sole Global Coordinator believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or

(8) your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$18.36 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering—Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Thursday, January 14, 2021.

14. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Offer Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

(1) H Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, H Share certificates will be deposited into CCASS as described below); and

(2) refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per H Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, the SFC transaction levy and the Stock Exchange trading fee) but without interest. Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of H Share certificates and refund monies as mentioned below, any refund cheques and H Share certificates are expected to be posted on or around Thursday, January 14, 2021. The right is reserved to retain any H Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

H Share certificates will only become valid at 8:00 a.m. on Friday, January 15, 2021 provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the H Share certificates becoming valid do so at their own risk.

Personal collection

(a) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or H Share certificate(s) from the H Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, January 14, 2021 or such other date as notified by us.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.

If you do not collect your refund cheque(s) and/or H share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or H Share certificate(s) will be sent to the address on the relevant Application Form on Thursday, January 14, 2021, by ordinary post and at your own risk.

(b) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above for collection of your refund cheque(s). If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Thursday, January 14, 2021, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your H Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, January 14, 2021, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

If you apply through a designated CCASS participant (other than a CCASS investor participant)

For Hong Kong Public Offering shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offering shares allotted to you with that CCASS participant.

If you are applying as a CCASS investor participant

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, January 14, 2021 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(c) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your H Share certificate(s) from the H Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, January 14, 2021, or such other date as notified by our Company on the website of the Stock Exchange at **www.hkexnews.hk** or the website of the Company at **www.roiserv.com** as the date of despatch/collection of H Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your H Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your H Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Thursday, January 14, 2021 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(d) If you apply via electronic application instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of H Share certificates into CCASS and refund of application monies

(i) If your application is wholly or partially successful, your H Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, January 14, 2021, or, on any other date determined by HKSCC or HKSCC Nominees.

(ii) Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in the paragraph headed "11. Publication of results" in this section on Thursday, January 14, 2021. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, January 14, 2021 or such other date as determined by HKSCC or HKSCC Nominees.

(iii) If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

(iv) If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, January 14, 2021. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

(v) Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per H Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, January 14, 2021.

15. H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date as determined by HKSCC.

Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the H Shares may be settled through CCASS. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights, interests and liabilities.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ROISERV LIFESTYLE SERVICES CO., LTD. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Roiserv Lifestyle Services Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-84, which comprises the consolidated statements of financial position as at December 31, 2017, 2018 and 2019 and June 30, 2020, the statements of financial position of the Company as at December 31, 2017, 2018 and 2019 and June 30, 2020 and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-84 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated December 31, 2020 (the "Prospectus") in connection with the initial listing of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at December 31, 2017, 2018 and 2019 and June 30, 2020, the consolidated financial position of the Group as at December 31, 2017, 2018 and 2019 and June 30, 2020 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months ended June 30, 2019 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "LISTING RULES") AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 31 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
December 31, 2020

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

Consolidated statements of comprehensive income

		Year ended December 31,			Six months ended June 30,	
	Note	**2017**	**2018**	**2019**	**2019**	**2020**
		RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
					(Unaudited)	
Revenue	6	731,972	901,890	1,282,039	556,644	764,910
Cost of sales	10	(614,720)	(751,509)	(1,048,263)	(443,483)	(546,356)
Gross profit		117,252	150,381	233,776	113,161	218,554
Selling and marketing expenses	10	(1,274)	(1,098)	(2,163)	(578)	(2,759)
Administrative expenses	10	(55,425)	(74,228)	(116,605)	(48,461)	(82,636)
(Impairment losses)/reversal of impairment losses on financial assets	3.1.2	(4,514)	(3,871)	9,967	(411)	(6,732)
Other income	7	238	4,180	39,501	12,738	26,510
Other gains/(losses) – net	8	4,121	32,440	1,238	2,751	(5,592)
Operating profit		60,398	107,804	165,714	79,200	147,345
Finance income		53,504	45,522	21,365	17,308	1,864
Finance costs		(58,985)	(53,064)	(34,512)	(24,345)	(3,020)
Finance costs – net	9	(5,481)	(7,542)	(13,147)	(7,037)	(1,156)
Profit before income tax		54,917	100,262	152,567	72,163	146,189
Income tax expenses	13	(16,587)	(27,929)	(39,409)	(19,276)	(41,373)
Profit and total comprehensive income for the year/period		38,330	72,333	113,158	52,887	104,816
Profit and total comprehensive income/(loss) attributable to:						
– Owners of the Company		38,384	72,270	113,232	52,985	104,816
– Non-controlling interests		(54)	63	(74)	(98)	–
		38,330	72,333	113,158	52,887	104,816
Earnings per share (expressed in RMB per share)						
– Basic and diluted	14	0.15	0.28	0.44	0.21	0.40

Consolidated statements of financial position

		As at December 31,			As at June 30,
	Note	2017	2018	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000
Assets					
Non-current assets					
Property, plant and equipment	*15*	6,518	8,338	13,352	14,120
Investment properties	*16*	117,704	218,609	75,516	74,783
Intangible assets	*17*	13	2	1,084	1,836
Other receivables	*20*	–	–	71,824	16,019
Financial assets at fair value through other comprehensive income	*21*	–	6,467	–	–
Loans due from related parties	*22*	635,000	435,000	–	–
Deferred income tax assets	*30*	16,383	13,226	12,629	7,517
		775,618	681,642	174,405	114,275
Current assets					
Inventories	*19*	19,443	16,604	16,403	15,388
Contract assets	*6(a)*	59,850	64,610	50,804	38,042
Prepaid taxes		3,059	5,596	14,381	13,498
Trade and other receivables and prepayments	*20*	478,918	680,583	752,257	788,524
Financial assets at fair value through profit or loss	*21*	66,623	30,823	–	4,800
Loans and interest receivables due from related parties	*22*	194,596	304,482	482,076	15,427
Restricted cash	*23*	–	–	100,000	–
Cash and cash equivalents	*23*	481,890	448,782	228,867	795,697
		1,304,379	1,551,480	1,644,788	1,671,376
Total assets		2,079,997	2,233,122	1,819,193	1,785,651
Equity					
Equity attributable to owners of the Company					
Paid-in capital/Share capital	*24*	5,000	55,000	60,310	282,000
Reserves	*26*	21,122	28,741	129,768	165,278
Retained earnings		25,704	91,355	188,892	163,624
		51,826	175,096	378,970	610,902
Non-controlling interests		247	310	–	–
Total equity		52,073	175,406	378,970	610,902
Liabilities					
Non-current liabilities					
Borrowings	*28*	665,000	455,000	–	–
Contract liabilities	*6(a)*	53,880	45,486	20,723	21,398
Lease liabilities	*29*	57,373	121,124	57,748	12,323
Deferred income tax liabilities	*30*	1,790	1,506	5,202	4,741
		778,043	623,116	83,673	38,462
Current liabilities					
Trade and other payables	*27*	883,018	1,044,677	1,003,671	795,161
Borrowings	*28*	200,000	210,000	90,000	–
Contract liabilities	*6(a)*	109,298	124,147	237,880	315,094
Lease liabilities	*29*	4,347	5,363	8,908	2,376
Current income tax liabilities		53,218	50,413	16,091	23,656
		1,249,881	1,434,600	1,356,550	1,136,287
Total liabilities		2,027,924	2,057,716	1,440,223	1,174,749
Total equity and liabilities		2,079,997	2,233,122	1,819,193	1,785,651

Statements of financial position of the Company

	Note	As at December 31, 2017	As at December 31, 2018	As at December 31, 2019	As at June 30, 2020
		RMB'000	RMB'000	RMB'000	RMB'000
Assets					
Non-current assets					
Investment in subsidiaries	12	11,110	11,110	15,710	16,810
Property, plant and equipment		4,815	5,944	9,170	10,052
Investment properties	16	106,753	199,825	64,375	74,783
Intangible assets		–	–	1,020	1,749
Other receivables	20	–	–	71,824	16,019
Financial assets at fair value through other comprehensive income	21	–	6,467	–	–
Loans due from related parties	22	609,600	417,600	–	–
Deferred income tax assets		13,872	9,336	9,757	4,387
		746,150	650,282	171,856	123,800
Current assets					
Inventories		9,075	9,768	9,261	9,093
Contract assets		48,775	49,923	49,514	36,668
Prepaid taxes		941	2,875	13,725	13,278
Trade and other receivables and prepayments	20	409,931	589,537	645,988	742,961
Financial assets at fair value through profit or loss	21	44,375	1,000	–	2,000
Loans and interest receivables due from related parties	22	186,812	296,339	399,979	10,447
Cash and cash equivalents	23	393,774	370,479	170,795	729,853
		1,093,683	1,319,921	1,289,262	1,544,300
Total assets		1,839,833	1,970,203	1,461,118	1,668,100
Equity					
Equity attributable to owners of the Company					
Paid-in capital/Share capital	24	5,000	55,000	60,310	282,000
Reserves	26	2,510	7,820	107,839	142,557
Retained earnings		30,080	77,872	152,158	102,653
Total equity		37,590	140,692	320,307	527,210
Liabilities					
Non-current liabilities					
Borrowings	28	638,400	436,800	–	–
Contract liabilities		34,256	45,323	12,083	11,308
Lease liabilities	29	57,373	114,570	57,748	12,323
Deferred income tax liabilities		1,790	1,191	5,028	4,739
		731,819	597,884	74,859	28,370
Current liabilities					
Trade and other payables	27	739,691	881,891	831,749	813,800
Borrowings	28	192,000	201,600	–	–
Contract liabilities		89,333	100,936	213,784	277,737
Lease liabilities	29	4,347	5,363	8,908	2,376
Current income tax liabilities		45,053	41,837	11,511	18,607
		1,070,424	1,231,627	1,065,952	1,112,520
Total liabilities		1,802,243	1,829,511	1,140,811	1,140,890
Total equity and liabilities		1,839,833	1,970,203	1,461,118	1,668,100

Consolidated statements of changes in equity

	Note	Attributable to owners of the Company					
	Note	Paid-in capital/Share capital	Reserves	(Accumulated losses)/ retained earnings	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note 24)	(Note 26)				
Balance at January 1, 2017		5,000	10,734	(9,292)	6,442	301	6,743
Comprehensive income							
Profit/(loss) for the year		–	–	38,384	38,384	(54)	38,330
Transactions with owners in their capacity as owners:							
Appropriation of statutory reserve	*26*	–	3,388	(3,388)	–	–	–
Deemed contribution from RiseSun Group	*26*	–	7,000	–	7,000	–	7,000
Balance at December 31, 2017		5,000	21,122	25,704	51,826	247	52,073
Balance at January 1, 2018		5,000	21,122	25,704	51,826	247	52,073
Comprehensive income							
Profit for the year		–	–	72,270	72,270	63	72,333
Transactions with owners in their capacity as owners:							
Capital contribution from shareholder of the Company	*24*	50,000	–	–	50,000	–	50,000
Appropriation of statutory reserve	*26*	–	6,619	(6,619)	–	–	–
Deemed contribution from RiseSun Group	*26*	–	1,000	–	1,000	–	1,000
Balance at December 31, 2018		55,000	28,741	91,355	175,096	310	175,406

	Note	Attributable to owners of the Company					
		Paid-in capital/Share capital	Reserves	(Accumulated losses)/ retained earnings	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note 24)	(Note 26)				
Balance at January 1, 2019		55,000	28,741	91,355	175,096	310	175,406
Comprehensive income							
Profit/(loss) for the year		–	–	113,232	113,232	(74)	113,158
Transactions with owners in their capacity as owners:							
Capital contribution from shareholder of the Company	*1.1*	5,310	93,650	–	98,960	–	98,960
Appropriation of statutory reserve	*26*	–	9,262	(9,262)	–	–	–
Dividends distribution to RiseSun Group		–	–	(6,433)	(6,433)	–	(6,433)
Deemed distribution pursuant to the business combination under common control	*1.2(a)*	–	(1,885)	–	(1,885)	–	(1,885)
Disposal of subsidiaries	*35*	–	–	–	–	(236)	(236)
Balance at December 31, 2019		60,310	129,768	188,892	378,970	–	378,970
Balance at January 1, 2020		60,310	129,768	188,892	378,970	–	378,970
Comprehensive income							
Profit for the period		–	–	104,816	104,816	–	104,816
Transactions with owners in their capacity as owners:							
Effect of the Company's conversion from a limited liability company into a joint stock company	*24*	197,957	(67,873)	(130,084)	–	–	–
Issue of shares	*24*	23,733	81,025	–	104,758	–	104,758
Share-based payment	*25*	–	22,358	–	22,358	–	22,358
Balance at June 30, 2020		282,000	165,278	163,624	610,902	–	610,902
(Unaudited)							
Balance at January 1, 2019		55,000	28,741	91,355	175,096	310	175,406
Comprehensive income							
Profit/(loss) for the period		–	–	52,985	52,985	(98)	52,887
Balance at June 30, 2019		55,000	28,741	144,340	228,081	212	228,293

Consolidated statements of cash flows

	Note	Year ended December 31,			Six months ended June 30,	
		2017	2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
Cash flows from operating activities						
Cash generated from operations	32	64,624	126,237	112,952	34,031	84,375
Income tax paid		(12,378)	(30,398)	(79,710)	(36,628)	(28,274)
Net cash generated from/(used in) operating activities		52,246	95,839	33,242	(2,597)	56,101
Cash flows from investing activities						
Purchase of property, plant and equipment	*15*	(3,167)	(3,911)	(9,195)	(4,895)	(2,675)
Purchase of investment properties		(18,320)	(15,005)	(5,904)	–	(10,843)
Purchase of intangible assets	*17*	(20)	–	(1,181)	(1,110)	(829)
Proceeds from disposal of property, plant and equipment		139	15	267	4	68
Proceeds from disposal of investment properties		6,455	6,507	19,097	3,462	17,966
Loans granted to related parties	*36(e)*	–	(144,000)	(429,300)	(243,000)	(50,000)
Repayment of loans by related parties	*36(e)*	175,000	234,000	695,500	60,000	518,800
Cash advances made to related parties		(184,943)	(412,930)	(426,864)	(332,877)	(237,248)
Repayments from related parties		104,662	274,265	568,822	300,919	385,153
Interest received from related parties	*36(e)*	53,305	48,142	39,443	24,729	20,407
Purchase of financial assets at FVOCI	*36(f)*	–	(6,467)	–	–	–
Proceeds from disposal of financial assets at FVOCI	*36(f)*	–	–	6,467	6,467	–
Purchase of financial assets at FVPL	*3.3*	(2,919,054)	(1,083,935)	(703,393)	(487,481)	(139,870)
Proceeds from redemption of financial assets at FVPL	*3.3*	2,930,104	1,119,445	733,833	484,321	135,070
Disposal of subsidiaries, net of cash	*35*	–	–	(2,911)	–	–
Interests from financial assets at FVPL	*3.3*	13,665	8,636	2,445	1,921	508
Net cash generated from/(used in) investing activities		157,826	24,762	487,126	(187,540)	636,507

	Note	Year ended December 31,			Six months ended June 30,	
		2017	2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
Cash flows from financing activities						
Capital contribution from shareholders of the Company	*24*	–	50,000	98,960	–	104,758
Deemed contribution from RiseSun Group	*26*	7,000	1,000	–	–	–
Deemed distribution pursuant to the business combination under common control	*1.2(a)*	–	–	(1,885)	–	–
Proceeds from borrowings	*32(a)*	–	–	90,000	90,000	–
Repayments of borrowings	*32(a)*	(185,000)	(200,000)	(665,000)	–	(90,000)
Cash advances from related parties	*32(a)*	275,779	370,708	304,766	211,833	201,774
Repayments of cash advances from related parties	*32(a)*	(119,603)	(320,878)	(423,465)	(218,571)	(416,912)
Listing expenses paid		–	–	(3,672)	–	(9,807)
Principal elements of lease payments	*32(a)*	(3,707)	(447)	(1,359)	(5,027)	(10,951)
Interest paid		(59,913)	(54,092)	(37,960)	(24,236)	(3,140)
Dividends paid to RiseSun Group		–	–	(668)	–	(1,500)
Increase in restricted cash		–	–	(100,000)	(100,000)	–
Decrease in restricted cash		–	–	–	–	100,000
Net cash used in financing activities		(85,444)	(153,709)	(740,283)	(46,001)	(125,778)
Net increase/(decrease) in cash and cash equivalents		124,628	(33,108)	(219,915)	(236,138)	566,830
Cash and cash equivalents at beginning of year/period		357,262	481,890	448,782	448,782	228,867
Cash and cash equivalents at end of year/period		481,890	448,782	228,867	212,644	795,697

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

Roiserv Lifestyle Services Co., Ltd. (the "Company", formerly known as "Langfang RiseSun Property Service Co., Ltd.") was incorporated in the People's Republic of China (the "PRC") on November 2, 2000 as a limited liability company under the Company Law of the PRC. The address of the Company's registered office is East Daxiang Line and North Heyuan Road (Within Xianghe Xiandai Water Industry Co., Ltd), Jiangxintun Town, Xianghe County, Langfang, Hebei Province, PRC.

The Company and its subsidiaries (together, the "Group") are principally engaged in the provision of property management and related value-added services (the "Listing Business") in the PRC.

Prior to the capital injection as described below and the completion of a reorganisation to establish the Company as the holding company of the Listing Business (the "Reorganisation"), the Company was a wholly owned subsidiary of RiseSun Real Estate Development Co. Ltd. ("RiseSun Development"), a company incorporated in the PRC and whose shares are listed on Shenzhen Stock Exchange Co., Ltd. RiseSun Development and its subsidiaries excluding the Group are referred to as RiseSun Group. The ultimate holding company is RiseSun Holding Co., Ltd. (the "Ultimate Controlling Company"), a limited liability investment holding company incorporated in the PRC. The ultimate controlling shareholder of the Group is Mr. Geng Jianming ("Mr. Geng" or the "Controlling Shareholder").

On July 24, 2019, Hebei Zhonghong Kaisheng Investment Co., Ltd. ("Hebei Zhonghong Kaisheng"), a company incorporated in the PRC and owned as to 39.2% by the close family members of Mr. Geng and 60.8% by certain key management and employees of RiseSun Group, injected capital amounting to RMB98,960,000 to the Company (the "Capital Injection"), with RMB5,310,000 and RMB93,650,000 being recorded as paid-in capital and capital reserve, respectively. Upon the completion of such Capital Injection, the Company was owned as to 91.2% by RiseSun Group and 8.8% by Hebei Zhonghong Kaisheng, respectively.

On April 23, 2020, the Company was converted from a limited liability company into a joint stock company with limited liability.

1.2 Reorganisation

In preparation for the listing of the Company's H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing"), the Group underwent the following reorganisation steps:

(a) The Company acquired the entire equity interests in Yongqing Jingtai Property Service Co., Ltd. ("Yongqing Jingtai") and Zhangjiakou RiseSun Jingxuan Property Service Co., Ltd. ("Zhangjiakou RiseSun Jingxuan") on September 28, 2019 and November 1, 2019, respectively, at aggregate considerations of approximately RMB1,885,000, from RiseSun Group.

(b) On September 29, 2019, the Group disposed of its entire equity interests in Langfang Shengkun Gardening Engineering Co., Ltd. ("Shengkun Gardening") to Langfang Shengkun Commercial Management Co., Ltd ("Langfang Shengkun"), a subsidiary under the RiseSun Group for nil consideration pursuant to a share transfer agreement.

(c) The Company acquired the entire equity interests in Tangshan Fengnan District Pujie Property Services Co., Ltd. ("Tangshan Pujie") and Jiangsu Pujie Property Co., Ltd. ("Jiangsu Pujie") on April 9, 2020 and April 13, 2020, respectively, at nil considerations, from RiseSun Group.

(d) On April 23, 2020, upon conversion to a joint stock company with limited liability, the Company issued 258,267,000 shares at par value of RMB1 each to the shareholders in accordance with their respective equity interest.

(e) On May 22, 2020, the Group adopted a share incentive scheme as part of the Reorganisation, under which Xianghe Shengyide Commercial Consulting Center (Limited Partner) ("Shengyide Commercial"), a limited partnership established by certain management and employees of the Group and RiseSun Group, injected capital amounting to RMB104,757,700 to the Company. Upon the completion of such capital injection, the Company was owned as to 83.52% by RiseSun Group, 8.06% by Hebei Zhonghong Kaisheng and 8.42% by Shengyide Commercial, respectively.

Upon the completion of the Reorganisation, the Company became the holding company of the companies now comprising the Group.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business are indirectly controlled by the Ultimate Controlling Company. The Listing Business is conducted through the Company and the other PRC companies of the Group (collectively the "Operating Companies") which are ultimately controlled by the Ultimate Holding Company. The Reorganisation is merely a reorganisation of the Listing Business with no change in management and the ultimate owner of the Listing Business remains the same. Accordingly, the Reorganisation has been accounted for as a business combination under common control.

The Historical Financial Information represents the consolidated results and financial position of the Group as if the current group structure had been in existence throughout the Track Record Period and as if the Listing Business was transferred to the Group at the beginning of the earliest period presented or when such businesses were established, whichever is the shorter period.

Intercompany transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in preparation of the Historical Financial Information are set out as below. These policies have been consistently applied to all the years and periods presented, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA. The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through profit or loss ("FVPL") and financial assets at fair value through other comprehensive income ("FVOCI").

The preparation of the Historical Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

All effective standards, amendments to standards and interpretations, which are mandatory for the financial years beginning from January 1, 2018, 2019 and 2020, are retrospectively applied to the Group for the Track Record Period.

(a) New standards and amendments to standards not yet adopted

Update to the date of issuance of this report, the HKICPA has issued the following new standards and amendments to existing standards which are not yet effective and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to HKFRS 16	COVID-19-related rent concessions	June 1, 2020
HKFRS 17	Insurance contract	January 1, 2021
Amendments to HKAS 16	Property, plant and equipment: proceeds before intended use	January 1, 2022
Amendments to HKAS 37	Onerous contracts – cost to fulfilling a contract	January 1, 2022
Amendments to HKFRS 3	Reference to the conceptual framework	January 1, 2022
Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	Annual improvements to HKFRS standards 2018 – 2020	January 1, 2022
Amendments to HKAS 1	Classification of liabilities as current or non-current	January 1, 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has commenced an assessment of the impact of these new standards and amendments to standards, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the Group's financial performance and position is expected when they become effective.

2.2 Principles of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and financial position respectively.

(b) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to retained earnings.

2.3 Business combinations

(a) Business combinations under common control

The Historical Financial Information incorporates the financial statement items of the entities of businesses in which the common control combination occurs as if they had been consolidated from the date when the entities of businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

A uniform set of accounting policies is adopted by those entities. All intra-group transitions, balances and unrealised gains on transactions between combining entities or business are eliminated on consolidation.

(b) Business combinations not under common control

The acquisition method of accounting is used to account for all business combinations not under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors who makes strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Historical Financial Information are presented in RMB, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised within "other gains/(losses) – net" in the consolidated statements of comprehensive income.

2.7 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over the shorter of their estimated useful lives or, in case of leasehold improvements, and right-of-use assets, the lease term, as follows:

– Vehicles	5 years
– Office equipment	5 years
– Machinery	5 years
– Right-of-use assets	Shorter of useful life and lease terms
– Leasehold improvements	Shorter of estimated useful lives or lease terms

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains/(losses) – net" in the consolidated statements of comprehensive income.

2.8 Investment properties

Investment properties represent car parks and retail units held to earn rentals and for capital appreciation.

Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are presented in profit or loss as part of "other gains/(losses) – net".

2.9 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interests in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Computer software

Acquired computer software stated at historical cost less amortisation. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software, and are amortised over their estimated useful lives of 10 years. The Group's computer software mainly includes the acquired software license for property management systems. Based on the current functionalities equipped by the software and the Group's daily operation needs, the Group considers useful lives of 10 years are the best estimation under the current financial reporting needs.

2.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) – net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other losses, net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) – net.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net in profit or loss within other losses, net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) – net in the consolidated statements of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position where the Group currently has is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.12 Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and financial assets at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3 details how the Group determines whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on loans and interest receivables due from related parties, other receivables from third parties and related parties are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. The costs of inventories are determined by the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

2.14 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 20 for further information about the Group's accounting for trade receivables and Note 3.1.2 for a description of the Group's impairment policies.

2.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions.

2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.19 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All borrowing costs are expensed in the period in which they are incurred.

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statements of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.21 Employee benefits

(a) Pension obligations

The Group only operates defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(b) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2.22 Share-based payments

Share-based compensation benefits are provided to employees via the employee share incentive scheme. Information relating to the schemes is set out in Note 25.

Share incentive scheme

Equity-settled share-based payment transactions are share-based payment arrangement in which the Group received goods or services as consideration for its own equity instrument. The Group might receive goods or services but have no obligation to settle the transaction with the supplier, as the settlement will be made by a shareholder or another group entity, this transaction are also equity-settled share-based payment transaction.

For an equity-settled share-based payment transaction, the fair value of equity instrument granted is recognized as an employee benefits expense with a corresponding increase in equity.

The total amount to be expensed is determined by reference to the fair value of the equity instrument granted:

- including any market performance conditions (e.g. the entity's share price),
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

Non-marketing performance and services conditions are included in the calculation of the number of the equity instrument expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2.23 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.24 Revenue recognition

Revenues are recognised when or as the control of the goods or services is transferred to the customer. Depending the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at point in time.

The Group provides property management services and related value-added services. Revenue from providing services is recognised in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group's performance when the Group performs.

(a) Property management services

For property management services, the Group bills a fixed amount for services provided on an annual, quarterly or 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.

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is responsible for providing the property management services to the property owners, the Group entitles to revenue at the value of property management services fee received or receivable and recognises all related property management costs as its cost of service.

(b) Value-added services to non-property owners

Value-added services to non-property owners mainly includes engineering services, preliminary planning and design consultancy service, cleaning, security, greening and repair and maintenance service to property developers at pre-delivery stages and property brokerage services. The Group agrees the price for each service with the customers.

(c) Community value-added services

For community value-added services mainly relating to services to property owners, includes resident services, residential property brokerage and others, revenue is recognised when the related community value-added services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customer.

Revenue from sales of goods (included in community value-added service) is recognised when the Group has delivered the goods to the purchaser and the collectability of related consideration is reasonably assured.

For value-added services to non-property owners and property owner other than property brokerage services, the Group recognises revenue over the period of the contract by reference to the progress towards complete satisfaction of the performance obligations. The progress towards complete satisfaction of the performance obligation, in an amount that reflects the consideration expected to be entitled and, depending on the nature of the contract, is measured mainly by reference to (a) the proportion of contract costs incurred for work performed to date to estimated total contract costs for each contract; or (b) completion of physical proportion of the contract work.

For property brokerage service, the Group act as a sales agent charge a commission calculated based on the contract purchase price. Revenue from brokerage services is recognised at a point in time when the matching service is rendered.

If contracts involve the sale of multiple services, the transaction price allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

(d) Presentation of assets and liabilities related to contracts with customers

When either party to a contract has performed, the Group presents the contract in the consolidated statements of financial positions as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Incremental costs incurred to obtain a contact, if recoverable, are capitalized and presented as assets and subsequently amortised when the related revenue is recognised. The Group applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense immediately if the amortisation period is less than 12 months.

2.25 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.26 Leases

(a) The Group is the lessee

The Group leases various properties, including car parks and retail unites. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security of borrowing purpose.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset (i) included in "Property, Plant and Equipment" (Note 15) is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis; (ii) included in "Investment Properties" (Note 16), which were recognised when the lease agreements were exercised, is subsequently measured in accordance with the fair value model in HKAS 40.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees,

- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(b) The Group is the lessor

A lessor shall classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. For a finance lease, the lessor recognises a receivable at an amount equal to the net investment in the lease which is the present value of the aggregate of lease payments receivable by the lessor and any unguaranteed residual value. If a contract is classified as an operating lease, the lessor continues to present the underlying assets.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the terms of the relevant lease. Initial direct costs with more than a significant amount are capitalized when incurred and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred.

The lease receivable under lease arrangements are recognised as "other receivable" in the consolidated statements of financial position.

(c) The Group as a sublease lessor

Sub-lease is a transaction for which an underlying asset is re-leased by a lessee ("sublease lessor") to a third party, and the lease ("head lease") between the head lessor and lessee remains in effect. In classifying a sublease, a sublease lessor shall classify the sublease as a finance lease or an operating lease as follows:

If the head lease is a short-term lease that the entity, as a lessee, has accounted for the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis, the sublease shall be classified as an operating lease.

Otherwise, the sublease shall be classified by referenced to the right-of-use asset arising from the head lease as finance lease or operating lease.

2.27 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.28 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares,
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.29 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

3.1.1 Market risk

(i) Foreign exchange risk

The Group's businesses are principally conducted in RMB. As at December 31, 2017, 2018, 2019 and June 30, 2020, major non-RMB liabilities were other payables which were denominated in Hong Kong dollar ("HK$") or US dollar ("US$"). Fluctuation of the exchange rate of RMB against HK$ or US$ could affect the Group's results of operations.

The Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk. The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the respective balance sheet dates are as follows:

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
– HK$	–	–	2,219	2,053
– US$	–	–	3,713	6,847
	–	–	5,932	8,900

As at December 31, 2017, 2018, 2019 and June 30, 2020, if RMB had strengthened/weakened by 5%, against US$ and HK$ with all other variable held constant, post-tax profit for the period would have been nil, nil, RMB222,000 and RMB334,000 higher/lower, respectively.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risks arise from borrowings. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

As at December 31, 2017, 2018, 2019 and June 30, 2020, borrowings of the Group were at fixed interest rate (Note 28).

(iii) Price risk

The Group is exposed to price risk in respect of financial assets at FVPL and financial assets at FVOCI held by the Group. To manage its price risk arising from the investments, all investments must be assessed cautiously and approved by the senior management before they may be entered into.

As at December 31, 2017, 2018, 2019 and June 30, 2020, if the price of debt securities the Group invested in had been 5% higher/lower, the profit or loss for the relevant year would increase/decrease by approximately RMB2,498,000, RMB1,156,000, nil and RMB180,000, respectively, as a result of the change of fair value on financial assets at FVPL (Note 21).

As at December 31, 2017, 2018, 2019 and June 30, 2020, if the price of equity securities the Group invested in had been 5% higher/lower, other comprehensive income for the relevant year would increase/decrease by approximately nil, RMB243,000, nil and nil, respectively, as a result of the change of fair value on financial assets at FVOCI (Note 21).

3.1.2 Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables, contract assets, cash deposits at banks and financial assets at FVPL. The carrying amounts of trade and other receivables, cash and cash equivalents, financial assets at FVPL and financial assets at FVOCI represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) Cash deposits at banks

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at banks with high credit rating. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(ii) Financial assets at FVPL

The Group expects that there is no significant credit risk associated with financial assets at FVPL since the Group furnishes investment mandates to commercial banks and the entities controlled by the parent company RiseSun Development. And these mandates require them to invest in wealth management products with high market credit rating, liquidity and stable return. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(iii) Trade and note receivables and contract assets

The Group assessed that the expected credit loss rate for trade and note receivables and contract assets from related parties were low considering the good financial position and credit history of the related parties. The directors believe that there is no material credit risk inherent in trade and note receivables and contract assets from related parties.

Apart from trade receivables and contract assets due from related parties, the Group has large number of customers and there was no concentration of credit risk.

The Group applies the simplified approach to providing for expected credit losses ("ECL") prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables and contract assets due from third parties. To measure the ECL, trade receivables and contract assets due from third parties have been grouped based on shared credit risk characteristics and the days past due. The ECL also incorporate forward-looking information.

(iv) Other receivables

Other receivables due from related parties

The Group expects that the credit risk associated with other receivables due from related parties (including the loans due from related parties) to be low, since these entities have a strong capacity to meet their contractual cash flow obligations in the near term. The Group has assessed that the ECL rate for the amounts due from these entities are immaterial under 12 months ECL method and considered them to have low credit risk, and thus the loss allowance is immaterial.

Other receivables due from third parties

For other receivables due from third parties, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- external credit rating,
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations,
- actual or expected significant changes in the operating results of individual property owner or the borrower,
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data. Management has already taken into account the impact of the outbreak of the novel coronavirus disease 2019 ("COVID-19") on the expected credit loss provisions and considered that there were no material adverse effects.

Since the actual loss rates for trade receivables and other receivables and adjustments for forward-looking macroeconomic data did not have significant change during the Track Record Period, the directors of the Company consider that the change in the expected loss rate for the provision matrix is insignificant throughout the Track Record Period.

As at December 31, 2017, 2018, 2019 and June 30, 2020, the loss allowance provision for the trade receivables due from third parties was determined as follows. The expected credit losses below also incorporated forward looking information.

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 5 years	Over 5 years	Total
Trade receivables (excluding trade receivables from related parties)						
At December 31, 2017						
Expected loss rate	5%	10%	30%	50%	100%	
Gross carrying amount (RMB'000)	63,454	26,925	20,335	5,972	744	117,430
Loss allowance provision (RMB'000)	3,173	2,693	6,101	2,986	744	15,697
At December 31, 2018						
Expected loss rate	5%	10%	30%	50%	100%	
Gross carrying amount (RMB'000)	71,262	17,160	15,090	18,297	44	121,853
Loss allowance provision (RMB'000)	3,563	1,716	4,527	9,149	44	18,999
At December 31, 2019						
Expected loss rate	5%	10%	30%	50%	100%	
Gross carrying amount (RMB'000)	126,824	11,410	1,122	240	793	140,389
Loss allowance provision (RMB'000)	6,341	1,141	337	120	793	8,732
At June 30, 2020						
Expected loss rate	5%	10%	30%	50%	100%	
Gross carrying amount (RMB'000)	244,664	20,753	1,920	330	429	268,096
Loss allowance provision (RMB'000)	12,233	2,075	576	165	429	15,478

As at December 31, 2017, 2018, 2019 and June 30, 2020, the loss allowance provision for trade receivables (excluding prepayments) reconciles to the opening loss allowance for that provision as follows:

	Trade receivables (excluding trade receivables from related parties)	Other receivables (excluding other receivables from related parties and prepayments)	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2017	12,656	2,399	15,055
Provision for loss allowance recognised in profit or loss	8,119	1,871	9,990
Unused amounts reversed	(5,078)	(398)	(5,476)
At December 31, 2017	15,697	3,872	19,569
At January 1, 2018	15,697	3,872	19,569
Provision for loss allowance recognised in profit or loss	10,376	2,054	12,430
Unused amounts reversed	(7,074)	(1,485)	(8,559)
At December 31, 2018	18,999	4,441	23,440
At January 1, 2019	18,999	4,441	23,440
Provision for loss allowance recognised in profit or loss	7,536	1,880	9,416
Unused amounts reversed	(17,800)	(1,583)	(19,383)
Disposal of a subsidiary	(3)	(225)	(228)
At December 31, 2019	8,732	4,513	13,245
At January 1, 2020	8,732	4,513	13,245
Provision for loss allowance recognised in profit or loss	13,820	623	14,443
Unused amounts reversed	(7,074)	(637)	(7,711)
As at June 30, 2020	15,478	4,499	19,977

As at December 31, 2017, 2018, 2019 and June 30, 2020, the gross carrying amount of trade and other receivables (excluding prepayments) was RMB469,490,000, RMB677,456,000, RMB794,459,000 and RMB771,868,000, respectively, and thus the maximum exposure to loss was RMB449,921,000, RMB654,016,000, RMB781,214,000 and RMB751,891,000, respectively.

3.1.3 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

COVID-19 has reduced the short-term demands for community value-added services, resulted in the delay of the provision of certain engineering services temporarily, and increased the Group's expenditure on epidemic prevention and controls. At the same time, it has reduced the Group's operating expenditures. Taking into account the impact of COVID-19 on the the Group's financial performance, the directors of the Company believe that the Group has sufficient capital to meet its liquidity needs.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2017					
Borrowings	244,307	244,088	489,142	–	977,537
Trade and other payables (excluding accrued payroll, other taxes payables and advance rent receipt)	796,635	–	–	–	796,635
Lease liabilities	9,129	9,273	40,572	26,030	85,004
	1,050,071	253,361	529,714	26,030	1,859,176

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2018					
Borrowings	244,088	248,064	241,078	–	733,230
Trade and other payables (excluding accrued payroll, other taxes payables and advance rent receipt)	949,659	–	–	–	949,659
Lease liabilities	13,018	22,847	65,599	89,608	191,072
	1,206,765	270,911	306,677	89,608	1,873,961

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2019					
Borrowings	90,901	–	–	–	90,901
Trade and other payables (excluding accrued payroll, other taxes payables and advance rent receipt)	887,800	–	–	–	887,800
Lease liabilities	14,412	15,104	33,593	26,997	90,106
	993,113	15,104	33,593	26,997	1,068,807

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at June 30, 2020					
Trade and other payables (excluding accrued payroll, other taxes payables and advance rent receipt)	667,182	–	–	–	667,182
Lease liabilities	3,672	2,386	6,591	8,332	20,981
	670,854	2,386	6,591	8,332	688,163

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the asset-liability ratio. This ratio is calculated as total liabilities divided by total assets.

As at December 31, 2017, 2018, 2019 and June 30, 2020, asset-liability ratio of the Group is as follows:

	As at December 31,			As at June 30,
	2017	2018	2019	2020
Asset-liability ratio	97.5%	92.1%	79.2%	65.8%

The decrease in asset-liability ratio during the Track Record Period primarily resulted from the increase in share capital and the early repayment of long-term borrowings (Note 28).

3.3 Fair value estimation

(a) Financial assets and liabilities

The Group's financial instruments recognised in the consolidated statements of financial position are mainly trade and other receivables, financial assets at FVPL and financial assets at FVOCI and financial liabilities carried at amortised cost. The carrying value less impairment provision of trade and other receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses estimated discounted cash flows to make assumptions.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group's financial assets at fair values included wealth management products, fund products and equity securities, fair value of which are estimated based on unobservable inputs (level 3).

(i) The following table presents the changes in level 3 instruments for the year ended December 31, 2017.

	Financial assets at FVPL		
	Wealth management products	Fund products	Total
	RMB'000	RMB'000	RMB'000
Opening balance	33,000	47,037	80,037
Additions	2,899,054	20,000	2,919,054
Redemptions	(2,930,104)	–	(2,930,104)
Gains for the year recognised in profit or loss	4,849	6,452	11,301
Interests received	(4,849)	(8,816)	(13,665)
Closing balance	1,950	64,673	66,623
Includes unrealised gains recognised in profit or loss attributable to balances held at the end of the reporting year	–	673	673

Quantitative information about fair value measurements using significant unobservable inputs (Level 3) is as follow:

	Fair value at December 31, 2017	Valuation technique(s)	Unobservable input	Range (weighted average)	Relationship of unobservable inputs to fair value
	RMB'000				
Financial assets at FVPL					
– Wealth management products	1,950	Discounted cash flow	Expected interest rate per annum	2.9%	A change in expected interest rate per annum by 100 basic point results in a change in fair value by RMB1,000
– Fund products	64,673	Discounted cash flow	Expected interest rate per annum	8.0%-11.6%	A change in expected interest rate per annum by 100 basic point results in a change in fair value by RMB67,000

(ii) The following table presents the changes in level 3 instruments for the year ended December 31, 2018.

	Financial assets at FVPL		
	Wealth management products	Fund products	Total
	RMB'000	RMB'000	RMB'000
Opening balance	1,950	64,673	66,623
Additions	1,082,935	1,000	1,083,935
Redemptions	(1,075,445)	(44,000)	(1,119,445)
Gains for the year recognised in profit or loss	4,590	3,756	8,346
Interests received	(4,590)	(4,046)	(8,636)
Closing balance	9,440	21,383	30,823
Includes unrealised gains recognised in profit or loss attributable to balances held at the end of the reporting year	–	383	383

Quantitative information about fair value measurements using significant unobservable inputs (Level 3) is as follow:

	Fair value at December 31, 2018	Valuation technique(s)	Unobservable input	Range (weighted average)	Relationship of unobservable inputs to fair value
	RMB'000				
Financial assets at FVPL					
– Wealth management products	9,440	Discounted cash flow	Expected interest rate per annum	2.9%-4.0%	A change in expected interest rate per annum by 100 basic point results in a change in fair value by RMB3,000
– Fund products	21,383	Discounted cash flow	Expected interest rate per annum	8.0%	A change in expected interest rate per annum by 100 basic point results in a change in fair value by RMB17,000

	Financial assets at FVOCI
	Equity securities
	RMB'000
Opening balance	–
Addition	6,467
Closing balance	6,467
Includes unrealised gains recognised in other comprehensive income attributable to balances held at the end of the reporting year	–

(iii) The following table presents the changes in level 3 instruments for the year ended December 31, 2019.

	Financial assets at FVPL		
	Wealth management products	Fund products	Total
	RMB'000	RMB'000	RMB'000
Opening balance	9,440	21,383	30,823
Additions	703,393	–	703,393
Redemptions	(712,833)	(21,000)	(733,833)
Gains for the year recognised in profit or loss	1,660	402	2,062
Interests received	(1,660)	(785)	(2,445)
Closing balance	–	–	–
Includes unrealised gains recognised in profit or loss attributable to balances held at the end of the reporting year	–	–	–

	Financial assets at FVOCI
	Equity securities
	RMB'000
Opening balance	6,467
Disposal	(6,467)
Closing balance	–
Includes unrealised gains recognised in other comprehensive income attributable to balances held at the end of the reporting year	–

(iv) The following table presents the changes in level 3 instruments for the six months ended June 30, 2020.

	Financial assets at FVPL
	Wealth management products
	RMB'000
Opening balance	–
Additions	139,870
Redemptions	(135,070)
Gains for the period recognised in profit or loss	508
Interests received	(508)
Closing balance	4,800
Includes unrealised gains recognised in profit or loss attributable to balances held at the end of the reporting period	–

Quantitative information about fair value measurements using significant unobservable inputs (Level 3) is as follow:

	Fair value at June 30, 2020	Valuation technique(s)	Unobservable input	Range (weighted average)	Relationship of unobservable inputs to fair value
	RMB'000				
Financial assets at FVPL					
– Wealth management products	4,800	Discounted cash flow	Expected interest rate per annum	2.66%-3.55%	A change in expected interest rate per annum by 100 basic point results in a change in fair value by RMB2,000

(b) ***Non-financial assets and liabilities***

The Group's non-financial assets and liabilities measured at fair value are mainly investment properties (level 3).

The following table presents the changes in level 3 items.

	Investment Properties			
	Retail units held for rentals	Car parks and retail units held for capital appreciation	Car parks held for rentals	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2017	54,582	47,876	–	102,458
Additions	10,406	18,320	–	28,726
Disposals	–	(4,812)	–	(4,812)
Amounts recognised in other (losses)/gains	(18,799)	10,131	–	(8,668)
As at December 31, 2017	46,189	71,515	–	117,704
Additions	–	15,005	65,214	80,219
Disposals	–	(6,502)	–	(6,502)
Amounts recognised in other gains/(losses)	19,030	(637)	8,795	27,188
As at December 31, 2018	65,219	79,381	74,009	218,609
Additions	–	8,876	-	8,876
Disposals	(65,219)	(18,050)	(74,009)	(157,278)
Amounts recognised in other gains	–	5,309	–	5,309
As at December 31, 2019	–	75,516	–	75,516
Additions	–	10,843	–	10,843
Disposals	–	(15,140)	–	(15,140)
Amounts recognised in other gains	–	3,564	–	3,564
As at June 30, 2020	–	74,783	–	74,783

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Allowance on doubtful receivables

The Group makes allowances on receivables based on assumptions about risk of default and expected loss rates. The Group used judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and doubtful debt expenses in the periods in which such estimate has been changed. For details of the key assumptions and inputs used, see Note 3.1.2 above.

(b) Current and deferred income tax

The Group is subject to corporate income taxes in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The outcome of their actual utilisation may be different.

(c) Share-based payment

As mentioned in Note 25, the Group has granted equity instruments to its employees. The directors have used option pricing model and discounted cash flow method to determine the total fair value of the equity instruments granted to employees, which is to be expensed over the vesting period. Significant estimate on assumptions, such as the projections of future performance, discount rate, risk-free interest rate, expected volatility and dividend yield, is required to be made by the directors in applying the option pricing model and discounted cash flow method.

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

During the Track Record Period, the Group is principally engaged in the provision of property management services, community value-added services and value-added services to non-property owners in the PRC. Management views the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

The major operating entity of the Group is domiciled in the PRC. Accordingly, the Group's revenue were derived in the PRC during the Track Record Period.

As at December 31, 2017, 2018, 2019 and June 30, 2020, all of the non-current assets were located in the PRC.

6 REVENUE

Revenue mainly comprises proceeds from property management services and related value-added services. An analysis of the Group's revenue by category for the years ended December 31, 2017, 2018, 2019 and the six months ended June 30, 2020 are as follows:

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Property management services	458,502	552,739	703,218	329,077	444,202
Community value-added services	74,837	81,596	147,052	61,069	70,110
– Sales of goods	10,233	14,009	48,570	9,647	20,819
– Other valued-added services	64,604	67,587	98,482	51,422	49,291
Value-added services to non-property owners	198,633	267,555	431,769	166,498	250,598
	731,972	901,890	1,282,039	556,644	764,910
Type of services					
Revenue from contract with customers:	731,443	898,933	1,279,184	554,768	764,859
– at a point in time	32,984	39,244	69,162	21,700	26,158
– over time	698,459	859,689	1,210,022	533,068	738,701
Revenue from other sources	529	2,957	2,855	1,876	51
	731,972	901,890	1,282,039	556,644	764,910

For the years ended December 31, 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, revenue from RiseSun Group contributed 30.0%, 30.6%, 38.1%, 31.1% and 39.0% of the Group's revenue, respectively. Other than the RiseSun Group, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the Track Record Period.

(a) Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets				
– Related parties *(Note 36(d))*	50,573	55,199	44,262	34,632
– Third parties	9,277	9,411	6,542	3,410
Loss allowance	–	–	–	–
	59,850	64,610	50,804	38,042
Contract liabilities-current				
– Related parties *(Note 36(d))*	21,486	17,507	42,907	50,397
– Third parties	87,812	106,640	194,973	264,697
	109,298	124,147	237,880	315,094
Contract liabilities-non-current				
– Third parties	53,880	45,486	20,723	21,398

(i) Changes in contract assets and liabilities

Contract assets of the Group represent unbilled revenue of engineering services provided to customers (included in value-added services to non-property owners), which result from engineering services when the cost-to-cost method of revenue recognised exceeds the amount billed to the customers.

Contract liabilities of the Group mainly arise from the advance payment made by customers while the underlying services are yet to be provided. The increase in contract liabilities was mainly due to the increase of the Group's revenue-bearing gross floor area as results of business expansion and the customer's payment behavior.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended December 31,			Six months ended June 30,	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
				(Unaudited)	
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year/period					
– Property management services	98,081	100,573	107,380	74,690	85,987
– Value-added services	8,113	8,725	16,767	13,551	26,022
	106,194	109,298	124,147	88,241	112,009

(iii) Unsatisfied performance obligations

For property management services, the Group recognises revenue in the amount that equal to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts. The majority of the property management service contracts and other contracts do not have a fixed term.

For community value-added services and the value-added services to non-property owners, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

(iv) Assets recognised from incremental costs to obtain a contract

During the Track Record Period, there was no significant incremental costs to obtain a contract.

7 OTHER INCOME

	Year ended December 31,			Six months ended June 30,	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
				(Unaudited)	
Interest income from loans due from related parties *(Note 36(b))*	–	3,721	30,487	9,388	22,558
Interest income on finance lease *(Note 36(b))*	–	–	8,617	3,186	2,593
Government grants *(Note a)*	238	459	397	164	1,359
	238	4,180	39,501	12,738	26,510

(a) There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any forms of government assistance.

8 OTHER GAINS/(LOSSES) – NET

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Net fair value gain on financial assets at FVPL *(Note 3.3)*	11,301	8,346	2,062	1,538	508
Fair value (losses)/gains on investment properties *(Note 16)*	(8,668)	27,188	5,309	1,051	3,564
Net gains/(losses) from early termination of lease agreements and derecognition of right-of-use assets *(Note 16)*	1,643	5	(2,587)	272	(9,580)
Net (losses)/gains on disposal of equipment	(34)	(22)	6	–	6
Gains on disposal of subsidiaries	–	–	58	–	–
Others	(121)	(3,077)	(3,610)	(110)	(90)
	4,121	32,440	1,238	2,751	(5,592)

9 FINANCE COSTS – NET

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Finance income					
Interest income from loans due from related parties *(Note 36(b), Note(a))*	52,377	44,307	17,750	15,859	–
Interest income from bank deposits	1,127	1,215	3,615	1,449	1,864
	53,504	45,522	21,365	17,308	1,864
Finance costs					
Interest expenses on borrowings	(53,564)	(44,307)	(22,813)	(18,497)	(902)
Interest expenses on lease liabilities	(5,421)	(8,757)	(11,699)	(5,848)	(2,118)
	(58,985)	(53,064)	(34,512)	(24,345)	(3,020)
Finance costs – net	(5,481)	(7,542)	(13,147)	(7,037)	(1,156)

(a) As disclosed in Note 28, the Group obtained a loan amounting to RMB1,050,000,000 from a third party asset management company and then provided a loan amounting to RMB1,000,000,000 to RiseSun Group. The interest income from such loans due from related parties are included in finance income.

10 EXPENSES BY NATURE

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Employee benefit expenses *(Note 11)*	416,730	525,314	583,023	301,384	284,176
Maintenance costs *(Note (a))*	53,243	73,891	157,996	50,352	108,929
Engineering costs	96,773	115,888	181,578	61,718	90,083
Greening and cleaning expenses	28,194	27,360	84,046	27,342	65,780
Costs of good sold *(Note (b))*	8,473	13,059	46,065	8,644	29,200
Utilities	20,924	17,931	22,023	11,021	17,152
Cost of consumables	5,751	7,555	18,730	4,038	1,891
Taxes and other levies	8,371	8,874	13,050	5,387	5,571
Travelling and entertainment expenses	10,885	13,439	16,958	5,211	5,117
Office expenses	6,926	8,744	12,554	4,050	4,392
Professional service fees	395	510	6,124	2,533	3,663
Depreciation and amortisation charges	1,685	2,065	2,927	1,384	1,922
Bank charge	2,003	2,555	2,229	1,095	1,621
Listing expense	–	–	1,373	284	1,131
Auditors' remuneration	–	–	39	–	–
– Audit services	–	–	39	–	–
– Non-audit services	–	–	–	–	–
Others	11,066	9,650	18,316	8,079	11,123
	671,419	826,835	1,167,031	492,522	631,751

(a) Maintenance costs mainly includes security costs, elevator operation costs and property maintenance costs, etc.

(b) The cost of goods sold represents the cost of the commodities from convenient shops under the Group's management and others.

11 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Wages, salaries and bonuses	342,039	427,679	467,859	244,954	221,114
Social insurance expenses *(Note (a))*	37,270	57,769	70,300	34,784	22,920
Housing benefits	3,236	5,541	10,749	4,224	7,797
Share-based payment *(Note 25)*	–	–	–	–	22,358
Other employee benefits *(Note (b))*	34,185	34,325	34,115	17,422	9,987
	416,730	525,314	583,023	301,384	284,176

(a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

(b) Other employee benefits mainly include meal, travelling and transportation allowances.

(c) Five highest paid individuals.

The five individuals whose emoluments were the highest in the Group included 0, 1, 1, 1 and 3 director for the years ended December 31, 2017, 2018 and 2019 and for the six months ended June 30, 2019 and 2020, respectively, whose emoluments are reflected in the analysis shown in Note 37. The emoluments payable to the remaining 5, 4, 4, 4 and 2 individuals during the Track Record Period are as follows:

	Year ended December 31,			**Six months ended June 30,**	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
				(Unaudited)	
Wages, salaries and bonuses	3,084	3,371	4,768	2,412	1,200
Pension costs, housing funds, medical insurance and other social insurances	297	291	325	158	41
Share-based payment	–	–	–	–	2,487
	3,381	3,662	5,093	2,570	3,728

The emoluments fell within the following bands:

	Number of individuals				
	Year ended December 31,			**Six months ended June 30,**	
	2017	**2018**	**2019**	**2019**	**2020**
				(Unaudited)	
Emolument bands (in Hong Kong dollars ("HK$")					
Nil – HK$1,000,000	4	3	1	3	–
HK$1,000,001 – HK$2,000,000	1	1	2	1	–
HK$2,000,001 – HK$3,000,000	–	–	1	–	2
	5	4	4	4	2

12 SUBSIDIARIES

The following is a list of the principal subsidiaries as at December 31, 2017, 2018 and 2019 and June 30, 2020 and as at the date of this report:

Company name	Place and date of incorporation/ establishment	Registered capital	Attributable equity interest of the Group as at December 31, 2017	Attributable equity interest of the Group as at December 31, 2018	Attributable equity interest of the Group as at December 31, 2019	Attributable equity interest of the Group as June 30, 2020	Attributable equity interest of the Group as at date of this report	Principal activities and place of operation	*Note*
Directly owned:									
Nanjing Liuhe RiseSun Property Service Co., Ltd.* 南京六合榮盛物業服務有限公司	The PRC, May 22, 2006	RMB3,000,000	100%	100%	100%	100%	100%	Property management services in Nanjing	*(i)*
Liaocheng RiseSun Property Service Co., Ltd.* 聊城榮盛物業服務有限公司	The PRC, September 17, 2013	RMB5,000,000	100%	100%	100%	100%	100%	Property management services in Liaocheng	*(i)*
Shijiazhuang Shengjing Fitness Service Co., Ltd.* 石家莊盛景健身服務有限公司	The PRC, June 23, 2014	RMB100,000	100%	100%	100%	100%	100%	Fitness services in Shijiazhuang	*(i)*
Hohhot RiseSun Property Service Co., Ltd.* 呼和浩特市榮盛物業服務有限公司	The PRC, August 1, 2012	RMB5,000,000	100%	100%	100%	100%	100%	Property management services in Hohhot	*(i)*
Langfang Rongxin Real Estate Brokerage Co., Ltd.* 廊坊市榮信房地產經紀有限公司	The PRC, November 16, 2013	RMB50,000,000	100%	100%	100%	100%	100%	Real estate brokerage services in Langfang	*(i)*
Langfang Rongzhen Trading Co., Ltd.* 廊坊榮臻貿易有限公司	The PRC, November 14, 2018	RMB13,000,000	N/A	100%	100%	100%	100%	Merchandise sales in Langfang	*(i)*
Sichuan RiseSun Shengxin Property Service Co., Ltd.* 四川榮盛盛欣物業管理有限公司	The PRC, January 11, 2019	RMB3,000,000	N/A	N/A	100%	100%	100%	Property management services in Chengdu	*(i)*

Company name	Place and date of incorporation/ establishment	Registered capital	Attributable equity interest of the Group as at December 31, 2017	Attributable equity interest of the Group as at December 31, 2018	Attributable equity interest of the Group as at December 31, 2019	Attributable equity interest of the Group as June 30, 2020	Attributable equity interest of the Group as at date of this report	Principal activities and place of operation	*Note*
Shanxi RiseSun Property Service Co., Ltd.* 山西榮盛物業服務有限公司	The PRC, April 11, 2019	RMB5,000,000	N/A	N/A	100%	100%	100%	Property management services in Taiyuan	*(i)*
Henan Rongding Property Service Co., Ltd.* 河南榮定物業服務有限公司	The PRC, April 18, 2019	RMB2,000,000	N/A	N/A	100%	100%	100%	Property management services in Xinyang	*(i)*
Guangdong Rongfa Property Service Co., Ltd.* 廣東榮發物業服務有限公司	The PRC, April 24, 2019	RMB10,000,000	N/A	N/A	100%	100%	100%	Property management services in Zhanjiang	*(i)*
Chuzhou RiseSun Property Service Co., Ltd.* 滁州榮盛物業服務有限公司	The PRC, June 10, 2019	RMB5,000,000	N/A	N/A	100%	100%	100%	Property management services in Chuzhou	*(i)*
Cangzhou Rongguang Construction Engineering Co., Ltd.* 滄州市榮光建築工程有限公司	The PRC, April 29, 2019	RMB1,000,000	N/A	N/A	100%	100%	100%	Engineering services in Cangzhou	*(i)*
Yongqing Jingtai Property Service Co., Ltd.* 永清京台物業服務有限公司 *(Note 1.2(a))*	The PRC, March 28, 2012	RMB1,000,000	100%	100%	100%	100%	100%	Property management services in Langfang	*(i)*
Zhangjiakou RiseSun Jingxuan Property Service Co., Ltd.* 張家口榮盛京宣物業服務有限公司 *(Note 1.2(a))*	The PRC, April 2, 2018	RMB1,000,000	N/A	100%	100%	100%	100%	Property management services in Zhangjiakou	*(i)*

Company name	Place and date of incorporation/ establishment	Registered capital	Attributable equity interest of the Group as at December 31, 2017	Attributable equity interest of the Group as at December 31, 2018	Attributable equity interest of the Group as at December 31, 2019	Attributable equity interest of the Group as June 30, 2020	Attributable equity interest of the Group as at date of this report	Principal activities and place of operation	*Note*
Shijiazhuang Rongci Real Estate Brokerage Co., Ltd.* 石家莊榮賜房地產經紀有限公司	The PRC, December 4, 2019	RMB1,000,000	N/A	N/A	100%	100%	100%	Real estate brokerage services in Shijiazhuang	*(i)*
Hubei Rongming Property Service Co., Ltd.* 湖北榮銘物業服務有限公司	The PRC, September 12, 2019	RMB2,000,000	N/A	N/A	100%	100%	N/A	Property management services in Wuhan	*(i)*
Langfang Shengkun Landscape Architecture Construction Co., Ltd.* 廊坊市盛坤園林工程有限公司 *(Note 1.2(b), Note 35)*	The PRC, March 27, 2014	RMB2,000,000	100%	100%	0%	0%	0%	Landscape architecture engineering services in Langfang	*(i)*
Tangshan Fengnan District Pujie Property Services Co., Ltd.* 唐山市豐南區普捷物業服務有限公司 *(Note 1.2(c))*	The PRC, July 3, 2012	RMB500,000	100%	100%	100%	100%	100%	Property management services in Tangshan	*(i)*
Roiserv (Beijing) Technology Services Limited 榮萬家(北京)科技服務有限公司	The PRC, April 13, 2020	RMB1,000,000	N/A	N/A	N/A	100%	100%	Technology service in Beijing	*(i)*
Changzhou Rongyijia Property Agent Co., Ltd 常州市榮宜嘉房地產代理服務有限公司	The PRC, May 29, 2020	RMB2,000,000	N/A	N/A	N/A	100%	100%	Real estate brokerage services in Shijiazhuang	*(i)*
Indirectly owned:									
Nanjing Handu Technology Industrial Co., Ltd. (Nanjing Handu)* 南京翰都科技實業有限公司	The PRC, February 28, 2017	RMB5,000,000	100%	100%	100%	100%	100%	Elevator maintenance services in Nanjing	*(i)*

Company name	Place and date of incorporation/ establishment	Registered capital	Attributable equity interest of the Group as at December 31, 2017	Attributable equity interest of the Group as at December 31, 2018	Attributable equity interest of the Group as at December 31, 2019	Attributable equity interest of the Group as June 30, 2020	Attributable equity interest of the Group as at date of this report	Principal activities and place of operation	*Note*
Linqing Pujie Property Service Co., Ltd.* 臨清普捷物業服務有限公司	The PRC, September 9, 2014	RMB500,000	100%	100%	100%	100%	100%	Property management services in Linqing	*(i)*
Zhanjiang Rongjin Trading Co., Ltd.* 湛江市榮錦商貿有限公司	The PRC, May 19, 2017	RMB500,000	100%	100%	100%	100%	100%	Merchandise sales in Zhanjiang	*(i) (ii)*
Shenyang Rongkun Trading Co., Ltd.* 瀋陽榮坤商貿有限公司	The PRC, May 15, 2017	RMB500,000	100%	100%	100%	100%	100%	Merchandise sales in Shenyang	*(i) (ii)*
Chengdu Rongchao Trading Co., Ltd.* 成都市榮超商貿有限公司	The PRC, November 16, 2016	RMB500,000	100%	100%	100%	100%	100%	Merchandise sales in Chengdu	*(i) (ii)*
Nanjing Ronghui Trading Co., Ltd.* 南京榮惠商貿有限公司	The PRC, November 8, 2016	RMB500,000	100%	100%	100%	100%	100%	Merchandise sales in Nanjing	*(i) (ii)*
Xianghe Rongkun Trading Co., Ltd.* 香河榮坤商貿有限公司	The PRC, November 10, 2016	RMB500,000	100%	100%	100%	100%	100%	Merchandise sales in Xianghe	*(i) (ii)*
Tangshan Rongjun Trading Co., Ltd.* 唐山市榮峻商貿有限公司	The PRC, November 21, 2016	RMB500,000	100%	100%	100%	100%	100%	Merchandise sales in Tangshan	*(i) (ii)*
Bengbu Rongchang Trading Co., Ltd.* 蚌埠榮昌商貿有限公司	The PRC, November 21, 2016	RMB500,000	100%	100%	100%	100%	100%	Merchandise sales in Bengbu	*(i) (ii)*
Cangzhou Rongkun Trading Co., Ltd.* 滄州市榮坤商貿有限公司	The PRC, January 9, 2017	RMB500,000	100%	100%	100%	100%	100%	Merchandise sales in Cangzhou	*(i) (ii)*
Hunan Rongkun Trading Co., Ltd.* 湖南榮坤商貿有限公司	The PRC, January 22, 2017	RMB2,000,000	100%	100%	100%	100%	100%	Merchandise sales in Hunan	*(i) (ii)*

Company name	Place and date of incorporation/ establishment	Registered capital	Attributable equity interest of the Group as at December 31, 2017	Attributable equity interest of the Group as at December 31, 2018	Attributable equity interest of the Group as at December 31, 2019	Attributable equity interest of the Group as June 30, 2020	Attributable equity interest of the Group as at date of this report	Principal activities and place of operation	*Note*
Shijiazhuang Rongci Trading Co., Ltd.* 石家莊榮賜商貿有限公司	The PRC, January 11, 2017	RMB500,000	100%	100%	100%	100%	100%	Merchandise sales in Shijiazhuang	*(i) (ii)*
Handan Rongchao Trading Co., Ltd.* 邯鄲市榮超貿易有限公司	The PRC, February 9, 2017	RMB2,000,000	100%	100%	100%	100%	100%	Merchandise sales in Handan	*(i) (ii)*
Linyi Ronghui Trading Co., Ltd.* 臨沂市榮惠商貿有限公司	The PRC, January 18, 2017	RMB500,000	100%	100%	100%	100%	100%	Merchandise sales in Linyi	*(i) (ii)*
Liaocheng Dongchangfu Rongfa Trading Co., Ltd.* 聊城市東昌府區榮發商貿有限公司	The PRC, January 3, 2017	RMB500,000	100%	100%	100%	100%	100%	Merchandise sales in Liaocheng	*(i) (ii)*
Xuzhou Rongrun Trading Co., Ltd.* 徐州市榮潤商貿有限公司	The PRC, November 17, 2016	RMB500,000	100%	100%	100%	100%	100%	Merchandise sales in Xuzhou	*(i) (ii)*
Langfang Jingtai communication engineering Co., Ltd.* 廊坊市京台通訊工程有限公司 *(Note 35)*	The PRC, November 27, 2013	RMB10,000,000	70%	70%	0%	0%	0%	Computer network engineering and maintenance services in Langfang	*(i)*
Liaocheng Rongkun Construction Engineering Co., Ltd.* 聊城市榮坤建築工程有限公司	The PRC, February 03, 2018	RMB10,000,000	N/A	100%	100%	100%	100%	Engineering services in Liaocheng	*(i)*
Langfang Rongba Trading Co., Ltd.* 廊坊榮霸貿易有限公司	The PRC, April 11, 2019	RMB500,000	N/A	N/A	100%	100%	100%	Merchandise sales in Langfang	*(i)*
Chongqing Rongzhiguan Trading Co., Ltd.* 重慶榮之冠商貿有限公司	The PRC, April 23, 2019	RMB500,000	N/A	N/A	100%	100%	100%	Merchandise sales in Chongqing	*(i)*

Company name	Place and date of incorporation/ establishment	Registered capital	Attributable equity interest of the Group as at December 31, 2017	Attributable equity interest of the Group as at December 31, 2018	Attributable equity interest of the Group as at December 31, 2019	Attributable equity interest of the Group as June 30, 2020	Attributable equity interest of the Group as at date of this report	Principal activities and place of operation	*Note*
Changzhou Zhenmiao Grocery&Trading Co., Ltd.* 常州臻淼百貨貿易有限公司	The PRC, May 20, 2019	RMB500,000	N/A	N/A	100%	100%	100%	Merchandise sales in Changzhou	*(i)*
Tangshan Youmian Catering Services Co., Ltd.* 唐山優安米餐飲服務有限公司	The PRC, November 22, 2019	RMB1,000,000	N/A	N/A	100%	100%	100%	Catering services in Tangshan	*(i)*
Cangzhou Rongna Trading Co., Ltd.* 滄州市榮納商貿有限公司	The PRC, September 20, 2019	RMB2,000,000	N/A	N/A	100%	100%	100%	Merchandise sales in Cangzhou	*(i)*
Jinan Rongfa Convenience Supermarket Co., Ltd.* 濟南榮發便利生活超市有限公司	The PRC, December 3, 2019	RMB500,000	N/A	N/A	100%	100%	100%	Merchandise sales in Ji'nan	*(i)*
Langfang Duona Trading Co., Ltd.* 廊坊多納商貿有限公司	The PRC, July 25, 2019	RMB300,000	N/A	N/A	100%	100%	100%	Merchandise sales in Langfang	*(i)*
Zhengzhou Shenshuo Trading Co., Ltd.* 鄭州市申朔商貿有限公司	The PRC, November 8, 2019	RMB1,000,000	N/A	N/A	100%	100%	100%	Merchandise sales in Zhengzhou	*(i)*
Shenyang Rongyue Trading Co., Ltd.* 瀋陽榮悅商貿有限公司	The PRC, November 6, 2019	RMB1,000,000	N/A	N/A	100%	100%	100%	Merchandise sales in Shenyang	*(i)*
Shenyang Rongxin Trading Co., Ltd.* 瀋陽榮馨商貿有限公司	The PRC, November 6, 2019	RMB500,000	N/A	N/A	100%	100%	100%	Merchandise sales in Shenyang	*(i)*
Hohhot Rongmian Trading Co., Ltd.* 呼和浩特市榮冕商貿有限公司	The PRC, November 8, 2019	RMB500,000	N/A	N/A	100%	100%	100%	Merchandise sales in Hohhot	*(i)*

Company name	Place and date of incorporation/ establishment	Registered capital	Attributable equity interest of the Group as at December 31, 2017	Attributable equity interest of the Group as at December 31, 2018	Attributable equity interest of the Group as at December 31, 2019	Attributable equity interest of the Group as June 30, 2020	Attributable equity interest of the Group as at date of this report	Principal activities and place of operation	*Note*
Cangzhou Rongqia Trading Co., Ltd.* 滄州市榮洽商貿有限公司	The PRC, October 31, 2019	RMB2,000,000	N/A	N/A	100%	100%	100%	Merchandise sales in Cangzhou	*(i)*
Huizhou Rongzhen Trading Co., Ltd.* 惠州市榮臻貿易有限公司	The PRC, July 11, 2019	RMB500,000	N/A	N/A	100%	100%	100%	Merchandise sales in Huizhou	*(i)*
Jiangsu Pujie Property Co., Ltd.* 江蘇普捷物業有限公司 *(Note 1.2(c))*	The PRC, November 5, 2004	RMB5,000,000	100%	100%	100%	100%	100%	Property management services in Nanjing	*(i)*
Zhangjiakou Rongyiheng Trading Co., Ltd.* 張家口榮億恒商貿有限公司	The PRC, February 11, 2020	RMB300,000	N/A	N/A	N/A	100%	100%	Merchandise sales in Zhangjiakou	*(i)*
Yangxi County Shanhuhai Property Owners' Home Catering Services Co., Ltd.* 陽西縣山湖海業主之家餐飲服務有限公司	The PRC, January 19, 2020	RMB3,000,000	N/A	N/A	N/A	100%	100%	Catering services in Yangjiang	*(i)*
Shijiazhuang Rongyu Trading Co., Ltd 石家莊榮御商貿有限公司	The PRC, June 11, 2020	RMB1,000,000	N/A	N/A	N/A	100%	100%	Merchandise sales in Zhangjiakou	*(i)*

* The English name of the subsidiaries represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

(i) No statutory audited financial statement has been issued for the years ended December 31, 2017, 2018 and 2019.

(ii) The companies were acquired by the Group from RiseSun Group in December 2018 at nil consideration (Note 26(b)).

13 INCOME TAX EXPENSES

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Current income tax					
– PRC corporate income tax	21,333	25,056	35,267	17,081	36,722
Deferred income tax *(Note 30)*					
– PRC corporate income tax	(4,746)	2,873	4,142	2,195	4,651
	16,587	27,929	39,409	19,276	41,373

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group entities as follows:

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit before income tax	54,917	100,262	152,567	72,163	146,189
Tax charge at corporate income tax rate of 25%	13,729	25,066	38,142	18,041	36,547
Tax effects of:					
– Expenses not deductible for tax purposes	2,889	3,012	2,826	1,710	6,233
– Effect of different tax rates available to different subsidiaries and branches of the Group	(188)	(626)	(1,666)	(477)	(1,409)
– Tax losses and deductible temporary differences for which no deferred income tax asset was recognised	157	477	107	2	2
	16,587	27,929	39,409	19,276	41,373

The effective income tax rate was 30.2%, 27.9%, 25.8%, 26.7% and 28.3% for the years ended December 31, 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, respectively.

PRC corporate income tax

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The general corporate income tax rate in PRC is 25%. Certain subsidiaries and branches of the Group were qualified as "Small Low-Profit Enterprise" and will be taxed at the reduced tax rate of 20% from January 1, 2008. Starting from January 1, 2019 to December 31, 2021, "Small Low-Profit Enterprise" was entitled to a preferential income tax rate that was calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first RMB1 million of the taxable income of qualified entities are taxed at 5%, and the taxable income above RMB1 million and less than RMB3 million are taxed at 10%.

14 EARNINGS PER SHARE

On April 23, 2020, the Company was converted into a joint stock company. For the purpose of computing basic and diluted earnings per share, ordinary shares were assumed to have issued and allocated on January 1, 2017 as if the Company has been converted from a limited liability company into a joint stock company by then. On May 22, 2020, the Group adopted a share incentive scheme by issuing 23,733,000 shares to Shengyide Commercial. Under which, the Group did not have legal obligation to repurchase the incentive shares that fail to meet the vesting conditions. Details are set out in Note 24 and Note 25.

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares during the Track Record Period.

The Company did not have any potential ordinary shares outstanding during the Track Record Period. Diluted earnings per share is equal to basic earnings per share.

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
				(Unaudited)	
Profit for the year/period attributable to owners of the Company (RMB'000)	38,384	72,270	113,232	52,985	104,816
Weighted average number of ordinary shares deemed to be in issue (in thousands)	258,267	258,267	258,267	258,267	263,483
Basic and diluted earnings per share attributable to the owners of the Company during the year/period (expressed in RMB per share)	0.15	0.28	0.44	0.21	0.40

15 PROPERTY, PLANT AND EQUIPMENT

	Office equipment	Machinery	Vehicles	Leasehold improvements	Construction in progress	Subtotal	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2017								
Cost	4,182	1,151	3,418	533	730	10,014	427	10,441
Accumulated depreciation	(2,099)	(514)	(2,337)	(270)	–	(5,220)	(19)	(5,239)
Net book amount	2,083	637	1,081	263	730	4,794	408	5,202
Year ended December 31, 2017								
Opening net book amount	2,083	637	1,081	263	730	4,794	408	5,202
Additions	2,172	667	91	237	–	3,167	–	3,167
Transfer from construction in progress	–	730	–	–	(730)	–	–	–
Disposals	(40)	(113)	(14)	(6)	–	(173)	–	(173)
Depreciation charge	(752)	(201)	(488)	(204)	–	(1,645)	(33)	(1,678)
Closing net book amount	3,463	1,720	670	290	–	6,143	375	6,518
As at December 31, 2017								
Cost	6,163	2,144	3,378	761	–	12,446	427	12,873
Accumulated depreciation	(2,700)	(424)	(2,708)	(471)	–	(6,303)	(52)	(6,355)
Net book amount	3,463	1,720	670	290	–	6,143	375	6,518
Year ended December 31, 2018								
Opening net book amount	3,463	1,720	670	290	–	6,143	375	6,518
Additions	2,271	604	446	111	479	3,911	–	3,911
Disposals	(15)	(8)	(14)	–	–	(37)	–	(37)
Depreciation charge	(1,081)	(414)	(304)	(222)	–	(2,021)	(33)	(2,054)
Closing net book amount	4,638	1,902	798	179	479	7,996	342	8,338
As at December 31, 2018								
Cost	8,247	2,657	3,679	851	479	15,913	427	16,340
Accumulated depreciation	(3,609)	(755)	(2,881)	(672)	–	(7,917)	(85)	(8,002)
Net book amount	4,638	1,902	798	179	479	7,996	342	8,338
Year ended December 31, 2019								
Opening net book amount	4,638	1,902	798	179	479	7,996	342	8,338
Additions	6,184	1,490	126	1,395	–	9,195	–	9,195
Disposals of a subsidiary *(Note 35)*	(63)	(542)	(8)	–	(479)	(1,092)	–	(1,092)
Disposals	(214)	(25)	(22)	–	–	(261)	–	(261)
Depreciation charge	(1,664)	(514)	(269)	(348)	–	(2,795)	(33)	(2,828)
Closing net book amount	8,881	2,311	625	1,226	–	13,043	309	13,352

	Office equipment	Machinery	Vehicles	Leasehold improvements	Construction in progress	Subtotal	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2019								
Cost	13,555	3,292	3,575	2,245	–	22,667	427	23,094
Accumulated depreciation	(4,674)	(981)	(2,950)	(1,019)	–	(9,624)	(118)	(9,742)
Net book amount	8,881	2,311	625	1,226	–	13,043	309	13,352
Six months ended June 30, 2020								
Opening net book amount	8,881	2,311	625	1,226	–	13,043	309	13,352
Additions	583	867	567	658	–	2,675	–	2,675
Disposals	(39)	(16)	(7)	–	–	(62)	–	(62)
Depreciation charge	(1,180)	(336)	(111)	(202)	–	(1,829)	(16)	(1,845)
Closing net book amount	8,245	2,826	1,074	1,682	–	13,827	293	14,120
As at June 30, 2020								
Cost	13,941	4,132	4,131	2,903	–	25,107	427	25,534
Accumulated depreciation	(5,696)	(1,306)	(3,057)	(1,221)	–	(11,280)	(134)	(11,414)
Net book amount	8,245	2,826	1,074	1,682	–	13,827	293	14,120
Six months ended June 30, 2019 (Unaudited)								
Opening net book amount	4,638	1,902	798	179	479	7,996	342	8,338
Additions	2,561	984	45	1,276	29	4,895	–	4,895
Disposals	(3)	–	(1)	–	–	(4)	–	(4)
Depreciation charge	(746)	(251)	(155)	(184)	–	(1,336)	(16)	(1,352)
Closing net book amount	6,450	2,635	687	1,271	508	11,551	326	11,877
As at June 30, 2019								
Cost	10,805	3,641	3,723	2,127	508	20,804	427	21,231
Accumulated depreciation	(4,355)	(1,006)	(3,036)	(856)	–	(9,253)	(101)	(9,354)
Net book amount	6,450	2,635	687	1,271	508	11,551	326	11,877

Depreciation expenses were charged to the following categories in the consolidated statements of comprehensive income:

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cost of sales	569	1,201	1,562	803	1,217
Administrative expenses	1,094	817	1,013	52	499
Selling and marketing expenses	15	36	253	497	129
	1,678	2,054	2,828	1,352	1,845

(a) No property, plant and equipment is restricted or pledged as security for borrowings as at December 31, 2017, 2018, 2019 and June 30, 2020.

16 INVESTMENT PROPERTIES

Investment properties represent car parks and retail units held to earn rentals and for capital appreciation.

The Group

	Year ended December 31,			Six months ended June 30,	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
				(Unaudited)	
Opening net book amount	102,458	117,704	218,609	218,609	75,516
Additions	28,726	80,219	8,876	–	10,843
Disposals	(4,812)	(6,502)	(157,278)	(80,311)	(15,140)
Revaluation (losses)/gains recognised in other gains/(losses) – net	(8,668)	27,188	5,309	1,051	3,564
Closing net book amount	117,704	218,609	75,516	139,349	74,783

The Company

	Year ended December 31,			Six months ended June 30,	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
				(Unaudited)	
Opening net book amount	101,486	106,753	199,825	199,825	64,375
Additions	17,814	73,834	8,876	–	10,843
Disposals	(3,941)	(5,659)	(149,136)	(79,721)	(3,999)
Revaluation (losses)/gains recognised in other gains – net	(8,606)	24,897	4,810	1,675	3,564
Closing net book amount	106,753	199,825	64,375	121,779	74,783

(a) Fair value hierarchy

As at December 31, 2017, 2018, 2019 and June 30, 2020, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuation were arrived at by reference to certain significant unobservable inputs. There was no transfer between levels 1, 2 and 3 during the Track Record Period.

(b) Valuation techniques

The fair values of the Group's investment properties at December 31, 2017, 2018, 2019 and June 30, 2020 have been arrived at on the basis of valuations carried out on those dates by an independent qualified professional valuer not connected with the Group which has appropriate qualification and relevant experiences in valuation of similar properties in the relevant locations. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Fair values of the rented retail units and car parks held to earn rentals and retail units held for capital appreciation using the income capitalisation method, which was based on converting further rental income to a discounted amount.

Fair values of car parks held for capital appreciation were evaluated by using direct comparison approach, which was based on market observable transaction of similar properties and adjusted to reflect the condition of the subject property and differences in location.

Description	Fair value as at December 31,			Fair value as at June 30,	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs as at December 31,			Range of unobservable inputs as at June 30,
	2017	2018	2019	2020			2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000						
Completed investment properties										
– Retail units held for rentals	46,189	65,219	–	–	Income capitalisation	Discount rate Market rental rate (RMB/sqm/month)	6.50% 30-251	6.50% 53-477	N/A	N/A
– Car parks held for rentals	–	74,009	–	–	Income capitalisation	Discount rate Market rental rate (RMB/sqm/month)	N/A	6.00% 436-744	N/A	N/A
– Retail units held for capital appreciation	17,192	17,260	8,051	8,829	Income capitalisation	Discount rate Market rental rate (RMB/sqm/month)	6.50% 78-134	6.50% 78-134	6.50% 78-134	6.50% 78-134
– Car parks held for capital appreciation	54,323	62,121	67,465	65,954	Direct comparison	Market unit sales price (RMB/unit)	31,200-147,600	33,900-128,400	33,000-116,200	43,800-119,300
	117,704	218,609	75,516	74,783						

For retail units and car parks held for rentals and retail units held for capital appreciation, increase in discount rates may result in decrease of fair value. Increase in market rent may result in increase of fair value.

For car parks held for capital appreciation, increase in market price may result in increase in fair value.

There are no changes to the valuation technique during the years ended December 31, 2017, 2018, 2019 and the six months ended June 30, 2020.

(c) Amounts recognised in profit or loss for investment properties

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Rental income	529	2,957	2,855	1,876	51
Net gains/(losses) from early termination of lease agreements	1,643	5	(2,587)	272	(9,580)
Fair value (losses)/gains on investment properties	(8,668)	27,188	5,309	1,051	3,564
	(6,496)	30,150	5,577	3,199	(5,965)

No investment property is restricted or pledged as security for liabilities as at December 31, 2017, 2018, 2019 and June 30, 2020.

17 INTANGIBLE ASSETS

	Software
	RMB'000
As at January 1, 2017	
Cost	93
Accumulated amortisation	(93)
Net book amount	–
Year ended December 31, 2017	
Opening net book amount	–
Additions	20
Amortisation	(7)
Closing net book amount	13
As at December 31, 2017	
Cost	113
Accumulated amortisation	(100)
Net book amount	13
Year ended December 31, 2018	
Opening net book amount	13
Amortisation	(11)
Closing net book amount	2
As at December 31, 2018	
Cost	113
Accumulated amortisation	(111)
Net book amount	2

	Software
	RMB'000
Year ended December 31, 2019	
Opening net book amount	2
Additions	1,181
Amortisation	(99)
Closing net book amount	1,084
As at December 31, 2019	
Cost	1,294
Accumulated amortisation	(210)
Net book amount	1,084
Six months ended June 30, 2020	
Opening net book amount	1,084
Additions	829
Amortisation	(77)
Closing net book amount	1,836
As at June 30, 2020	
Cost	2,123
Accumulated amortisation	(287)
Net book amount	1,836
Six months ended June 30, 2019 (Unaudited)	
Opening net book amount	2
Additions	1,110
Amortisation	(32)
Closing net book amount	1,080
As at June 30, 2019	
Cost	1,223
Accumulated amortisation	(143)
Net book amount	1,080

Amortisation of intangible assets has been charged to administrative expenses in the consolidated statements of comprehensive income.

(a) No intangible asset is restricted or pledged as securities for liabilities as at December 31, 2017, 2018, 2019 and June 30, 2020.

18 FINANCIAL INSTRUMENTS BY CATEGORY

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at amortised cost				
Trade and other receivables (excluding prepayments) *(Note 20)*	449,921	654,016	781,214	751,891
Loans and interest receivables due from related parties *(Note 22)*	829,596	739,482	482,076	15,427
Restricted cash *(Note 23)*	–	–	100,000	–
Cash and cash equivalents *(Note 23)*	481,890	448,782	228,867	795,697
	1,761,407	1,842,280	1,592,157	1,563,015
Financial assets at fair value				
Financial assets at FVOCI *(Note 21)*	–	6,467	–	–
Financial assets at FVPL *(Note 21)*	66,623	30,823	–	4,800
	66,623	37,290	–	4,800
Financial liabilities at amortised cost				
Borrowings *(Note 28)*	865,000	665,000	90,000	–
Trade and other payables (excluding accrued payroll, other taxes payables and advance rent receipt) *(Note 27)*	796,635	949,659	887,800	667,182
Lease liabilities *(Note 29)*	61,720	126,487	66,656	14,699
	1,723,355	1,741,146	1,044,456	681,881

19 INVENTORIES

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Consumables	4,841	5,340	6,250	6,862
Raw materials	10,647	8,356	5,739	3,751
Finished goods	3,955	2,908	4,414	4,775
Less: allowance for impairment	–	–	–	–
	19,443	16,604	16,403	15,388

(a) No inventory is restricted or pledged as securities for liabilities as at December 31, 2017, 2018, 2019 and June 30, 2020.

(b) Amounts of inventories approximate to RMB63,526,000, RMB74,687,000, RMB147,833,000, RMB56,253,000 and RMB94,345,000 were recognised as cost of sales during the years ended December 31, 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020.

20 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The Group

	As at December 31,			As at June 30,
	2017	**2018**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Trade receivables *(Note (a))*				
– Related parties *(Note 36(d))*	85,517	143,764	248,577	267,716
– Third parties	117,430	121,853	140,389	268,096
	202,947	265,617	388,966	535,812
Note receivables *(Note 36(d))*	–	13,006	49,017	70,101
Less: allowance for impairment of trade receivables	(15,697)	(18,999)	(8,732)	(15,478)
	187,250	259,624	429,251	590,435
Finance lease receivables *(Note (b))*	–	–	85,739	21,005
Other receivables				
– Related parties *(Note 36(e))*	241,884	380,550	243,758	109,767
– Third parties	24,659	18,283	26,979	35,183
	266,543	398,833	270,737	144,950
Less: allowance for impairment of other receivables	(3,872)	(4,441)	(4,513)	(4,499)
	262,671	394,392	266,224	140,451
Prepayments to suppliers				
– Related parties *(Note 36(d))*	17,990	9,987	7,698	8,207
– Third parties	11,007	16,580	24,608	23,050
	28,997	26,567	32,306	31,257
Prepaid listing expenses	–	–	10,561	21,395
Total trade and other receivables and prepayments	478,918	680,583	824,081	804,543
Less: non-current portion of finance lease receivables *(Note (b))*	–	–	(71,824)	(16,019)
Current portion of trade and other receivables and prepayments	478,918	680,583	752,257	788,524

The Company

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables *(Note (a))*				
– Related parties *(Note 36(d))*	72,683	119,079	187,311	221,642
– Third parties	94,661	101,601	100,341	192,909
	167,344	220,680	287,652	414,551
Note receivables	–	9,979	43,897	53,261
Less: allowance for impairment of trade receivables	(12,966)	(17,243)	(6,507)	(11,252)
	154,378	213,416	325,042	456,560
Finance lease receivables *(Note (b))*	–	–	85,739	21,005
Other receivables				
– Subsidiaries *(Note 36(e))*	81,102	82,455	55,457	142,633
– Related parties *(Note 36(e))*	135,032	260,135	193,425	58,839
– Third parties	16,388	12,121	18,436	31,494
	232,522	354,711	267,318	232,966
Less: allowance for impairment of other receivables	(1,846)	(2,474)	(2,106)	(2,855)
	230,676	352,237	265,212	230,111
Prepayments to suppliers				
– Related parties *(Note 36(d))*	17,990	9,987	7,509	8,207
– Third parties	6,887	13,897	23,749	21,702
	24,877	23,884	31,258	29,909
Prepaid listing expenses	–	–	10,561	21,395
Total trade and other receivables and prepayments	409,931	589,537	717,812	758,980
Less: non-current portion of finance lease receivables *(Note (b))*	–	–	(71,824)	(16,019)
Current portion of trade and other receivables and prepayments	409,931	589,537	645,988	742,961

(a) Trade receivables mainly represent the receivables of outstanding property management service fees and the receivables of related value-added service income.

Property management services income and value-added service income are received in accordance with the terms of the relevant services agreements, and due upon issuance of invoice.

As at December 31, 2017, 2018, 2019 and June 30, 2020, the aging analysis of the trade receivables based on invoice date were as follows:

The Group

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
up to 1 year	132,506	182,869	339,353	505,979
1 to 2 years	42,686	36,137	38,348	26,809
2 to 3 years	21,039	28,071	4,176	2,036
3 to 5 years	5,973	18,496	6,296	491
Over 5 years	743	44	793	497
	202,947	265,617	388,966	535,812

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at December 31, 2017, 2018, 2019 and June 30, 2020, a provision of RMB15,697,000, RMB18,999,000, RMB8,732,000 and RMB15,478,000 was made against the gross amounts of trade receivables (Note 3.1.2), respectively.

The Company

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
up to 1 year	106,469	145,945	248,893	389,027
1 to 2 years	36,791	30,919	27,971	23,011
2 to 3 years	19,420	26,036	3,699	1,818
3 to 5 years	3,952	17,772	6,296	454
Over 5 years	712	8	793	241
	167,344	220,680	287,652	414,551

The Company applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at December 31, 2017, 2018, 2019 and June 30, 2020, a provision of RMB12,966,000, RMB17,243,000, RMB6,507,000 and RMB11,252,000 was made against the gross amounts of trade receivables, respectively.

(b) A maturity analysis of finance lease receivables of the Group is shown in the table during the Track Record Period:

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Minimum lease receivable due:				
– Within one year	–	–	13,915	4,160
– More than one year but not exceeding two years	–	–	14,131	4,627
– More than two years but not exceeding five years	–	–	50,065	8,828
– Later than five years	–	–	37,918	8,264
	–	–	116,029	25,879
Less: Future finance income	–	–	(30,290)	(4,874)
Present value of finance lease receivables	–	–	85,739	21,005

21 FINANCIAL ASSETS MEASURED AT FAIR VALUE

The Group

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVPL				
– Fund products *(Note (a))*	64,673	21,383	–	–
– Wealth management products	1,950	9,440	–	4,800
	66,623	30,823	–	4,800
Financial assets at FVOCI				
– Equity interests in private companies *(Note (b))*	–	6,467	–	–
	–	6,467	–	–

The Company

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVPL				
– Fund products *(Note (a))*	44,375	1,000	–	–
– Wealth management products	–	–	–	2,000
	44,375	1,000	–	2,000
Financial assets at FVOCI				
– Equity interests in private companies *(Note (b))*	–	6,467	–	–

(a) The balances represent fund products issued by the investment fund companies controlled by RiseSun Group (Note 36). The fund products have been redeemed in March 2019 and June 2019 by the issue parties, respectively.

(b) Financial assets measured at FVOCI are equity interests held by the Group in several private companies controlled by RiseSun Group (Note 36).

As the Group does not have control nor significant influence over each of these entities. Therefore, these investments are classified as long-term investments measured at FVOCI. The Group has made an irrecoverable election at the time of initial recognition to account for these equity investments at FVOCI.

The Group has disposed its investments in these entities in June 2019.

The movement of financial assets measured at FVPL and FVOCI is set out in Note 3.3.

22 LOANS AND INTEREST RECEIVABLES DUE FROM RELATED PARTIES

The Group

	As at December 31,			As at June 30,
	2017	**2018**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Loans and interest receivables due from related parties				
– non-current	635,000	435,000	–	–
– current	194,596	304,482	482,076	15,427
	829,596	739,482	482,076	15,427

The Company

	As at December 31,			As at June 30,
	2017	**2018**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Loans and interest receivables due from related parties				
– non-current	609,600	417,600	–	–
– current	186,812	296,339	399,979	10,447
	796,412	713,939	399,979	10,447

(a) Loans from related parties (Note 36) carry variable interest rates from 4.37% to 18% per annum, the maturities of the loans are between 1 months to 61 months (Note 3.1.2).

(b) All loans and interest receivables due from related parties have been settled in September 2020.

23 CASH AND CASH EQUIVALENTS

The Group

	As at December 31,			As at June 30,
	2017	**2018**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Cash at bank and in hand	481,890	448,782	328,867	782,656
Others	–	–	–	13,041
	481,890	448,782	328,867	795,697
Less: Guarantee deposits for bank borrowings of the Group *(Note (a))*	–	–	(100,000)	–
	481,890	448,782	228,867	795,697

The Company

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and in hand	393,774	370,479	170,795	716,812
Others	–	–	–	13,041
	393,774	370,479	170,795	729,853

Cash and cash equivalents are denominated in RMB.

(a) Restricted cash represents a subsidiary's cash deposited as guarantees for bank borrowings (Note 28). The guarantee has been fully released in March 2020.

24 PAID-IN CAPITAL/SHARE CAPITAL

The paid-in capital/share capital of the Company as at December 31, 2017, 2018, 2019 and June 30, 2020 was RMB5,000,000, RMB55,000,000, RMB60,310,000 and RMB282,000,000, respectively. The movements are as follows:

	Number of ordinary shares	Paid-in capital/ Share capital
		RMB'000
As at January 1, 2017 and December 31, 2017	N/A	5,000
Capital injection from shareholder of the Company *(Note (a))*	N/A	50,000
As at December 31, 2018	N/A	55,000
Capital injection from shareholder of the Company *(Note 1.1)*	N/A	5,310
As at December 31, 2019	N/A	60,310
Issue of shares upon the Company's conversion from a limited liability company into a joint stock company *(Note (b))*	258,267,000	197,957
Issue of shares to Shengyide Commercial *(Note (c))*	23,733,000	23,733
As at June 30, 2020	282,000,000	282,000

(a) On December 28, 2018, the Company received capital contribution amounting to RMB50,000,000 in cash from RiseSun Development, which was recorded as paid-in capital.

(b) The Company was converted to a joint stock company on April 23, 2020, 258,267,000 ordinary shares with par value of RMB1 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders on July 31, 2019. RMB130,084,000 of retained earnings and RMB67,873,000 of reserves were capitalised as share capital.

(c) On May 22, 2020, the Company issued 23,733,000 shares of the Company to Shengyide Commercial at a price of RMB4.414 per share as a share incentive plan and received capital contribution amounting to RMB104,757,700 in cash from Shengyide Commercial. RMB23,733,000 and RMB81,024,700 were recorded as share capital and share premium, respectively.

25 SHARE-BASED PAYMENTS

Pursuant to the resolution of the shareholders dated May 22, 2020, a share incentive plan (the "Share Incentive Plan") was approved, under which the Company would issue certain shares (the "Incentive Shares") to Shengyide Commercial at a subscription price of RMB4.414 per share (the "Subscription Price"). Shengyide Commercial was established on May 13, 2020, by 45 of the Group and RiseSun Group's employees, including directors, supervisors, senior management and certain employees (the "Recipients"), approved in the Share Incentive Plan. The related consideration for subscription of the Incentive Shares was paid to the Company by the Recipients through Shengyide Commercial.

The Incentive Shares represented an aggregate of 23,733,000 shares, which accounted for 8.42% of the total issued and outstanding shares on May 22, 2020.

On May 22, 2020, the Company issued and granted 23,733,000 shares of the Company to the Recipients through Shengyide Commercial at a price of RMB4.414 per share and received capital contribution amounting to RMB104,757,700 in cash from Shengyide Commercial. RMB23,733,000 and RMB81,024,700 were recorded as share capital (Note 24) and share premium (Note 26) respectively.

With respect to 23,733,000 shares granted, 25% of the Incentive Shares were vested immediately on the grant date, the remaining 75% are with vesting period. Among the remaining 75%, each of 25% of the Incentive Shares acquired by the Recipients will be vested once the Group's performance conditions as set out in the Share Incentive Plan has been achieved, respectively.

Langfang RiseSun Jiaye Business Information Consulting Co., Ltd., a company controlled by the Ultimate Controlling Company, has the legal right to repurchase the Incentive Shares that fail to meet the vesting condition due to dissatisfaction of the performance conditions at the Subscription Price.

The directors have used the discounted cash flow method to determine the underlying equity fair value of the Company and hence the fair value of the underlying ordinary share. Key assumptions, such as discount rate and projections of future performance, are required to be determined by the directors with best estimate.

Based on fair value of the underlying ordinary share, the directors have used option pricing model and discounted cash flow method to determine the fair value of the Share Incentive Plan as at the grant date. Key assumptions are set out as below:

Discount rate	15.7%
Dividend yield	1.46%
Risk-free interest rate	1.35%-1.63%
Volatility	43.84%-45.99%

The directors estimated the risk-free interest rate based on the yield of China Government Bonds with a maturity life close to the life of the Share Incentive Plan. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the Share Incentive Plan. Dividend yield is based on management estimation at the grant date.

The excess of fair value of the Incentive Shares granted to the Recipients over the cost of the subscription by Recipients was recognized as expense over the vesting period in the consolidated statement of comprehensive income. During the six months ended June 30, 2020, the Company has recognized employee benefit expenses of RMB22,358,000 in the consolidated statements of comprehensive income in relation to the Share Incentive Plan.

26 RESERVES

The Group

	Share premium	Capital reserve	Share-based compensation reserve	Statutory reserve	Other reserves	Total reserves
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2017	–	21	–	1,213	9,500	10,734
Appropriation of statutory reserve *(Note (a))*	–	–	–	3,388	–	3,388
Deemed contribution from RiseSun Group *(Note(b))*	–	–	–	–	7,000	7,000
Balance at December 31, 2017	–	21	–	4,601	16,500	21,122
Balance at January 1, 2018	–	21	–	4,601	16,500	21,122
Appropriation of statutory reserve *(Note (a))*	–	–	–	6,619	–	6,619
Deemed contribution from RiseSun Group *(Note (c))*	–	–	–	–	1,000	1,000
Balance at December 31, 2018	–	21	–	11,220	17,500	28,741

	Share premium	Capital reserve	Share-based compensation reserve	Statutory reserve	Other reserves	Total reserves
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2019	–	21	–	11,220	17,500	28,741
Capital injection from shareholder of the Company *(Note 1.1)*	–	93,650	–	–	–	93,650
Appropriation of statutory reserves *(Note (a))*	–	–	–	9,262	–	9,262
Deemed distribution to RiseSun Group *(Note 1.2(a))*	–	–	–	–	(1,885)	(1,885)
Balance at December 31, 2019	–	93,671	–	20,482	15,615	129,768
Balance at January 1, 2020	–	93,671	–	20,482	15,615	129,768
Effect of the Company's conversion from a limited liability company into a joint stock company *(Note 24)*	–	(57,522)	–	(10,351)	–	(67,873)
Issue of shares *(Note 24)*	81,025	–	–	–	–	81,025
Share-based payment *(Note 25)*	–	–	22,358	–	–	22,358
Share-based payment to RiseSun Group's employees *(Note 25)*	–	–	3,300	–	(3,300)	–
Balance at June 30, 2020	81,025	36,149	25,658	10,131	12,315	165,278
(Unaudited)						
Balance at January 1, 2019 and June 30, 2019	–	21	–	11,220	17,500	28,741

The Company

	Share premium	Capital reserve	Share–based compensation reserve	Statutory reserve	Other reserves	Total reserves
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2017	–	10	–	–	–	10
Appropriation of statutory reserve *(Note (a))*	–	–	–	2,500	–	2,500
Balance at December 31, 2017	–	10	–	2,500	–	2,510
Balance at January 1, 2018	–	10	–	2,500	–	2,510
Appropriation of statutory reserves *(Note (a))*	–	–	–	5,310	–	5,310
Balance at December 31, 2018	–	10	–	7,810	–	7,820
Balance at January 1, 2019	–	10	–	7,810	–	7,820
Capital injection from owners *(Note 24)*	–	93,650	–	–	–	93,650
Appropriation of statutory reserves *(Note (a))*	–	–	–	8,254	–	8,254
Deemed distribution to RiseSun Group *(Note 1.2(a))*	–	–	–	–	(1,885)	(1,885)
Balance at December 31, 2019	–	93,660	–	16,064	(1,885)	107,839

	Share premium	Capital reserve	Share–based compensation reserve	Statutory reserve	Other reserves	Total reserves
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2020	–	93,660	–	16,064	(1,885)	107,839
Effect of the Company's conversion from a limited liability company into a joint stock company *(Note 24)*	–	(57,522)	–	(10,351)	–	(67,873)
Issue of shares *(Note 24)*	81,025	–	–	–	–	81,025
Share-based payment *(Note 25)*	–	–	21,566	–	–	21,566
Share-based payment to RiseSun Group's employees *(Note 25)*	–	–	3,300	–	(3,300)	–
Balance at June 30, 2020	81,025	36,138	24,866	5,713	(5,185)	142,557
(Unaudited)						
Balance at January 1, 2019 and June 30, 2019	–	10	–	7,810	–	7,820

(a) Statutory reserves

In accordance with relevant rules and regulations in the PRC, the PRC group entities are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective group entities.

(b) In December 2018, the Group acquired fourteen companies from RiseSun Group at nil consideration. Some companies were established in 2017 by the then shareholder with a total paid-in capital of RMB7,000,000. The difference of RMB7,000,000 between the carrying value of the paid in capital and the consideration paid was recorded as other reserve.

(c) On November 1, 2019, the Group acquired Zhangjiakou RiseSun Jingxuan from RiseSun Group at no consideration. Jingxuan Property was established in 2018 by the then shareholder with a paid-in capital of RMB1,000,000. The difference of RMB1,000,000 between the carrying value of the paid in capital and the consideration paid was recorded as other reserve.

27 TRADE AND OTHER PAYABLES

The Group

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables				
– Related parties *(Note 36(d))*	663	2,132	12,107	8,849
– Third parties	62,302	92,104	195,243	229,387
	62,965	94,236	207,350	238,236

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Other payables				
– Related parties *(Note 36(e), Note(c))*	387,538	437,368	323,800	107,162
– Deposits received	80,828	135,537	124,224	145,088
– Maintenance funds	109,734	106,428	91,956	69,386
– Receipts and payments on behalf of property owners *(Note (a))*	109,656	115,191	96,173	82,640
– Accrued listing expenses	–	–	7,895	8,671
– Provisions	2,074	637	5,534	282
– Others	39,244	56,694	30,748	15,717
	729,074	851,855	680,330	428,946
Accrued payroll	55,967	71,187	85,322	81,847
Other taxes payables	25,040	17,357	22,387	35,195
Advance rent receipt	5,376	6,474	8,162	10,937
Interests payable	4,596	3,568	120	–
	883,018	1,044,677	1,003,671	795,161

The Company

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables				
– Related parties *(Note 36(d))*	335	1,842	10,591	8,744
– Third parties	38,447	56,325	150,092	164,346
	38,782	58,167	160,683	173,090
Other payables				
– Subsidiaries *(Note 36(e))*	34,695	42,111	24,108	153,710
– Related parties *(Note 36(e))*	327,364	361,049	235,587	92,540
– Deposits received	60,708	112,541	115,605	136,404
– Maintenance funds	105,302	102,803	87,626	65,015
– Receipts and payments on behalf of property owners *(Note (a))*	73,677	84,986	79,575	71,359
– Accrued listing expenses	–	–	7,895	8,671
– Provisions	1,271	637	431	–
– Others	28,384	35,570	24,413	8,115
	631,401	739,697	575,240	535,814
Accrued payroll	45,520	60,786	72,532	68,912
Other taxes payables	16,145	15,946	18,002	30,091
Advance rent receipt	3,431	3,870	5,292	5,893
Interests payable	4,412	3,425	–	–
	739,691	881,891	831,749	813,800

As at December 31, 2017, 2018, 2019 and June 30, 2020, the carrying amounts of trade and other payables approximated its fair values.

(a) Amounts mainly represented the receipts and payments on behalf of property owners to settle the bills of utility charges.

(b) As at December 31, 2017,2018 and 2019 and June 30, 2020, the ageing analysis of the trade payables based on invoice date were as follows:

	As at December 31,			As at June 30,
	2017	**2018**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Up to 1 year	53,925	83,173	201,707	227,707
1 to 2 years	8,447	7,048	5,449	8,566
2 to 3 years	559	3,831	173	1,796
Over 3 years	34	184	21	167
	62,965	94,236	207,350	238,236

The balances of trade payables over 1 year mainly represent the amounts due to third party contractors for renovation and maintenance services that have not yet been settled.

(c) The amounts due to related parties are unsecured, interest–free and repayable on demand.

(d) Trade and other payables were denominated in the following currencies:

	As at December 31,			As at June 30,
	2017	**2018**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
RMB	883,018	1,044,677	997,739	786,261
HKD	–	–	2,219	2,053
USD	–	–	3,713	6,847
	883,018	1,044,677	1,003,671	795,161

28 BORROWINGS

The Group

	As at December 31,			As at June 30,
	2017	**2018**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Non-current				
Borrowings from a third party asset management company *(Note (a))*	865,000	665,000	–	–
Less: current portion of non-current borrowings	(200,000)	(210,000)	–	–
	665,000	455,000	–	–

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Bank borrowings *(Note (b))*	–	–	90,000	–
Current portion of non-current borrowings	200,000	210,000	–	–
	200,000	210,000	90,000	–
	865,000	665,000	90,000	–

The Company

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current				
Borrowings from a third party asset management company *(Note (a))*	830,400	638,400	–	–
Less: current portion of non-current borrowings	(192,000)	(201,600)	–	–
	638,400	436,800	–	–
Current				
Current portion of non-current borrowings	192,000	201,600	–	–
			–	–
	830,400	638,400	–	–

All the Group's borrowings are denominated in RMB.

(a) Certain subsidiaries of the Group entered into entrusted loan contracts with RiseSun Group and an entrusted bank in November 2016, pursuant to which RiseSun Group lent a total amount of RMB1,050,000,000 through entrusted bank to these subsidiaries. According to the agreements, the borrowing bore fixed interest rates ranging from 4.95% to 5.36% with fixed repayment terms. In the same month, RiseSun Group transferred its loans receivables from the Group to a third party asset management company to obtain a loan of the same amount. The loan from the asset management company was secured by the Group's future 5 years' right of receiving management fee for certain properties under its management.

On July 24, 2019, the loans from the third-party assets management company were fully settled by the Group and the pledge was released.

(b) The bank borrowings as at December 31, 2019 of RMB90,000,000, carried interest rate at 4.35% per annum, were secured by cash deposits of a subsidiary (Note 23). On March 27, 2020, the bank borrowing was fully settled by the Group.

(c) As at December 31, 2017, 2018, 2019 and June 30, 2020, the Group's borrowings were repayable as follows:

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	200,000	210,000	90,000	–
1 to 2 years	210,000	225,000	–	–
2 to 5 years	455,000	230,000	–	–
	865,000	665,000	90,000	–

(d) The fair value of borrowings approximates their carrying amount, as the impact of discounting is not significant.

29 LEASE

(a) Amounts recognised in the consolidated statements of financial position.

The Group

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Leased office *(Note 15)*	375	342	309	293
Investment properties *(Note 16)*	117,704	218,609	75,516	74,783
	118,079	218,951	75,825	75,076
Lease liabilities				
– Current	4,347	5,363	8,908	2,376
– Non-current	57,373	121,124	57,748	12,323
	61,720	126,487	66,656	14,699

The Company

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Leased office *(Note 15)*	375	342	309	293
Investment properties *(Note 16)*	106,753	199,825	64,375	74,783
	107,128	200,167	64,684	75,076
Lease liabilities				
– Current	4,347	5,363	8,908	2,376
– Non-current	57,373	114,570	57,748	12,323
	61,720	119,933	66,656	14,699

(b) Amounts recognised in the consolidated statements of comprehensive income and the consolidated statements of cash flows.

	Year ended December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of use asset *(Note 15)*	33	33	33	16
Interest expense *(Note 9)*	5,421	8,757	11,699	2,118
Expense relating to short-term leases	114	274	186	409
Cash flow for lease payments (including principal elements and relevant interest expenses)	9,128	9,204	13,058	13,069

(c) A maturity analysis of lease liabilities is shown in the table below during the Track Record Period:

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Minimum lease payment due:				
– Within one year	9,129	13,018	14,412	3,672
– More than one year but not exceeding two years	9,273	22,847	15,104	2,386
– More than two years but not exceeding five years	40,572	65,599	33,593	6,591
– Later than five years	26,030	89,608	26,997	8,332
Minimum lease payments	85,004	191,072	90,106	20,981
Less: Future finance charge	(23,284)	(64,585)	(23,450)	(6,282)
Total lease liabilities	61,720	126,487	66,656	14,699

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
The present value of lease liabilities is as follows:				
– Within one year	4,347	5,363	8,908	2,376
– More than one year but not exceeding two years	4,871	10,591	10,488	1,273
– More than two years but not exceeding five years	29,453	38,784	24,167	2,857
– Later than five years	23,049	71,749	23,093	8,193
	61,720	126,487	66,656	14,699

30 DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets				
– Deferred tax assets to be recovered after more than 12 months	13,359	3,913	915	3,146
– Deferred tax assets to be recovered within 12 months	3,024	9,313	11,714	4,371
	16,383	13,226	12,629	7,517
Deferred tax liabilities				
– Deferred tax liabilities to be recovered after more than 12 months	(1,790)	(1,506)	(5,202)	(4,741)
– Deferred tax liabilities to be recovered within 12 months	–	–	–	–
	(1,790)	(1,506)	(5,202)	(4,741)
	14,593	11,720	7,427	2,776

The movement in deferred income tax assets and liabilities during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Deferred tax assets – allowance on doubtful debts	Deferred tax assets – tax losses	Deferred tax assets – investment properties	Deferred tax assets – accrued expenses and others	Deferred tax liabilities – financial assets at FVPL	Deferred tax liabilities – net of right of – use assets and lease liabilities	Deferred tax liabilities – investment properties	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2017	2,784	7,616	–	206	(759)	–	–	9,847
Credited/(charged) to the consolidated statements of comprehensive income	1,093	1,308	4,716	385	591	(799)	(2,548)	4,746
At December 31, 2017	3,877	8,924	4,716	591	(168)	(799)	(2,548)	14,593
As at January 1, 2018	3,877	8,924	4,716	591	(168)	(799)	(2,548)	14,593
Credited/(charged) to the consolidated statements of comprehensive income	1,356	2,371	(4,366)	1,200	72	(1,056)	(2,450)	(2,873)
At December 31, 2018	5,233	11,295	350	1,791	(96)	(1,855)	(4,998)	11,720

	Deferred tax assets – allowance on doubtful debts	Deferred tax assets – tax losses	Deferred tax assets – investment properties	Deferred tax assets – accrued expenses and others	Deferred tax liabilities – financial assets at FVPL	Deferred tax liabilities – net of right of – use assets and lease liabilities	Deferred tax liabilities – investment properties	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2019	5,233	11,295	350	1,791	(96)	(1,855)	(4,998)	11,720
Credited/(charged) to the consolidated statements of comprehensive income	(2,144)	(157)	(350)	430	96	(3,315)	1,298	(4,142)
Disposal of subsidiaries *(Note 35)*	(151)	–	–	–	–	–	–	(151)
At December 31, 2019	2,938	11,138	–	2,221	–	(5,170)	(3,700)	7,427
As at January 1, 2020	2,938	11,138	–	2,221	–	(5,170)	(3,700)	7,427
Credited/(charged) to the consolidated statements of comprehensive income	1,837	(8,823)	–	266	–	1,783	286	(4,651)
At June 30, 2020	4,775	2,315	–	2,487	–	(3,387)	(3,414)	2,776
As at January 1, 2019 (Unaudited)	5,233	11,295	350	1,791	(96)	(1,855)	(4,998)	11,720
Credited/(charged) to the consolidated statements of comprehensive income (Unaudited)	567	547	6	634	96	(4,128)	83	(2,195)
At June 30, 2019 (Unaudited)	5,800	11,842	356	2,425	–	(5,983)	(4,915)	9,525

The Group has recognised deferred tax assets in respect of cumulative tax losses, as it is probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

As at December 31, 2017, 2018, 2019 and June 30, 2020, in accordance with the accounting policy set out in Note 2.20, the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB628,000, RMB2,535,000, RMB2,962,000 and RMB2,969,000, respectively as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses shall expire in five years from the year of occurrence under current tax legislation.

Unused tax losses and temporary difference for which no deferred tax asset was recognised as follows:

	As at December 31,			As at June 30,
Expire year	**2017**	**2018**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
2022	628	628	628	628
2023	–	1,907	1,907	1,907
2024	–	–	427	427
2025	–	–	–	7
	628	2,535	2,962	2,969

31 DIVIDEND

No dividends have been paid or declared by the Company during each of the years ended December 31, 2017, 2018, 2019 and the six months ended June 30, 2020.

32 CASH GENERATED FROM OPERATIONS

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Profit before income tax	54,917	100,262	152,567	72,163	146,189
Adjustments for:					
– Depreciation of property, plant and equipment *(Note 15)*	1,678	2,054	2,828	1,352	1,845
– Amortisation of intangible assets *(Note 17)*	7	11	99	32	77
– Fair value adjustment to investment properties *(Note 8)*	8,668	(27,188)	(5,309)	(1,051)	(3,564)
– Net fair value gain on financial assets at FVPL *(Note 8)*	(11,301)	(8,346)	(2,062)	(1,538)	(508)
– Impairment provision on financial assets	4,514	3,871	(9,967)	411	6,732
– Share-based payment *(Note 25)*	–	–	–	–	22,358
– Losses/(gains) on disposal of property, plant and equipment *(Note 8)*	34	22	(6)	–	(6)
– Net (gains)/loss from termination of lease agreements *(Note 8)*	(1,643)	(5)	2,587	(272)	9,580
– Gains on disposal of subsidiaries *(Note 8)*	-	-	(58)	-	-
– Finance cost *(Note 9)*	58,985	53,064	34,512	24,345	3,020
– Interest income from loans due from related parties *(Note 36(f))*	(52,377)	(48,028)	(48,237)	(25,247)	(22,558)
– Interest income on finance lease *(Note 7)*	–	–	(8,617)	(3,186)	(2,593)
	63,482	75,717	118,337	67,009	160,572
Changes in working capital:					
– (Increase)/decrease in inventories	(10,337)	2,839	(2,479)	(9,129)	1,015
– (Increase)/decrease in trade and other receivables and prepayments	(34,824)	(66,871)	(196,261)	(173,620)	(176,109)
– (Increase)/decrease in contract assets	(14,927)	(4,760)	(4,140)	6,224	12,762
– Increase in trade and other payables	33,463	112,857	103,884	54,303	8,246
– Increase in contract liabilities	27,767	6,455	93,611	89,244	77,889
	64,624	126,237	112,952	34,031	84,375

(a) The reconciliation of liabilities arising from financing activities is as follow:

	Borrowings	Interests payable	Amounts due to related parties	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January, 2017	1,050,000	5,524	231,362	55,021	1,341,907
Cash flows					
– Inflow from financing activities	–	–	275,779	–	275,779
– Outflow from financing activities	(185,000)	(54,492)	(119,603)	(9,128)	(368,223)
Non-cash changes					
– Commencement of leasing agreements	–	–	–	10,406	10,406
– Finance expense recognised	–	53,564	–	5,421	58,985
As at 31 December, 2017	865,000	4,596	387,538	61,720	1,318,854
As at January 1, 2018	865,000	4,596	387,538	61,720	1,318,854
Cash flows					
– Inflow from financing activities	–	–	370,708	–	370,708
– Outflow from financing activities	(200,000)	(45,335)	(320,878)	(9,204)	(575,417)
Non-cash changes					
– Commencement of leasing agreements	–	–	–	65,214	65,214
– Finance expense recognised	–	44,307	–	8,757	53,064
As at December 31, 2018	665,000	3,568	437,368	126,487	1,232,423
As at January 1, 2019	665,000	3,568	437,368	126,487	1,232,423
Cash flows					
– Inflow from financing activities	90,000	–	304,766	–	394,766
– Outflow from financing activities	(665,000)	(26,261)	(424,133)	(13,058)	(1,128,452)
Non-cash changes					
– Dividend accrued	–	–	6,433	–	6,433
– Termination of leasing agreements	–	–	–	(58,472)	(58,472)
– Disposal of subsidiaries	–	–	(634)	–	(634)
– Finance expense recognised	–	22,813	–	11,699	34,512
As at December 31, 2019	90,000	120	323,800	66,656	480,576
As at January 1, 2020	90,000	120	323,800	66,656	480,576
Cash flows					
– Inflow from financing activities	–	–	201,774	–	201,774
– Outflow from financing activities	(90,000)	(1,022)	(418,412)	(13,069)	(522,503)
Non-cash changes					
– Termination of leasing agreements	–	–	–	(41,006)	(41,006)
– Finance expense recognised	–	902	–	2,118	3,020
As at June 30, 2020	–	–	107,162	14,699	121,861

	Borrowings	Interests payable	Amounts due to related parties	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2019 (Unaudited)	665,000	3,568	437,368	126,487	1,232,423
Cash flows					
– Inflow from financing activities	90,000	–	211,833	–	301,833
– Outflow from financing activities	–	(18,388)	(218,571)	(10,875)	(247,834)
Non-cash changes					
– Finance expense recognised	–	18,497	–	5,848	24,345
As at June 30, 2019	755,000	3,677	430,630	121,460	1,310,767

33 COMMITMENTS

(a) Capital commitments

During the Track Record Period, the Group's capital commitments mainly related to the purchase of the "Rice Community" mobile application developed by RiseSun Group, as follows:

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Intangible assets	–	–	–	5,600

(b) Lease commitments – as lessee

The Group leases dormitories under non-cancellable lease agreements with lease term less than 12 months.

The future aggregate minimum lease payments under non-cancellable short-term leases are as follows:

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Not later than 1 year	554	282	37	430

34 CONTINGENCIES

There was no significant contingent liabilities as of December 31, 2017, 2018, 2019 and June 30, 2020.

35 DISPOSAL OF SUBSIDIARIES

On September 16, 2019, the Group disposed of its 70% interests in Langfang Jingtai Communication Engineering Co., Ltd., to RiseSun Group, at the consideration of RMB680,000 pursuant to a share transfer agreement.

On September 29, 2019, the Group disposed of its 100% interests in Shengkun Gardening to RiseSun Group for nil consideration pursuant to a share transfer agreement.

	As at the respective dates of the disposals
	RMB'000
Disposal consideration	680
Assets disposed of	
Cash and cash equivalents	3,591
Trade and other receivables and prepayments	7,211
Inventories	2,680
Contract assets	17,946
Prepaid taxes	1,434
Deferred income tax assets	151
Property, plant and equipment	1,092
	34,105
Liabilities disposed of	
Trade and other payables	(28,508)
Contract liabilities	(4,641)
Current income tax liabilities	(98)
	(33,247)
Non-controlling interests	(236)
Net assets disposed of	622
Disposal gain	58
Net cash outflow arising from disposal of subsidiaries	
Cash consideration received	680
Less: cash and cash equivalents disposed	(3,591)
	(2,911)

36 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	Relationship
Mr. Geng	Ultimate Controlling Shareholder
RiseSun Holding Co., Ltd. 榮盛控股股份有限公司	The Ultimate Holding Company
RiseSun Group	A group controlled by Mr. Geng
RiseSun Construction Engineering Co., Ltd.* 榮盛建設工程有限公司	A company controlled by Ultimate Holding Company
Langfang RiseSun Concrete Co., Ltd.* 廊坊榮盛混凝土有限公司	A company controlled by Ultimate Holding Company
Cangzhou Baosheng Real Estate Development Co., Ltd.* 滄州保盛房地產開發有限公司	An associate of RiseSun Group
Xuzhou Rongrun Real Estate Development Co., Ltd.* 徐州榮潤房地產開發有限公司	An associate of RiseSun Group
Shijiazhuang Runpeng Real Estate Development Co., Ltd.* 石家莊潤鵬房地產開發有限公司	An associate of RiseSun Group
Zhengzhou Hongzhufu Real Estate Co., Ltd.* 鄭州紅祝福置業有限公司	An associate of RiseSun Group

* The English name of the related parties represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

(b) Transactions with related parties

During the years ended December 31, 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, the Group had the following significant transactions with related parties. The transactions amounts disclosed represent the transactions with relevant parties during the periods when those parties were related parties of the Group.

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Continuing transactions:					
Revenue arising from provision of services *(Note ii)*					
– RiseSun Group	219,443	276,377	488,772	173,289	297,973
– Associates of RiseSun Group	500	3,133	8,579	7,233	4,882
– Companies controlled by Ultimate Holding Company	–	92	880	225	895
– Ultimate Controlling Shareholder and his close relatives	534	446	447	224	223
	220,477	280,048	498,678	180,971	303,973
Additions of right-of-use assets (car parks)					
– RiseSun Group	18,320	15,055	8,876	–	10,843
Purchasing of goods and services *(Note iii)*					
– RiseSun Group	2,085	3,849	11,716	4,771	6,400
Additions of right-of-use assets (office)					
Rental payment					
– RiseSun Group	–	55	61	–	–
Accrued expenses					
– RiseSun Group	55	56	57	28	28
Other income					
Interest income on finance lease					
– RiseSun Group	–	–	8,617	3,186	2,593
Non-continuing transactions:					
Other gains					
Net gain from fair value change of financial assets at FVPL					
– RiseSun Group	6,452	3,756	402	402	–
Net gains from derecognition of right-of-use assets					
– RiseSun Group	–	–	1,211	1,211	–

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Finance income					
Interest income from loans due from related parties *(Note iv)*					
– RiseSun Group	52,377	44,307	17,750	15,859	–
Other income					
Interest income from loans due from related parties *(Note v)*					
– RiseSun Group	–	3,721	30,487	9,388	22,558
	58,829	51,784	49,850	26,860	22,558

(i) All of the transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

(ii) The provision of services mainly comprised revenue from property management services and value-added services.

(iii) For the years ended December 31, 2017 and 2018, the Group used "Rice Community" mobile application developed by RiseSun Group for no charge.

(iv) The amount represented interest income derived from the loans provided to related parties as part of the ABS financing arrangement.

(v) The amount represented interest income derived from the non-ABS loans due from related parties.

(c) Key management compensation

Compensations for key management other than those for directors and supervisors as disclosed in Note 37 is set out below.

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Wages, salaries and bonuses	1,371	1,625	4,290	1,638	1,539
Pension costs, housing funds, medical insurance and other social insurances	57	95	217	71	61
Share-base payment	–	–	–	–	3,832
	1,428	1,720	4,507	1,709	5,432

(d) Balances with related parties – trade

The Group

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
– RiseSun Group	84,922	143,215	241,862	263,874
– Associates of RiseSun Group	595	549	5,415	3,338
– Companies controlled by Ultimate Holding Company	–	–	1,300	504
	85,517	143,764	248,577	267,716
Note receivables				
– RiseSun Group	–	13,006	49,017	70,101
Contract assets				
– RiseSun Group	50,573	55,199	44,262	34,632
Finance lease receivables *(i)*				
– RiseSun Group	–	–	85,739	–
Prepayments				
– RiseSun Group	17,990	9,987	7,698	8,207
Total receivables from related parties	154,080	221,956	435,293	380,656
Trade payables				
– RiseSun Group	660	2,129	12,104	8,846
– Companies controlled by Ultimate Holding Company	3	3	3	3
	663	2,132	12,107	8,849
Contract Liabilities				
– RiseSun Group	21,486	17,507	42,489	49,755
– Associates of RiseSun Group	–	–	417	–
– Companies controlled by Ultimate Holding Company	–	–	1	642
	21,486	17,507	42,907	50,397
Lease liabilities				
– RiseSun Group	462	485	448	459
Total payables to related parties	22,611	20,124	55,462	59,705

The Company

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
– RiseSun Group	72,178	118,620	180,777	217,965
– Associates of RiseSun Group	505	459	5,309	3,248
– Companies controlled by Ultimate Holding Company	–	–	1,225	429
	72,683	119,079	187,311	221,642
Note receivables				
– RiseSun Group	–	9,979	43,897	53,261
Contract assets				
– RiseSun Group	39,499	40,512	42,972	33,259
Finance lease receivables *(i)*				
– RiseSun Group	–	–	85,739	–
Prepayments				
– RiseSun Group	17,990	9,987	7,509	8,207
Total receivables from related parties	130,172	179,557	367,428	316,369
Trade payables				
– RiseSun Group	332	1,839	10,588	8,741
– Companies controlled by Ultimate Holding Company	3	3	3	3
	335	1,842	10,591	8,744
Contract Liabilities				
– RiseSun Group	12,080	13,015	42,089	49,264
– Associates of RiseSun Group	–	–	416	–
– Companies controlled by Ultimate Holding Company	–	–	–	642
	12,080	13,015	42,505	49,906
Lease liabilities				
– RiseSun Group	462	485	448	459
Total payables to related parties	12,877	15,342	53,544	59,109

(e) Balances with related parties – non-trade

The Group

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Other receivables *(ii)*				
– RiseSun Group	241,836	375,298	241,605	108,984
– Associates of RiseSun Group	–	5,204	720	766
– Companies Controlled by Ultimate Holding Company	48	48	1,433	17
	241,884	380,550	243,758	109,767
Loans and interest receivables *(Note 22), (iv)*				
– RiseSun Group	829,596	739,482	482,076	15,427
Total receivables from related parties	1,071,480	1,120,032	725,834	125,194
Other payables *(iii)*				
– RiseSun Group	387,537	437,367	297,836	82,037
– Associates of RiseSun Group	–	–	25,964	25,125
– Companies controlled by Ultimate Holding Company	1	1	–	–
	387,538	437,368	323,800	107,162

The Company

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Other receivables *(ii)*				
– Subsidiaries	81,102	82,455	55,457	142,633
– RiseSun Group	134,984	254,883	191,273	58,056
– Associates of RiseSun Group	–	5,204	720	766
– Companies Controlled by Ultimate Holding Company	48	48	1,432	17
	216,134	342,590	248,882	201,472
Loans and interest receivables *(Note 22)*				
– RiseSun Group	796,412	713,939	399,979	10,447
Total receivables from related parties	1,012,546	1,056,529	648,861	211,919
Other payables *(iii)*				
– Subsidiaries	34,695	42,111	24,108	153,710
– RiseSun Group	327,363	361,048	209,623	67,415
– Associates of RiseSun Group	–	–	25,964	25,125
– Companies controlled by Ultimate Holding Company	1	1	–	–
	362,059	403,160	259,695	246,250

(i) In 2017 and 2018, the Group entered into commercial arrangements with owners of certain retail units and car parks, pursuant to which the Group leased those retail units and car parks and sub-leased them to third parties and collected rental income. Such rental income is included in community value-added services. In 2019, the Group terminated some of these commercial arrangements and sub-leased the remaining retail units and car parks to RiseSun Group and collected interest income on finance lease. Since January 2020, the Group terminated some of the sublease contracts with RiseSun Group and hence terminated the relevant commercial arrangements with owners of certain retail units and car parks. On June 30, 2020, the Group terminated the rest of the sublease contracts with RiseSun Group and sub-leased the relevant retail units and car parks to a third party.

(ii) Other receivables due from related parties were unsecured and interest-free and repayable on demand. The balances as at June 30, 2020 will be settled before the Listing.

(iii) The other payables due to related parties were unsecured, interest-free and repayable on demand. These balances as at June 30, 2020 will be settled before the Listing.

(iv) The loans and interest receivables due from related parties as at June 30, 2020 has been settled in September 2020.

(f) Loans and interest receivables due from related parties

The Group

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
As at beginning of the year/period	1,005,524	829,596	739,482	739,482	482,076
Loans advanced	–	144,000	429,300	243,000	50,000
Loans repayments received	(175,000)	(234,000)	(695,500)	(60,000)	(518,800)
Interest charged to related parties *(Note 7, Note 9)*	52,377	48,028	48,237	25,247	22,558
Interest received	(53,305)	(48,142)	(39,443)	(24,729)	(20,407)
As at end of the year/period	829,596	739,482	482,076	923,000	15,427

The Company

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
As at beginning of the year/period	965,303	796,412	713,939	713,939	399,979
Loans advanced	–	144,000	350,300	166,000	50,000
Loans repayments received	(168,000)	(226,400)	(668,600)	(59,000)	(441,300)
Interest charged to related parties	50,278	46,256	42,795	23,622	19,053
Interest received	(51,169)	(46,329)	(38,455)	(24,040)	(17,285)
As at end of the year/period	796,412	713,939	399,979	820,521	10,447

(g) Investment in related parties

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
The Group and the Company					
Equity interests in related parties					
As at beginning of the year/period	–	–	6,467	6,467	–
Purchase of equity interests	–	6,467	–	–	–
Disposal of equity interests	–	–	(6,467)	(6,467)	–
As at end of the year/period	–	6,467	–	–	–
The Group					
Fund products from related parties					
As at beginning of the year/period	47,037	64,673	21,383	21,383	–
Purchase of fund products	20,000	1,000	–	–	–
Disposal of fund products	–	(44,000)	(21,000)	(21,000)	–
Fair value changes *(Note 3.3)*	6,452	3,756	402	402	–
Dividend received	(8,816)	(4,046)	(785)	(785)	–
As at end of the year/period	64,673	21,383	–	–	–

The Company

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Fund products from related parties					
As at beginning of the year/period	46,346	44,375	1,000	1,000	–
Purchase of fund products	–	1,000	–	–	–
Disposal of fund products	–	(44,000)	(1,000)	(1,000)	–
Fair value changes	3,910	1,553	–	–	–
Dividend received	(5,881)	(1,928)	–	–	–
As at end of the year/period	44,375	1,000	–	–	–

37 DIRECTORS' AND SUPERVISORS' BENEFITS AND INTERESTS

The directors and supervisors received emoluments from the Group (in their appointment as directors and supervisors respectively) for the year ended December 31, 2017 as follows:

Name	Fees	Salaries	Housing allowances and contributions to a retirement benefit scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive Director				
Mr. Zhang Wenge *(Note (i), Note (iii))*	–	–	–	–
Supervisor				
Mr. Mao Wenzong *(Note (ii), Note (iii))*	–	–	–	–
Total	–	–	–	–

The directors and supervisors received emoluments from the Group (in their appointment as directors and supervisors respectively) for the year ended December 31, 2018 as follows:

Name	Fees	Salaries	Housing allowances and contributions to a retirement benefit scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors				
Mr. Zhang Wenge *(Note (i), Note (iii))*	–	–	–	–
Mr. Zhou Xin *(Note (i))*	–	639	77	716
Supervisors				
Mr. Mao Wenzong *(Note (ii), Note (iii))*	–	21	5	26
Ms. Yu Hongyan *(Note (ii))*	–	190	43	233
Total	–	850	125	975

The directors and supervisors received emoluments from the Group (in their role as senior management and employee before their appointment as directors and supervisors respectively) for the year ended December 31, 2019 as follows:

Name	Fees	Salaries	Housing allowances and contributions to a retirement benefit scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive Director				
Mr. Zhou Xin *(Note (i))*	–	877	76	953
Supervisor				
Ms. Yu Hongyan *(Note (ii))*	–	212	57	269
Total	–	1,089	133	1,222

The directors and supervisors received emoluments from the Group (in their role as senior management and employee before their appointment as directors and supervisors respectively) for the six months ended June 30, 2020 as follows:

Name	Fees	Salaries	Housing allowances, contributions to a retirement benefit scheme and share-based payment	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors				
Mr. Zhou Xin *(Note (i))*	–	348	678	1,026
Mr. Geng Jianfu *(Note (iv))*	–	–	2,909	2,909
Mr. Xiao Tianchi *(Note (iv))*	–	102	1,624	1,726
Mr. Liu Yonggang *(Note (iv))*	–	1,091	1,868	2,959
Non-executive Director				
Mr. Zhang Wengge *(Note (iv))*	–	–	1,333	1,333
Independent non-executive directors				
Mr. Jin Wenhui *(Note (iv))*	–	–	–	–
Mr. Siu Chi Hung *(Note (iv))*	–	–	–	–
Mr. Tang Yishu *(Note (iv))*	–	–	–	–
Supervisors				
Ms. Yu Hongyan *(Note (ii))*	–	106	10	116
Mr. Jing Zhonghua *(Note (iv))*	–	–	–	–
Mr. Zhang Yuanpeng *(Note (iv))*	–	–	–	–
Mr. Wang Jiandong *(Note (iv))*	–	–	–	–
Mr. Liu Jifeng *(Note (iv))*	–	165	783	948
Ms. Donghui *(Note (iv))*	–	259	1,415	1,674
Total	–	2,071	10,620	12,691

The directors and supervisors received emoluments from the Group (in their role as senior management and employee before their appointment as directors and supervisors respectively) for the six months ended June 30, 2019 as follows:

Name	Fees	Salaries	Housing allowances and contributions to a retirement benefit scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Executive Director				
Mr. Zhou Xin *(Note (i))*	–	490	42	532
Supervisor				
Ms. Yu Hongyan *(Note (ii))*	–	124	27	151
Total	–	614	69	683

(i) The director, Mr. Zhang Wenge was appointed as executive director from December 8, 2006 to January 30, 2018. In January 2018, Mr. Zhang Wenge resigned from the position as director, and Mr. Zhou Xin was appointed as director from January 30, 2018 to April 5, 2020.

(ii) The supervisor, Mr. Mao Wenzong was appointed as supervisor from March 27, 2015 to January 30, 2018. In January 2018, Mr. Mao Wenzong resigned from the position as supervisor, and Ms. Yu Hongyan was appointed as supervisor from January 30, 2018 to April 5, 2020.

(iii) The director Mr. Zhang Wenge and the supervisor, Mr. Mao Wenzong did not receive any emoluments from the Group and received emoluments totalling RMB2,065,000 and RMB127,000 during the year ended December 31, 2017 and 2018, respectively, which were borned by RiseSun Group.

(iv) On April 6, 2020, Mr. Geng Jianfu, Mr. Xiao Tianchi and Mr. Liu Yonggang were appointed as executive directors, Mr. Zhang Wenge was appointed as non-executive director, Mr. Jin Wenhui, Mr. Siu Chi Hung and Mr. Tang Yishu were appointed as independent non-executive directors, Mr. Jing Zhonghua, Mr. Zhang Yuanpeng, Mr. Wang Jiandong, Mr. Liu Jifeng and Ms. Donghui were appointed as supervisors.

(a) Retirement benefits of directors and supervisors

There were no retirement benefits paid to or receivable by directors during the Track Record Period by defined benefit pension plans operated by the Group.

(b) Termination benefits of directors and supervisors

There were no director's termination benefits subsisted during the Track Record Period.

(c) Consideration provided to third parties for making available the services of directors and supervisors

There was no consideration provided to third parties for making available directors' services subsisted during the Track Record Period.

(d) Information about loans, quasi-loans and other dealings in favour of directors and supervisors, controlled bodies corporate by and connected entities with such directors and supervisors

During the years ended December 31, 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favour of directors and supervisors.

(e) Material interests of directors and supervisors in transactions, arrangements or contracts

During the years ended December 31, 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director or supervisor of the Company had interests, whether directly or indirectly, subsisted at the end of the Track Record Periods or at any time during the Track Record Periods.

38 EVENT AFTER THE BALANCE SHEET DATE

Saved as disclosed elsewhere in this report, the following subsequent events took place subsequent to June 30, 2020:

Pursuant to a resolution of the shareholders dated August 18, 2020, the Company declared a dividend of RMB149,460,000 to its shareholders. The dividends have been settled by the Company on September 1, 2020.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to June 30, 2020 and up to the date of this report. Saved as disclosed in Note 38 of this report, no dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to June 30, 2020.

The information set out in this Appendix does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set out in Appendix I to this prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountant's Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of adjusted net tangible assets of the Group which has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Global Offering on the net tangible assets of the Group attributable to the owners of the Company as of June 30, 2020 as if the Global Offering had taken place on June 30, 2020.

The unaudited pro forma statement of adjusted net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as at June 30, 2020 or at any future date.

The unaudited pro forma statement of adjusted net tangible assets of the Group is based on the consolidated net tangible assets of the Group attributable to the owners of the Company as at June 30, 2020 as set out in the Accountant's Report of the Company, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

	Audited consolidated net tangible assets of the Group attributable to the owners of the Company as at June 30, 2020(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted net tangible assets of the Group attributable to the owners of the Company as at June 30, 2020	Unaudited pro forma adjusted net tangible assets per Share	
	RMB'000	RMB'000	RMB'000	RMB(3)	HK$(4)
Based on an Offer Price of HK$13.46 per H Share	609,066	987,581	1,596,647	4.25	5.03
Based on an Offer Price of HK$18.36 per H Share	609,066	1,361,289	1,970,355	5.24	6.21

Notes:

(1) The audited consolidated net tangible assets of the Group attributable to the owners of the Company as at June 30, 2020 has been extracted from the Accountant's Report as set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to the owners of the Company as at June 30, 2020 of RMB610,902,000, with adjustments for intangible assets as at June 30, 2020 of RMB1,836,000.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK$13.46 per H Share and HK$18.36 per H share, being the low and high end of the indicative Offer Price range respectively, after deduction of the underwriting fees and other related expenses payable by the Company (excluding listing expenses of approximately RMB2,504,000 which have been accounted for in the consolidated statements of comprehensive income prior to June 30, 2020) and takes no account of any Shares which may be granted and issued by the Company pursuant to the exercise of the Over-allotment Option.

(3) The unaudited pro forma net adjusted tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraph and on the basis that 376,000,000 Shares were in issue assuming that the Global Offering had been completed on June 30, 2020 but takes no account of any Shares which may be granted and issued by the Company pursuant to the exercise of the Over-allotment Option.

(4) For the purpose of this unaudited pro forma adjusted net tangible assets per Share, the amounts stated in Renminbi are converted into Hong Kong dollar at a rate of HK$1.00 to RMB0.8434. No representation is made that Renminbi has been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(5) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to June 30, 2020.

(6) The unaudited pro forma adjusted net tangible assets does not take into account the additional dividend of RMB149,460,000 declared and paid after June 30, 2020. Had such dividend been taken into account, the unaudited pro forma adjusted net tangible asset per Share would be approximately HK$4.56 per Share and HK$5.74 per Share, based on the indicative Offer Price of HK$13.46 per H Share and HK$18.36 per H Share, respectively.

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Roiserv Lifestyle Services Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Roiserv Lifestyle Services Co., Ltd. (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at June 30, 2020, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated December 31, 2020, in connection with the proposed initial public offering of the shares of the Company (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at June 30, 2020 as if the proposed initial public offering had taken place at June 30, 2020. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the period ended June 30, 2020, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars,* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at June 30, 2020 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) or standards and practices of any professional body in any other overseas jurisdiction and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, December 31, 2020

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "**Constitution**") and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the "**Legislation Law**"), the NPC and the Standing Committee of the NPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The Standing Committee of the NPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, PBOC, the State Audit Administration as well as the other organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people's congresses of larger cities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the comparatively larger cities may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the comparatively larger cities within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee of the NPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, the Supreme People's Court of the PRC (the "**Supreme People's Court**") has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local regulations and rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

PRC JUDICIAL SYSTEM

Under the Constitution and the PRC Law on the Organization of the People's Courts (《中華人民共和國人民法院組織法》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts, military courts and other special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are organized into civil, criminal, administrative, supervision and enforcement divisions. The intermediate people's courts are organized into divisions similar to those of the primary people's courts, and are entitled to organize other courts as needed such as the intellectual property division.

The higher level people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the judicial administration of the people's courts at all levels.

The people's courts apply a two-tier appellate system. A party may appeal against a judgment or order of a local people's court to the people's court at the next higher level. Second judgments or orders given at the next higher level are final. First judgments or orders of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at a higher level finds an error in a judgment or an order which has been given in any people's court at a lower level, or the presiding judge of a people's court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried according to the judicial supervision procedures.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》) (the "**Civil Procedure Law**"), which was adopted in 1991 and amended in 2007, 2012 and 2017, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff's or the defendant's domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, enforce the judgment in accordance with the law.

A party seeking to enforce a judgment or ruling of a people's court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest.

THE PRC COMPANY LAW, SPECIAL REGULATIONS AND MANDATORY PROVISIONS

A joint stock limited company which is incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following three laws and regulations in the PRC:

- The PRC Company Law (《中華人民共和國公司法》) which was promulgated by the Standing Committee of the NPC on December 29, 1993, came into effect on July 1, 1994, revised on December 25, 1999, August 28, 2004, October 27, 2005 and December 28, 2013 respectively and the latest revision of which was implemented on October 26, 2018;

- The Special Regulations of the State Council on Share Offering and Listing Overseas by Joint-Stock Limited Liability Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) (the "**Special Regulations**") which were promulgated by the State

Council on August 4, 1994 pursuant to Articles 85 and 155 of the PRC Company Law in force at that time, and were applicable, to the overseas share subscription and listing of joint stock limited companies; and

- The Mandatory Provisions of Articles of Association of Companies Listing Overseas (《到境外上市公司章程必備條款》) (the "**Mandatory Provisions**") which were issued jointly by the former Securities Commission of the State Council and the former State Economic Restructuring Commission on August 27, 1994, stating the mandatory provisions which must be incorporated into the articles of association of a joint stock limited company seeking an overseas listing. As such, the Mandatory Provisions are set out in the Articles of Association of the Company, the summary of which is set out in the section entitled "Appendix IV—Summary of the Articles of Association" in this prospectus.

  On October 17, 2019, State Council issued the Official Reply of the State Council regarding Adjusting the Application of Provisions to Matters Including the Notice Period of Overseas Listed Companies for Convening Shareholders' Meetings (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》), which is approved that, for those joint stock companies registered in China but listed outside China, the requirements for the notice period for convening a shareholders' meeting, shareholders 'proposal right, and the procedures for convening a shareholders' meeting shall be collectively governed by the relevant provisions of the PRC Company Law, and no longer be governed by the provisions of Article 20 through Article 22 of the Special Provisions of the State Council on the Overseas Offering and Listing of Shares of Joint Stock Companies.

Set out below is a summary of the major provisions of the PRC Company Law, the Special Regulations and the Mandatory Provisions applicable to the Company.

General

A joint stock limited company refers to an enterprise legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of two but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting. Within 30 days after the conclusion of the inaugural meeting, the board of directors must apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business license has been issued by the relevant registration authority. Joint stock limited companies established by the subscription method shall file the approval on the offering of shares issued by the securities administration department of the State Council with the company registration authority for record.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company. According to the Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) promulgated by the State Council on April 22, 1993 (which is only applicable to the issuance and trading of shares in the PRC and their related activities), if a company is established by means of public subscription, the promoters of such company are required to sign on this prospectus to ensure that this prospectus does not contain any misrepresentation, serious misleading statements or material omissions, and assume joint and several responsibility for it.

Share Capital

The promoters of a company can make capital contributions in cash or in kind, which can be valued in currency and transferable according to law such as intellectual property rights or land use rights based on their appraised value. If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

A company may issue registered or bearer share. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered share and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

The Special Regulations and the Mandatory Provisions provide that shares issued to foreign investors and listed overseas shall be issued in registered form and shall be denominated in Renminbi and subscribed for in foreign currency. Under the Special Regulations and the Mandatory Provisions, shares issued to foreign investors and investors from the territories of Hong Kong, the Macau and Taiwan and listed overseas are known as overseas listed foreign invested shares, and those shares issued to investors within the PRC other than the territories specified above are known as Domestic Shares.

A company may offer its shares to the public overseas with approval by the securities administration department of the State Council. Specific provisions shall be specifically formulated by the China Securities Regulatory Commission (the "**CSRC**"). Under the Special Regulations, upon approval of the CSRC, a company may agree, in the underwriting agreement in respect of an issue of overseas listed foreign invested shares, to retain not more than 15% of the aggregate number of overseas listed foreign invested shares proposed to be issued after accounting for the number of underwritten shares.

The share offering price may be equal to or greater than nominal value, but shall not be less than nominal value.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of registered shares by a shareholder must be made by means of an endorsement or by other means stipulated by laws or administrative regulations. Bearer shares are transferred by delivery of the share certificates to the transferee.

Shares held by a promoter of a company shall not be transferred within one year after the date of the company's incorporation. Shares issued by a company prior to the public offer of its shares shall not be transferred within one year from the date of listing of the shares of the company on a stock exchange. Directors, supervisors and senior management of a company shall not transfer over 25% of the shares held by each of them in the company each year during their term of office and shall not transfer any share of the company held by each of them within one year after the listing date. There is no restriction under the PRC Company Law as to the percentage of shareholding a single shareholder may hold in a company.

Transfers of shares may not be entered in the register of shareholders within 20 days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

A company shall obtain the approval of the CSRC to offer its shares to the overseas public. Under the Special Regulations, shares issued to foreign investors by joint stock limited companies and listed overseas are known as "overseas listed and foreign invested shares." Shares issued to investors within the PRC by joint stock limited companies, which also issues overseas listed and foreign shares, are known as "domestic shares." Upon approval of the securities regulatory authority of the State Council, a company issuing overseas listed and foreign invested shares in total shares determined by the issuance program may agree with underwriters in the underwriting agreement to retain not more than 15% of the aggregate number of overseas listed and foreign invested shares outside the underwritten amount. The issuance of the retained shares is deemed to be a part of this issuance.

Registered Shares

Under the PRC Company Law, the shareholders may make capital contributions in cash, or alternatively may make capital contributions with such valuated non-monetary property as physical items, intellectual property rights, and land-use rights that may be valued in monetary term and may be transferred in accordance with the law. Pursuant to the Special Regulations, overseas listed and foreign invested shares issued shall be in registered form, denominated in Renminbi and subscribed for in a foreign currency. Domestic shares issued shall also be in registered form.

Under the PRC Company Law, when the company issues shares in registered form, it shall maintain a register of shareholders, stating the following matters:

- the name and domicile of each shareholder;
- the number of shares held by each shareholder;
- the serial numbers of shares held by each shareholder; and
- the date on which each shareholder acquired the shares.

Increase of Share Capital

According to the PRC Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' general meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders. When the company launches a public issuance of new shares with the approval of the securities regulatory authorities of the State Council, it shall publish a prospectus and financial and accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders' general meeting;
- it shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper within 30 days after the resolution approving the reduction has been passed;
- creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts;
- it shall apply to the relevant administration of industry and commerce for the registration of the reduction in registered capital.

Repurchase of Shares

According to the PRC Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares to its employees as incentives; (iv) to purchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at a shareholders' general meeting; (v) where its shares are used to convert corporate bonds issued by a listed company that can be converted into stocks; or (vi) where it is necessary for a listed company to maintain its corporate value and stockholders' equity.

The purchase of shares on the grounds set out in (i) to (ii) above shall require approval by way of a resolution passed by the shareholders' general meeting. Following the purchase of shares in accordance with the foregoing, such shares shall be cancelled within 10 days from the date of purchase in the case of (i) above and transferred or cancelled within six months in the case of (ii) or (iv) above, or in the event of a purchase made pursuant to Item (iii), (v) or (vi), hold a total number of its own shares not more than 10% of the total shares issued by the company and transfer or cancel within three years of the purchase.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the PRC Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail. Pursuant to the Mandatory Provisions, no modifications of registration in the share register caused by transfer of shares shall be carried out within 30 days prior to convening of shareholder's general meeting or five days prior to any base date for determination of dividend distributions.

Under the PRC Company Law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Directors, supervisors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the company.

Shareholders

Under the PRC Company Law and the Mandatory Provisions, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;
- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;
- the right to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of shareholder's general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquires on the company's operations;
- the right to bring an action in the people's court to rescind resolutions passed by shareholder's general meetings and board of directors where the articles of association is violated by the above resolutions;
- the right to receive dividends and other types of interest distributed in proportion to the number of shares held;
- in the event of the termination or liquidation of the company, the right to participate in the distribution of residual properties of the company in proportion to the number of shares held; and
- other rights granted by laws, administrative regulations, other regulatory documents and the company's articles of association.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

Shareholders' General Meetings

The shareholders' general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law.

Under the PRC Company Law, the shareholders' general meeting exercises the following principal powers:

- to decide on the company's operational policies and investment plans;
- to elect or remove the directors and supervisors (other than the supervisor representative of the employees of the company) and to decide on matters relating to the remuneration of directors and supervisors;
- to examine and approve reports of the board of directors;
- to examine and approve reports of the board of supervisors;
- to examine and approve the company's proposed annual financial budget and final accounts;
- to examine and approve the company's proposals for profit distribution plans and loss recovery plans;
- to decide on any increase or reduction of the company's registered capital;
- to decide on the issue of bonds by the company;
- to decide on issues such as merger, division, dissolution and liquidation of the company and other matters;
- to amend the company's articles of association; and
- other powers as provided for in the articles of association.

Shareholders' annual general meetings are required to be held once every year. Under the PRC Company Law, an extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company's total paid-in share capital;
- when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting;

- whenever the board of directors deems necessary;
- when the board of supervisors so requests; or
- other circumstances as provided for in the articles of associations.

Under the PRC Company Law, shareholders' general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. In case the board of supervisors fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

Under the PRC Company Law, notice of shareholders' general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary shareholder's general meetings shall be given to all shareholders 15 days prior to the meeting.

Pursuant to the Mandatory Provisions, modification or abrogation of rights conferred to any class of shareholders shall be passed both by special resolution of shareholders' general meeting and by class meeting convened respectively by shareholders of the affected class.

Under the PRC Company Law, shareholders present at shareholders' general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the shareholders' general meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the PRC Company Law and the Mandatory Provisions, resolutions of the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the issue of any types of shares, warrants or other similar securities; (iv) the issue of debentures; (v) the merger, division, dissolution, or liquidation; (vi) other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the PRC Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' general meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board

Under the PRC Company Law, a joint stock limited company shall have a board of directors, which shall consist of 5 to 19 members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors mainly exercises the following powers:

- to convene the shareholders' general meetings and report on its work to the shareholders' general meetings;
- to implement the resolutions passed in shareholders' general meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's proposed annual financial budget and final accounts;
- to formulate the company's profit distribution proposals and loss recovery proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution and change in the form of the company;
- to decide on the set-up of internal management organization of the company;
- to decide on appointment or dismissal of the managers and their remuneration, and to decide on appointment or dismissal of deputy managers and finance controller of the company and their remuneration based on the nomination by the managers;
- to formulate the company's basic management system; and
- to exercise any other power under the articles of association.

Board Meetings

Under the PRC Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from that liability.

Chairman of the Board

Under the PRC Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

Qualification of Directors

The PRC Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;
- a person who has been convicted of an offense of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence;
- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation; or
- a person who is liable for a relatively large amount of debts that are overdue.

Other circumstances under which a person is disqualified from acting as a director are set out in the Mandatory Provisions.

Board of Supervisors

A joint stock limited company shall have a board of supervisors composed of not less than three members. The board of supervisors is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one third of the supervisors. Representatives of the employees of the company in the board of supervisors shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise.

The directors and senior management may not act concurrently as supervisors.

The board of supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the board of supervisors are elected with approval of more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the chairman of the board of supervisors is incapable of performing or not performing his duties, the vice chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the vice chairman of the board of supervisors is incapable of performing or not performing his duties, a supervisor nominated by more than half of the supervisors shall convene and preside over the meetings of the board of supervisors.

Each term of office of a supervisor is three years and he or she may serve consecutive terms if re-elected. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The board of supervisors exercises the following powers:

- to review the company's financial position;
- to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or the resolutions of shareholders' meeting;
- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;
- to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' general meeting under this law;
- to initiate proposals for resolutions to shareholders' general meeting;
- to initiate proceedings against directors and senior management; and
- other powers specified in the articles of association.

Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The board of supervisors may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

Manager and Senior Management

Under the PRC Company Law, a company shall have the manager who shall be appointed or removed by the board of directors. The manager shall report to the board of directors and may exercise the following powers:

- to manage the business and administration of the company and arrange for the implementation of resolutions of the board of directors;
- to arrange for the implementation of the company's annual business plans and investment proposals;
- to formulate the plan for set-up of internal management organization of the company;
- to formulate the basic administration system of the company;
- to formulate the company's detailed rules;
- to recommend the appointment and dismissal of deputy managers and person in charge of finance;
- to appoint or dismiss other administration officers (other than those required to be appointed or dismissed by the board of directors); and
- to other powers conferred by the board of directors or the articles of association.

The manager shall comply with other provisions of the articles of association concerning his/her powers. The manager shall attend board meetings.

According to the PRC Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating of the company's properties. Directors and senior management are prohibited from:

- misappropriation of the company's capital;
- depositing the company's capital into accounts under his own name or the name of other individuals;
- loaning company funds to others or providing guarantees in favor of others supported by the company's assets in violation of the articles of association or without prior approval of the shareholders' general meeting or board of directors;
- entering into contracts or deals with the company in violation of the articles of association or without prior approval of the shareholders' general meeting;

- using their position and powers to procure business opportunities for themselves or others that should have otherwise been available to the company or operating for their own benefits or managing on behalf of others businesses similar to that of the company without prior approval of the shareholders' general meeting;

- accept and possess commissions paid by a third party for transactions conducted with the company;

- unauthorized divulgence of confidential business information of the company; or

- other acts in violation of their duty of loyalty to the company.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable to the company.

Finance and Accounting

Under the PRC Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the PRC Company Law, the company shall deliver its financial and accounting reports to all shareholders within the time limit stipulated in the articles of association and make its financial and accounting reports available at the company for inspection by the shareholders at least 20 days before the convening of an annual general meeting of shareholders. It must also publish its financial and accounting reports.

When distributing each year's after-tax profits, it shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After allocation of the statutory common reserve fund from after-tax profits, it may, upon a resolution passed at the shareholders' general meeting, allocate discretionary common reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of common reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association.

Shares held by the Company shall not be entitled to any distribution of profit.

The premium received through issuance of shares at prices above par value and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The Company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. However, the capital reserve fund may not be applied to make up the company's losses. Upon the conversion of statutory common reserve fund into capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Retirement of Accounting Firms

Pursuant to the PRC Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' general meeting or board of directors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting or board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

The Special Regulations provide that a company shall employ an independent accounting firm complying with the relevant regulations of the State to audit its annual report and review and check other financial reports of the company. The accounting firm's term of office shall commence from their appointment at a shareholders' annual general meeting to the end of the next shareholders' annual general meeting.

Distribution of Profits

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn. Under the Mandatory Provisions, a company shall appoint receiving agents on behalf of holders of the overseas listed and foreign invested shares to receive on behalf of such shareholders dividends and other distributions payable in respect of their overseas listed and foreign invested shares.

Amendments to Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. Any amendment of provisions incorporated in the articles of association in connection with the Mandatory Provisions will only be effective after approval by the company's approval department authorized by the State Council and the CSRC. In relation to matters involving the company's registration, its registration with the authority must also be changed.

Dissolution and Liquidation

According to the PRC Company Law, a company shall be dissolved by reason of the following: (i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' general meeting have resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business license is revoked; the company is ordered to close down or be dissolved; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the company would bring significant losses for shareholders.

In the event of (i) above, it may carry on its existence by amending its articles of association. The amendment of the articles of association in accordance with provisions set out above shall require approval of more than two-thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved in the circumstances described in subparagraphs (i), (ii), (iv), or (v) above, a liquidation group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution. The members of the company's liquidation group shall be composed of its directors or the personnel appointed by the shareholders' general meeting. If a liquidation group is not established within the stipulated period, creditors may apply to the people's court and request the court to appoint relevant personnel to form the liquidation group. The people's court should accept such application and form a liquidation group to conduct liquidation in a timely manner.

The liquidation group shall exercise the following powers during the liquidation period:

- to handle the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the company's outstanding businesses related to liquidation;
- to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- to claim credits and pay off debts;
- to handle the company's remaining assets after its debts have been paid off; and
- to represent the company in civil lawsuits.

The liquidation group shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' general meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy.

Following such declaration, the liquidation group shall hand over all matters relating to the liquidation to the people's court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' general meeting or the people's court for verification. Thereafter, the report shall be submitted to the registration authority of the company in order to cancel the company's registration, and a public notice of its termination shall be issued. Members of the liquidation group are required to discharge their duties honestly and in compliance with the relevant laws. Members of the liquidation group shall be prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

A member of the liquidation group is liable to indemnify the company and its creditors in respect of any loss arising from his intentional or gross negligence.

Overseas Listing

According to the Special Regulations, a company shall obtain the approval of the CSRC to list its shares overseas. A company's plan to issue overseas listed and foreign invested shares and domestic shares which has been approved by the CSRC may be implemented by the board of directors of the company by way of separate issue within 15 months after approval is obtained from the CSRC.

Loss of Share Certificates

If a registered share certificate is lost, stolen or destroyed, the relevant shareholder may apply, in accordance with the relevant provisions set out in the Civil Procedure Law, to a people's court to declare such certificate invalid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate. A separate procedure regarding the loss of overseas listed and foreign invested share certificates is provided for in the Mandatory Provisions.

Merger and Demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

SECURITIES LAW AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC.

The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In 1998, the State Council consolidated the two departments and the CSRC has since taken over the original functions of the Securities Commission.

On December 25, 1995, the State Council promulgated and implemented the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations deal mainly with the issue, subscription, trading and declaration of dividends and other distributions of domestic listed and foreign invested shares and disclosure of information of joint stock limited companies having domestic listed and foreign invested shares.

The Securities Law came into force on July 1, 1999, and was revised for the first time on August 28, 2004, for the second time on October 27, 2005, for the third time on June 29, 2013, for the fourth time on August 31, 2014 and for the fifth time on December 28, 2019. This law is the first national securities law in China, which is divided into 14 chapters and 226 articles, regulating (including) the issuance and trading of securities, the acquisition of listed companies, stock exchanges, securities companies and the duties and responsibilities of the securities regulatory authority under the State Council. The Securities Law comprehensively regulates the activities of China's securities market. Article 224 of the Securities Law stipulates that a domestic enterprise shall comply with the relevant provisions of the State Council in issuing securities or listing its securities abroad directly or indirectly. Article 225 of the Securities Law stipulates that the specific measures for subscription and trading of shares of domestic companies in foreign currencies shall be separately formulated by the State Council. At present, the shares (including H shares) issued and traded abroad are still subject to the rules and regulations promulgated by the State Council and the CSRC.

Shanghai-Hong Kong Stock Connect

On April 10, 2014, CSRC and Hong Kong Securities and Futures Commission (hereinafter referred to as "HKSFC") issued the Joint Announcement of China Securities Regulatory Commission and Hong Kong Securities and Futures Commission – Principles that Should be Followed when the Pilot Program that Links the Stock Markets in Shanghai and Hong Kong is Expected to be Implemented and approved in principle the launch of the pilot program that links the stock markets in Shanghai and Hong Kong (《中國證券監督管理委員會香港證券及期貨事務監察委員會聯合公告–預期實行滬港股票市場交易互聯互通機制試點時將需遵循的原則》) (hereinafter referred to as **"Shanghai-Hong Kong Stock Connect"**) by the Shanghai Stock Exchange (hereinafter referred to as **"SSE"**), the Stock Exchange, China Securities Depository and Clearing Co., Ltd. (hereinafter referred to as "CSDCC") and HKSCC. Shanghai-Hong Kong Stock Connect comprises the two portions of Northbound Trading Link and Southbound Trading Link. Southbound Trading Link refers to the entrustment of China securities houses by China investors to trade stocks listed on the Stock Exchange within a stipulated range via filing by the securities trading service company established by the SSE with the Stock Exchange. During the initial period of the pilot program, the stocks of Southbound Trading Link consist of constituent stocks of the Stock Exchange Hang Seng Composite Large Cap Index and the Hang Seng Composite MidCap Index as well as stocks of A+H stock companies concurrently listed on the Stock Exchange and the SSE. The total limit of Southbound Trading Link is RMB250 billion and the daily limit is RMB10.5 billion. During the initial period of the pilot program, it is required by HKSFC that China investors participating in Southbound Trading Link are only limited to institutional investors and individual investors with a securities account and capital account balance of not less than RMB500,000.

On November 10, 2014, CSRC and HKSFC issued a Joint Announcement, approving the official launch of Shanghai-Hong Kong Stock Connect by SSE, the Stock Exchange, CSDCC and HKSCC. Pursuant to the Joint Announcement, trading of stocks under Shanghai-Hong Kong Stock Connect will commence on November 17, 2014.

On September 30, 2016, CSRC issued the Filing Provision on the Placement of Shares by Hong Kong Listed Companies with Domestic Original Shareholders under Southbound Trading Link (《關於港股通下香港上市公司向境內原股東配售股份的備案規定》) which came into effect on the same day. The act of the placement of shares by Hong Kong listed companies with domestic original shareholders under Southbound Trading Link shall be filed with CSRC. Hong Kong listed companies shall file the application materials and approved documents with CSRC after obtaining approval from the Stock Exchange for their share placement applications. CSRC will carry out supervision based on the approved opinion and conclusion of the Hong Kong side.

According to the CSRC Pilot Program for the Deepening Reforms on Overseas Listing Systems and the "Full Liquidity" of H Shares (《中國證監會深化境外上市制度改革開展H股"全流通"試點》) issued by the CSRC on December 29, 2017 and the Reply to the Press by the CSRC Spokesperson, Chang Depeng regarding the implementation of the "Full Liquidity" Pilot Program of H Shares (《中國證監會新聞發言人常德鵬就開展H股"全流通"試點相關事宜答記者問》) issued by the CSRC on 29 December 2017 and approved by the State Council, the CSRC carried out the "Full Liquidity" Pilot Program of H-share Listed Companies, which required enterprises involved in the pilot programme to perform some procedures and meet the following four basic conditions:

(1) fulfilled the relevant legal provisions and policy requirements of foreign investment access, state-owned assets management, state security and industrial policy.

(2) their respective industries are in line with the development concept of innovative, coordinated, green, open and sharing, the development direction of the industrial policy of the state, as well as the national strategy of serving the real economy and supporting the "One Belt, One Road" construction, they also have to be high-quality enterprises.

(3) the equity structures of existing shares are relatively simple and their respective market value will be not less than HK$1 billion.

(4) the corporate governance is standard, the internal decision-making procedures are in compliance with the laws, which can practicably and adequately protect shareholders' rights of knowledge, participation and voting.

On November 14, 2019, CSRC issued the Guidance of Applying "Full Liquidity" for Domestic Unlisted Shares of H Shares Company (《H股公司境內未上市股份申請「全流通」業務指引》), and the Reply to the Press by the CSRC Spokesperson regarding the Fully Implementation of the "Full Liquidity" Reform of H Shares (《中國證監會新聞發言人就全面推開H股「全流通」改革答記者問》) issued by the CSRC on November 15, 2019, H Shares company can apply for "full liquidity" alone or together with refinance application. Unlisted corporation can apply for "full liquidity" together with IPO application. Once been approved by CSRC, shareholders of domestic unlisted shares shall change shares registration according to relevant rules of China Securities Depository and Clearing Corporation Limited, as well as relevant rules of shares registration and shares listing of HK market, and shall disclose information lawfully.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "**Arbitration Law**") was passed by the Standing Committee of the NPC on August 31, 1994, became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid.

The Mandatory Provisions require an arbitration clause to be included in the articles of association of an issuer. Matters in arbitration include any disputes or claims in relation to the issuer's affairs or as a result of any rights or obligations arising under its articles of association, the PRC Company Law or other relevant laws and administrative regulations.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, must comply with the arbitration. Disputes in respect of the definition of shareholder and disputes in relation to the issuer's register of shareholders need not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會) ("**CIETAC**") in accordance with its rules or the Hong Kong International Arbitration center ("**HKIAC**") in accordance with its Securities Arbitration Rules (the "**Securities Arbitration Rules**"). Once a claimant refers a dispute or claim to arbitration, the other party shall submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the HKIAC, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules. In accordance with the Arbitration Regulations of CIETAC (《中國國際經濟貿易仲裁委員會仲裁規則》) which was amended on November 4, 2014 and implemented on January 1, 2015, CIETAC shall deal with economic and trading disputes over contractual or non-contractual transactions, including disputes involving Hong Kong based on the agreement of the parties. The arbitration commission is established in Beijing and its branches and centers have been set up in Shenzhen, Shanghai, Tianjin and Chongqing.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the **"New York Convention"**) adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland China and Hong Kong (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000. In accordance with this arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

Judicial judgment and its enforcement

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) promulgated by the Supreme People's Court on July 3, 2008 and implemented on August 1, 2008, in the case of final judgment, defined with payment amount and enforcement power, made between the court of China and the court of the Hong Kong Special Administrative Region in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement. "Choice of court agreement in written" refers to a written agreement defining the exclusive jurisdiction of either the People's Court of China or the court of the Hong Kong Special Administrative Region in order to resolve dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the party concerned may apply to the Court of China or the court of the Hong Kong Special Administrative Region to recognize and enforce the final judgment made in China or Hong Kong that meet certain conditions of the aforementioned regulations.

SUMMARY OF MATERIAL DIFFERENCES BETWEEN HONG KONG AND PRC COMPANY LAW

The Hong Kong laws applicable to a company incorporated in Hong Kong are the Companies Ordinance and the Companies (Winding up and Miscellaneous Provisions) Ordinance and are supplemented by common law and the rules of equity that are applicable to Hong Kong. As a joint stock limited company established in the PRC that is seeking a listing of shares on the Hong Kong Stock Exchange, our Company is governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law.

Set out below is a summary of certain material differences between Companies Ordinance applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited company incorporated under the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

Incorporation of Corporate

Under Hong Kong company law, a company with share capital, is incorporated by the Registrar of Companies in Hong Kong which issues a certificate of incorporation to the Company upon its incorporation and the company will acquire an independent corporate existence. A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance, the articles of association of a private company incorporated in Hong Kong shall contain certain preemptive provisions. A public company's articles of association do not contain such pre-emptive provisions.

Under the PRC Company Law, a joint stock limited company may be incorporated by promotion or stock flotation. The newly amended PRC Company Law which came into effect on October 26, 2018, has no provisions on minimum registered capital of joint stock companies, except that laws, administrative regulations and State Council decisions have separate provisions on paid-in registered capital and the minimum registered capital of joint stock companies, in which case the company should follow such provisions.

Hong Kong law does not prescribe any minimum capital requirement for a Hong Kong company.

Share Capital

The Hong Kong company law does not provide for authorized share capital. The share capital of a Hong Kong company would be its issued share capital. The full proceeds of a share issue will be credited to share capital and becomes a company's share capital. The directors of a Hong Kong company may, with the prior approval of the shareholders if required, issue new shares of the company.

The PRC Company Law provides that any increase in our Company's registered capital must be approved by its shareholders' general meeting and the relevant PRC governmental and regulatory authorities.

Under the PRC Company Law, the shares may be subscribed for in the form of money or non-monetary assets (other than assets not entitled to be used as capital contributions under relevant laws and administrative regulations). If capital contribution is made other than in cash, valuation and verification of the assets contributed must be carried out and converted into shares according to the laws. Non-monetary assets used for capital contributions shall not be overvalued or undervalued. Where laws or administrative regulations provide otherwise, those provisions shall prevail. There is no such restriction on a Hong Kong company under Hong Kong Law.

Restrictions on Shareholding and Transfer of Shares

Under the PRC Company Law, a promoter of a joint stock limited company is not allowed to transfer the shares it holds for a period of one year after the date of establishment of the company. Shares issued prior to the public offering cannot be transferred within one year from the listing date of the shares on a stock exchange. Shares transferred each year by the directors, supervisors and senior management of a joint stock limited company during their respective term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after such person leave office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and senior management.

There are no such restrictions on shareholdings and transfers of shares under Hong Kong law apart from the six-month lockup on the company's issue of shares and the 12-month lockup on controlling shareholders' disposal of shares, as illustrated by the undertakings given by the Company and our controlling shareholder to the Hong Kong Stock Exchange.

Financial Assistance for Acquisition of Shares

The PRC Company Law does not prohibit or restrict a joint stock limited company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares. However, the Mandatory Provisions contain special restrictions provisions on a company and its subsidiaries on providing aforesaid financial assistance similar to those under the Companies Ordinance.

Variation of Class Rights

The PRC Company Law has no specific provision relating to variation of class rights. However, the PRC Company Law states that the State Council can promulgate separate regulations relating to other kinds of shares. The Mandatory Provisions contain elaborate provisions relating to the circumstances which are deemed to be variations of class rights and the approval procedures required to be followed in respect thereof. The relevant provisions have been incorporated in the Articles of Association, summary of which is set out in "Appendix IV-Summary of the Articles of Association" to this prospectus.

Under the Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the passing of a special resolution by the shareholders of the relevant class at a separate meeting sanctioning the variation, (ii) with the written consent of shareholders representing at least three-fourths of the total voting rights of shareholders of the relevant class, or (iii) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions.

As required by the Listing Rules and the Mandatory Provisions, our company has adopted in the Articles of Association provisions protecting class rights in a similar manner to those found in Hong Kong law. Holders of overseas listed foreign invested shares and domestic shares are defined in the Articles of Association as different classes of shareholders, provided however that the special procedures for approval by separate class shareholders shall not apply to the following circumstances: (i) with the approval by a special resolution at the general meeting, the Company issues Domestic Shares or overseas listed foreign shares alone or at the same time at each interval of twelve months and the number of the proposed Domestic Shares and overseas listed foreign shares does not exceed twenty percent of the respective outstanding shares of such class; (ii) the Company has made the plans to issue Domestic Shares or overseas listed foreign shares at the time of incorporation and the implementation of such plan has been completed within fifteen months from the date of approval by the Securities Commission of the State Council; and (iii) where, as approved by the securities regulatory authorities under the State Council, the transfer of Domestic shares of the Company to Overseas investors or the conversion of them into overseas listed shares and the listing and trading of such shares on an overseas stock exchange.

Directors, Senior Management and Supervisors

The PRC Company Law, unlike Companies Ordinance, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on companies providing certain benefits to directors and guarantees in respect of directors' liability and prohibitions against compensation for loss of office without shareholders' approval. The Mandatory Provisions, however, contain certain restrictions on interested contracts and specify the circumstances under which a director may receive compensation for loss of office.

Supervisory Board

Under the PRC Company Law, a joint stock limited company's directors and members of the senior management are subject to the supervision of supervisory board. There is no mandatory requirement for the establishment of supervisory board for a company incorporated in Hong Kong.

The Mandatory Provisions provide that each supervisor owes a duty, in the exercise of his powers, to act in good faith and honestly in what he considers to be in the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Derivative Action by Minority Shareholders

Hong Kong law permits minority shareholders to initiate a derivative action on behalf of all shareholders against directors who have committed a breach of their fiduciary duties to the company if the directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name.

The PRC Company Law provides shareholders of a joint stock limited company with the right so that in the event where the directors and senior management violate their obligations and cause damages to a company, the shareholders individually or jointly holding more than 1% of the shares in the company for more than 180 consecutive days may request in writing the supervisory board to initiate proceedings in the people's court. In the event that the supervisory board violates their obligations and cause damages to company, the above said shareholders may send written request to the board of directors to initiate proceedings in the people's court. Upon receipt of aforesaid written request from the shareholders, if the supervisory board or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days from the date of receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the people's court in their own name.

The Mandatory Provisions also provides further remedies against the directors, supervisors and senior management who breach their duties to the company.

Protection of Minorities

Under Hong Kong law, the company may be wound up by the court if the court considers that it is just and equitable to do so, in addition, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to the court to make an appropriate order regulating the affairs of the company. Furthermore, under certain circumstances, the Financial Secretary of Hong Kong may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong. The PRC law does not contain similar safeguards.

The PRC Company Law provides that, a company which encounters substantial operational or management difficulties, and its continuance will cause significant loss to the interests of its shareholders and the situation cannot be resolved by other means, shareholders of the company who hold more than ten percent of the voting rights of all shareholders may apply to a people's court for the dissolution of the company.

The Mandatory Provisions, however, except as required by laws and regulations or the Listing Rules provides that a controlling shareholder shall not exercise its voting rights in a manner prejudicial to the interests of the shareholders generally or of a proportion of the shareholders of a company to relieve a director or supervisor of his duty to act honestly in the best interests of the company or to approve the expropriation by a director or supervisor of the company's assets or the individual rights of other shareholders.

Notice of Shareholders' General Meetings

Under the PRC Company Law, notice of a shareholders' annual general meeting and an interim general meeting must be given to shareholders no less than 20 days and 15 days before the date of such meeting, respectively. For a company incorporated in Hong Kong, the notice period for an annual general meeting is at least 21 days and in any other case, at least 14 days for a limited company and at least 7 days for an unlimited company.

Quorum for Shareholders' General Meetings

Under Hong Kong law, the quorum for a general meeting must be at least two members unless the articles of association of the company otherwise provide. For companies with only one member, the quorum must be one member.

The PRC Company Law does not specify the quorum for a shareholders' general meeting.

Voting

Under Hong Kong law, an ordinary resolution is passed by a simple majority of votes cast by members present in person or by proxy at a general meeting and a special resolution is passed by a majority of not less than three-fourths of votes cast by members present in person or by proxy at a general meeting.

Under the PRC Company Law, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights held by the shareholders who attend the general meeting except in cases of proposed amendments to a company's articles of association, increase or decrease of registered capital, merger, division or dissolution, or change of corporation form, which require affirmative votes of shareholders representing more than two-thirds of the voting rights held by the shareholders who attend the general meeting.

Financial Disclosure

Under the PRC Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its financial report 20 days before its shareholders' annual general meeting. In addition, a joint stock limited company of which the shares are publicly issued must publish its financial report.

The Companies Ordinance requires a company incorporated in Hong Kong to send to every shareholder a copy of its balance sheet, auditors' report and directors' report, which are to be presented before the company in its annual general meeting, not less than 21 days before such meeting.

Information on Directors and Shareholders

The PRC Company Law gives shareholders the right to inspect the company's articles of association, minutes of the shareholders' general meetings and financial and accounting reports. Under the Articles of Association, shareholders have the right to inspect and copy (at reasonable charges) certain information on shareholders and on directors which is similar to the shareholders' rights of Hong Kong companies under Hong Kong law.

The Mandatory Provisions and regulations requires that a company must, in addition to preparing financial statements according to the PRC GAAP, have its financial statements prepared and audited in accordance with international accounting standards or accounting standards of the overseas listing place, and such financial statements must also contain a statement of the financial effect of the material differences (if any) from the financial statements prepared in accordance with the PRC GAAP. The lower of the after-tax profits stated in the abovementioned two kinds of financial statements shall prevail in the allocation of after-tax profits for the accounting year. The company shall publish its financial reports twice in each accounting year. An interim financial report shall be published within 60 days after the end of the first six months of each accounting year, while an annual financial report shall be published within 120 days after the end of each accounting year.

The Special Regulations require that there should not be any contradiction between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

Information on Directors and Shareholders

The PRC Company Law gives shareholders the right to inspect the company's articles of association, minutes of the shareholders' general meetings, share register, counterfoil of company debentures, resolutions of board meetings, resolutions of the supervisory board and financial and accounting reports, which is similar to the shareholders' rights of Hong Kong companies under Hong Kong law.

Receiving Agent

Under the PRC Company Law and Hong Kong law, dividends once declared become liabilities payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years, while under the PRC laws this limitation period is three years. The Mandatory Provisions require the relevant company to appoint a trust company registered under the Hong Kong Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as a receiving agent to receive on behalf of holders of shares dividends declared and all other monies owed by the company in respect of its shares.

Corporate Reorganization

Corporate reorganization involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of voluntary winding up to another company pursuant to Section 237 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to Section 673 and Section 674 of the Companies Ordinance, which requires the sanction of the court. Under the PRC laws, merger, division, dissolution or change the form of a joint stock limited company has to be approved by shareholders at the shareholders' general meeting.

Dispute Arbitration

In Hong Kong, disputes between shareholders on the one hand, and a company incorporated in Hong Kong or its directors on the other hand, may be resolved through legal proceedings in the courts. The Mandatory Provisions provide that such disputes should be submitted to arbitration at either the Hong Kong International Arbitration Centre or the China International Economic and Trade Arbitration Commission, at the claimant's choice.

Mandatory Deductions

Under the PRC Company Law, a joint stock limited company is required to contribute 10% of the profit into their statutory reserve funds upon distribution of their post-tax profits of the current year. There are no corresponding provisions under Hong Kong law.

Remedies of the Company

Under the PRC Company Law, if a director, supervisor or senior management in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or senior management should be responsible to the company for such damages. In addition, the Listing Rules require listed companies' articles of association to provide for remedies of the company similar to those available under Hong Kong law (including rescission of the relevant contract and recovery of profits from a director, supervisor or senior management).

Dividends

The Company has the power in certain circumstances to withhold, and pay to the relevant tax authorities, any tax payable under PRC laws on any dividends or other distributions payable to a shareholder. Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is three years.

Fiduciary Duties

In Hong Kong, there is the common law concept of the fiduciary duty of directors. Under the PRC Company Law and the Special Regulations, directors, supervisors and senior management should be loyal and diligent. Under the Mandatory Provisions, directors, supervisors and senior management are not permitted, without the knowledge and approval of the shareholders' general meeting, to engage in any activities which compete with the interests of the company.

Closure of Register of Shareholders

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days in certain circumstances) in a year, whereas, as required by the Mandatory Provisions, share transfers shall not be registered within 30 days before the date of a shareholders' general meeting or within five days before the base date set for the purpose of distribution of dividends.

Amendment to Articles of Association

A PRC issuer may not permit or cause any amendment to be made to its articles of association which would contravene the PRC Company Law, the Mandatory Provisions and the Listing Rules.

This appendix contains the summary of the principal provisions of the Articles of Association adopted by our Company on May 7, 2019 and shall take effect on the date of the H-Shares being listed on the Hong Kong Stock Exchange. The main purpose of this appendix is to provide an overview of the Company's Articles of Association for potential investors, so it may not contain all the information that is important to potential investors.

I. Shares and Registered Capital

The Company shall issue ordinary shares at all times. With the approval from authorities authorized by the State Council, the Company may issue other classes of shares when needed.

All the shares issued by the Company shall have a nominal value, each share having a nominal value of RMB1.00.

The Company shall issue shares in an open, fair and just manner, and each share of the same class shall have equal rights.

All shares of the same class issued at the same time shall be issued under the same conditions and at the same price; the same price shall be paid for each share subscribed by any entities or individuals.

The domestic shares/domestic unlisted shares and overseas listed shares issued by the company enjoy the same rights to distribution of dividends and distribution in any other form. The Company shall not exercise any rights to freeze or otherwise prejudice any rights attached to the shares held by any person who directly or indirectly has interest in the Company solely for the reason that such person fails to disclose to the Company any such interests.

II. Increase, Decrease and Repurchase of Shares

Increase of Capital

The Company may, based on its business and development needs and in accordance with the requirements of laws, regulations and Articles of Association, increase its registered capital in the following manners:

(1) by issuing new shares to public;

(2) by issuing new shares to private;

(3) by placing new shares to its existing Shareholders;

(4) by distributing new shares to its existing Shareholders;

(5) by capitalizing its capital reserves;

(6) by other ways permitted by the laws, administrative regulations and pertinent regulatory authorities.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated in the relevant laws and administrative regulations and the stock listing rules of the stock exchange in which Company's shares are listed.

Decrease of Capital

Our Company may reduce our registered capital according to the Articles of Association and shall be conducted by accordance with the procedures stipulated in the PRC Company Law, other relevant regulations and the Articles of Association.

In the event of reduction of registered capital, the Company shall prepare a balance sheet and a list of assets.

The company shall notify its creditors within ten days from the date of resolution on reduction in registered capital and publish an announcement on the newspapers within 30 days. The creditors may demand, within 30 days from receipt of the notice (or within 45 days for those creditors who did not receive the notice), that the company settles the debts or provide the corresponding guarantee.

Repurchase of Shares

The Company may, according to the requirements of the laws, administrative regulations, departmental rules and, stock listing rules of the stock exchange in which Company's shares are listed and the Articles of Association, repurchase its shares under the following circumstances:

(1) cancelling shares for reducing the Company's registered capital;

(2) merging with other companies which hold shares in the Company;

(3) awarding shares for employee stock ownership plan or share incentive plan;

(4) acquiring shares held by Shareholders, who vote against any resolution proposed in any general meeting on the merger or division of the Company, upon their request;

(5) using shares for converting corporate bonds which are convertible into shares that issued by Company;

(6) for the need of protecting Company value and Shareholders' equity;

(7) other circumstances as permitted by laws, administrative regulations and regulatory authorities.

After repurchasing the shares issued by itself in accordance with the laws, the company shall cancel repurchased shares and file an application with the competent authority for the change of the registered capital.

The amount of our registered share capital shall be reduced by the aggregate nominal value of those cancelled shares.

Unless the Company is under liquidation, it shall comply with the following provisions regarding the repurchase of its outstanding shares:

(1) where the Company repurchases its shares at nominal value, the amount thereof shall be deducted from the book balance of the distributable profits of the Company and from the proceeds of the new issue of shares made for the repurchase of shares;

(2) where the Company repurchases its shares at a price higher than nominal value, the portion corresponding to the nominal value shall be deducted from the book balance of the distributable profits of the Company and from the proceeds of the new issue of shares made for the repurchase of shares. The portion in excess of the nominal value shall be handled as follows:

1. if the shares repurchased were issued at nominal value, payment shall be deducted from the book balance of the distributable profits of the Company;

2. if the shares repurchased were issued at a price higher than their nominal value, payment shall be deducted from the book balance of the distributable profits of the Company and from the proceeds of a new issue of shares made for the repurchase of shares, provided that the amount deducted from the proceeds of the new issue of shares shall not be more than the aggregate of premiums received by the Company at the time of the issue of the shares repurchased nor shall it be more than the amount of the Company's share premium account or capital common reserve account (including the premiums on the new issue of shares) at the time of such repurchase;

(3) payment by the Company for the following purposes shall be paid out of the Company's distributable profits:

1. acquisition of rights to repurchase shares of the Company;

2. modification of any agreement for repurchasing shares of the Company;

3. release the Company's obligations under any agreement for repurchasing its shares.

(4) after the aggregate nominal value of the cancelled shares has been deducted from the registered capital of the Company in accordance with the relevant requirements, the amount deducted from the distributable profits for payment for repurchasing shares at their nominal value shall be accounted for in the Company's share premium account or capital common reserve account.

(5) where the issuer has the power to repurchase redeemable share:

1. repurchases not made through the market or by tender shall be limited to a maximum price; and

2. if repurchases are made by tender, such initiations for tender shall be made to all shareholders on an equal basis.

III. Transfer of Shares

The shares of the Company held by the promoters shall not be transferred within one year after the incorporation of the Company.

The directors, supervisors and senior management of the Company shall report to the Company their shareholdings and changes thereof and shall not transfer more than 25 percent of the total number of their shares in the Company per annum during their terms of office. The aforesaid persons shall not transfer their shares in the Company within half a year after they terminate service with the Company.

IV. Financial Assistance for Purchase of the Company's or any of its Subsidiaries' Shares

According to the requirements of Articles of Association, the Company or any of its Subsidiaries shall not, by any means and at any time, provide any financial assistance to purchasers or potential purchasers of the Company's shares. The aforesaid purchasers of the Company's shares include persons directly or indirectly undertaking obligations due to purchase of the Company's shares.

The Company or its subsidiaries shall not, by any means and at any time, provide any financial assistance to the aforesaid obligors for the purpose of reducing or discharging their obligations.

In respect of the foresaid rules, "Financial assistance" includes (but not limited to) the following ways:

(1) gift;

(2) guarantee (including the undertaking of liability or provisions of property by the guarantor in order to guarantee the performance of the obligation by the obligor), indemnity (excluding, however, indemnity arising from the Company's own fault) and termination or waiver of rights;

(3) providing of a loan or signing of a contract under which the obligations of the Company are to be fulfilled prior to the fulfillment of the obligations of the other party to the contract, and a change in the party to such loan or agreement as well as the assignment of rights under such loan or contract;

(4) financial assistance provided in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a significant reduction in the Company's net assets.

The term "undertake obligations" shall include the undertaking of an obligation by the obligor by entering into a contract or making an arrangement (whether or not such contract or arrangement is enforceable and whether or not such obligation is assumed by the obligor individually or jointly with any other person), or by changing its financial position in any other way.

The following acts shall not be prohibited:

(1) the Company provides the relevant financial assistance in the interests of the Company in good faith, and the primary purpose of the said financial assistance is not to purchase the Company's shares, or the said financial assistance is part of a master plan of the Company;

(2) the Company distributes its assets as dividends in accordance with the laws;

(3) the Company distributes dividends in the form of shares;

(4) the Company reduces its registered capital, repurchases its shares and adjusts the equity structure in accordance with the Articles of Association;

(5) the Company provides a loan for its normal business operations within its business scope (provided that such financial assistance shall not result in a reduction in the net assets of the Company, or in the event of such reduction, such financial assistance is provided out of the distributable profits of the Company);

(6) the Company provides the funding for employee stock ownership plan (provided that such financial assistance shall not result in a reduction in the net assets of the Company, or in the event of such reduction, such financial assistance is provided out of the distributable profits of the Company).

V. Share Certificates and Register of Shareholders

(1) Share Certificates

The share certificates of the Company shall be in registered form.

Matters needed to be specified in Company shares shall pursuant to the PRC Company Law and to the rules of the stock exchange in which Company's shares are listed.

The share certificates shall be signed by the Chairman of the Board. Where the signatures of other senior management of the Company are required by the stock exchange where the Company's shares are listed, the share certificates shall also be signed by such other senior management. The share certificates shall become valid after the Company seal is affixed thereto or imprinted thereon. The affixing or imprinting of the Company seal to the share certificates shall be authorized by the Board. The signature of the Chairman of the Board or such other senior management of the Company on the share certificates may also be in printed form.

In case of paperless issuance and trading of the shares of the Company, provisions otherwise provided by the securities regulatory authorities, the stock exchange in the place where the Company's shares are listed shall apply.

(2) Register of Shareholders

The Company shall establish a register of shareholders and shall register therein the following particulars:

(1) the name (title), address (domicile), occupation or nature of each Shareholder;

(2) the class and number of shares held by each Shareholder;

(3) the amount paid or payable for the shares held by each Shareholder;

(4) the serial number of the share certificate held by each Shareholder;

(5) the date on which each shareholder is registered as a Shareholder;

(6) the date on which each shareholder ceases to be a Shareholder.

The shareholders' register is a sufficient evidence of the Shareholders' shareholdings in the Company unless there is evidence to the contrary.

The Company may keep overseas the register of shareholders of overseas listed shares and entrust the administration thereof to an overseas agent in accordance with the understanding and agreement reached between the Securities Regulatory Authorities of the State Council and the overseas Securities Regulatory Authorities. The original register of holders of overseas listed shares listed on the Hong Kong Stock Exchange shall be kept in Hong Kong.

The Company shall keep at its domicile a copy of the register of shareholders of overseas listed shares. The entrusted overseas agent shall always ensure that the original and copies of the register of holders of overseas listed shares are consistent.

Where the original and copies of the register of shareholders of overseas listed shares are inconsistent, the original shall prevail.

The Company shall keep a complete shareholders' register, which shall include the following parts:

(1) the register(s) of shareholders kept at the Company's domicile other than those specified in items (2) and (3);

(2) the register(s) of shareholders of overseas listed shares kept in the place(s) of the overseas stock exchange(s) where the shares are listed;

(3) the register(s) of shareholders kept in other places as the Board may decide and consider necessary for listing purposes.

The various parts of the register of shareholders shall not overlap with each another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register of shareholders.

Changes and corrections to each part of the register of shareholders shall be carried out in accordance with the laws of the places where each part is kept.

When the Company convenes a general meeting, distributes dividends, commences liquidation or participates in other activities requiring the recognition of shareholdings; the Board shall designate a certain date as the record date, at the end of which the shareholders in the register shall be shareholders of the Company.

If any person objects to the register of shareholders and requests to have his/her name (title) recorded in or deleted from the register of shareholders, the said person may apply to the court with jurisdiction to correct the register of shareholders.

If any Shareholder in the register of shareholders or any person requesting to have his/her name (title) recorded in the register of shareholders loses his/her original share certificates, the said Shareholder or person may apply to the Company to issue replacement certificates in respect of the said shares.

The Company shall not be liable for any damages suffered by any person arising from the cancellation of the original share certificates or the issuance of a new replacement share certificate, unless the claimant can prove that the Company has committed a fraudulent act.

VI. Rights and Obligations of Shareholders

(1) Shareholders

A Shareholder is a person who lawfully holds shares of the Company and has his/her name (title) recorded in the register of shareholders.

(2) Rights and Obligations of Shareholders

A Shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and amount of shares he/she holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Shareholders of all classes of the Company have equal rights in any distribution made by dividends or other forms.

If the Shareholder is a legal entity, the rights shall be enforced by its legal representative or a proxy of such legal representative (if the Shareholder is a recognized clearing house as defined in the relevant Ordinance as amended from time to time in accordance with the laws of Hong Kong or its agent) or the representative or consignor of the recognized clearing house (or its agent).

The ordinary Shareholders shall enjoy the following rights:

(1) the right to receive dividends and other profit distributions in proportion to their shareholdings;

(2) the right to request, convene, preside, attend or appoint proxies to attend general meetings lawfully and to exercise the voting rights in proportion to their shareholdings;

(3) the right to supervise and manage the Company's business activities, to present proposals or to raise enquires;

(4) the right to transfer, gift or pledge shares in accordance with laws, administrative regulations and provisions of the Articles of Association;

(5) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:

1. the right to obtain a copy of the Articles of Association, subject to payment of reasonable cost;

2. the right to inspect and copy, subject to payment of a reasonable charge:

i. the copies of register of all the Shareholders;

ii. personal particulars of each of the Company's Directors, Supervisors, general Manager and other senior management members, including:

(a) present and former name and alias;

(b) principal address (domicile);

(c) nationality;

(d) primary and all other part-time occupations and duties;

(e) identification documents and the numbers thereof.

iii. reports showing the status of the Company's share capital;

iv. reports showing the aggregate nominal value, quantity, maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the end of the last financial year and the aggregate amount incurred by the Company for this purpose;

v. minutes of general meetings (only available for inspection to Shareholders);

(6) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the shareholdings;

(7) other rights under laws, administrative regulations, departmental rules or the Articles of Association.

The ordinary Shareholders of the Company shall have the following obligations:

(1) to abide by the Articles of Association;

(2) to pay capital contribution for the shares subscribed for in the prescribed method of subscription;

(3) to fulfill other obligations as stipulated by laws, administrative regulations and the Articles of Association.

Shareholders shall not be liable for further contribution to share capital other than the conditions agreed to as a subscriber of the shares at the time of subscription.

VII. Restrictions on the Controlling Shareholders' Rights

Except for the obligations required by the laws, administrative regulations or the listing rules of the stock exchanges in which the Company's shares are listed, the Controlling Shareholder shall not exercise its voting rights on the following issues to the detriment of all or part of the Shareholders:

(1) Exempting Directors and Supervisors from acting in good faith with the best interests of the Company;

(2) Approving Directors and Supervisors (for the benefit of themselves or others) to deprive the Company's property in any form, including (but not limited to) any opportunity that is beneficial to the Company;

(3) Approving Directors and Supervisors (for the benefit of themselves or others) to deprive other Shareholders' own rights, including (but not limited to) any distribution rights and voting rights, but does not include the reorganization of the Company approved by the shareholders' general meeting in accordance with the Company's Articles of Association.

VIII. Shareholders' General Meeting

(1) General rules for the Shareholders' General Meeting

The general meeting is the authority of power of the Company, and shall exercise the following duties and powers in accordance with the law:

(1) to decide the Company's operational policies and investment plans;

(2) to elect and change the Directors and Supervisors who are not representatives of the employees and decide on the remunerations of Directors and Supervisors;

(3) to examine and approve reports of the Board of Directors;

(4) to examine and approve reports of the Supervisory Committee;

(5) to examine and approve the proposed annual financial budgets, final accounts of the Company;

(6) to examine and approve the profit distribution plans and loss recovery plans of the Company;

(7) to make resolutions on the increase or reduction of the registered capital of the Company;

(8) to make resolutions on the issuance of corporate bonds;

(9) to make resolutions on the merger, division, dissolution, liquidation or change in the form of the Company;

(10) to amend the Articles of Association;

(11) to examine the proposals by the Shareholders severally or jointly holding three percent or more of the voting shares of the Company;

(12) to make resolutions on the engagement, renewal, or discontinuance of engagement of accounting firms by the Company;

(13) to examine the matters relating to the purchases and disposals of the Company's material assets or the provisions of guarantees within one year with an amount exceeding or equal to 25 percent of the Company's latest audited total assets;

(14) to examine other matters required to be resolved at the general meeting pursuant to laws, administrative regulations, departmental rules and provisions of the Articles of Association;

(15) other matters required by the listing rules of the place where the Company's shares are listed.

The Company shall not enter into contracts with a party (other than a Director, Supervisor, the General Manager and other senior management members) in relation to handover of the administration of all business or the important business of the Company to that party without the pre-approval of the general meeting.

The general meetings consist of annual general meetings and extraordinary general meetings. The general meetings shall be convened by the Board of Directors. The annual general meeting shall hold once every year within six months from the end of the previous accounting year.

The extraordinary general meeting shall be convened as and when necessary. In the occurrence of any of the following events, the Board of Directors shall convene an extraordinary general meeting within two months:

(1) when the number of directors is less than the number stipulated in the PRC Company Law or two-thirds of the number specified in the Articles of Association;

(2) when the unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;

(3) when Shareholder(s) individually or jointly holding 10 percent or more of the Company's issued shares request(s) in writing to convene an extraordinary general meeting;

(4) when deemed necessary by the Board or when proposed by the Supervisory Committee;

(5) when proposed by two or more independent non-executive directors;

(6) any other circumstances stipulated by laws, administrative regulations, departmental regulations, the listing rules of the stock exchange where the Company's shares are listed or the Articles of Association.

The number of shares held referred to in item (3) of this Article shall be calculated on the date when the shareholders put forward a written request.

(2) Proposals of the Shareholders' General Meeting

When a general meeting is convened by the Company, Shareholders who individually or jointly hold three percent or more of the shares of the Company carrying voting right, shall be entitled to make proposals in writing to the Company and the convener ten days before the convening of the general meeting. The content of the proposal shall fall within the scope of duties and powers of the general meeting of shareholders, with clear issues and specific resolutions, and comply with the relevant provisions of laws and regulations and the Company's Articles of Association. The Company shall make the matters within the scope of duties and powers of the general meeting listed in the agenda of this meeting and submit the matters to the general meeting for consideration.

Except as stipulated in the above paragraph, the convener, after issuing the notice of the general meeting, shall neither modify the proposals stated in the notice of general meetings nor add new proposals.

The proposals which do not set out in the notice of shareholders' general meeting or do not comply with the provisions of the Articles of Association, any Shareholder shall neither vote at the general meeting nor make resolution.

(3) Notices of the Shareholders' General Meeting

In order to hold a shareholders' general meeting, notice in writing shall be given to all Shareholders registered 20 working days in advance and 10/15 working days (based on a relatively long period of time) in advance in case of extraordinary Shareholders' general meetings, the matters to be discussed and the venue, date of the meeting shall be included in that notice. For the notice given in these rules, the date of issue is the date on which the Company or the Company's share registration office has served the notice to the postal service.

The notice of the shareholders' general meeting issued to the Shareholders of overseas listed shares may be published on the designated website of the stock exchange where the Company's shares are listed and the website of the Company. Once announced, all overseas listed Shareholders shall be deemed to have received the relevant notice of the general meeting.

Except as stipulated in the Articles of Association, the notice of the general meeting shall be served on the Shareholders (whether or not such Shareholder is entitled to vote at the general meeting) by hand or postage prepaid mail. The address of the recipient shall be the registered address as shown in the register of shareholders. For holders of domestic shares/domestic unlisted shares, the notice of the general meeting may also be given by way of announcement. The announcement referred above shall be published in one or more newspapers designated by the Securities Regulatory Authorities of the State Council 20 working days prior to the convening of the Shareholders' annual general meetings, 10/15 working days prior to the convening of extraordinary Shareholders' general meetings. Once such an announcement is made, all holders of the domestic shares/domestic unlisted shares shall be deemed to have received the relevant notice of the general meeting. Notice of a general meeting shall satisfy the following requirements:

(1) be in writing;

(2) specific venue, date and time of the meeting;

(3) matters to be considered at the meeting;

(4) any information and explanations necessary to be made available to the Shareholders for such Shareholders to make sound decisions about the matters to be discussed. This principle includes (but not limited to) the provision of the specific terms and contract(s), if any, of the proposed transaction(s) and serious explanations about the reasons and effects when the Company proposes mergers, repurchase of shares, equity restructuring or other restructuring;

(5) in the event that any of the Directors, Supervisors, General Manager and other senior management has material interests in matters to be discussed, the nature and extent of the interests shall be disclosed. If the matters to be discussed affect any Director, Supervisor, General Manager and other senior management as a Shareholder in a manner different from the manner they affect other Shareholders of the same class, the difference shall be explained;

(6) the full text of any special resolution to be proposed for approval at the meeting;

(7) a prominent statement that all Shareholders are eligible for attending the general meeting and are entitled to appoint one or more proxies to attend and vote at such meeting on his/her behalf, and that such proxy does not need to be a Shareholders of the Company;

(8) the time and venue for lodging a proxy form for the meeting.

(4) Convening of Shareholders' General Meeting

Any Shareholder entitled to attend and vote at the general meeting shall have the right to appoint one or several persons (who may not be Shareholders) to act as his or her proxy to attend and vote at the meeting on his or her behalf. The proxy(ies) so appointed by the Shareholder(s) may, pursuant to the instructions of the Shareholder(s), exercise the following rights:

(1) the Shareholders' right to speak at the general meeting;

(2) the right to demand a poll by himself/herself or jointly with others;

(3) the right to exercise voting rights by a show of hands or by a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights by a poll.

The appointment of a proxy shall be in writing and signed by the appointing Shareholder or his/her attorney duly authorized in writing; where the appointing Shareholder is a legal person, such appointment shall be affixed with its seal or signed by its Director or attorney duly authorized.

The proxy statement shall be placed in the Company's domicile or in other places designated by the meeting notice at least 24 hours prior to the relevant meeting in which the power of vote is entrusted, or 24 hours prior to the designated voting time.

The general meeting shall be convened by the Chairman of the Board, who shall also act as the chairman of the meeting. If the Chairman is unable to perform his/her duties, a director appointed by more than half of the board of directors shall perform the duties. In the event that no chairman is appointed, the attending Shareholders shall elect one person to act as the chairman of the meeting; if, for any reason, the Shareholders fail to elect a chairman of the general meeting, the Shareholder (including his/her proxy) holding the largest number of voting shares among the attending Shareholders shall be the chairman of the general meeting.

(5) Resolutions of Shareholders' General Meetings

Resolutions of the general meeting include ordinary resolutions and special resolutions.

Ordinary resolution at a general meeting shall be adopted by more than one half of the voting rights held by Shareholders (including their proxies) attending the general meeting.

Special resolution at a general meeting shall be adopted by two-thirds or more of the voting rights held by Shareholders (including their proxies) attending the general meeting.

Shareholders (including their proxies) who vote at a general meeting shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share. However, shares in the Company which are held by the Company do not carry any voting rights and shall not be counted in the total number of voting shares represented by Shareholders present at a general meeting.

Voting at general meetings shall be conducted by a show of hands, only when the chairman of the meeting make the decision on the principle of good faith, and on purely procedural or administrative matters. Other matters shall be voted by way of polls.

When voting by a show of hands, the chairman of the meeting shall announce the result of voting by a show of hands on proposals, and shall record the result in the minutes as final evidence, without specifying the number or percentage of in favor of or against the resolutions approved at the meeting.

The demand for a poll can be withdrawn by the proposer.

If the matter required to be voted by way of a poll relates to election of chairman or adjournment of meeting, a poll shall be conducted immediately; in respect of other matters required to be voted by way of a poll, the chairman may decide the time of a poll, and the meeting may proceed to consider other matters. The voting results shall still be deemed as resolutions passed at the said meeting.

When voting by a poll, Shareholders (including their proxies) entitled to two or more votes need not cast all their votes for, against or abstaining in the same way.

When the number of votes against and in favor are equal, the chairman of the meeting shall be entitled to an additional vote.

The following matters shall be resolved by way of ordinary resolutions at a general meeting:

(1) work reports of the Board and the Supervisory Committee;

(2) profit distribution plan and loss recovery plan formulated by the Board;

(3) dismissal of the members of the Board and Supervisory Committee, and remuneration and payment methods thereof (except for employee representative Supervisors);

(4) annual financial budget report, final accounts report, balance sheets, income statements and other financial statements of the Company;

(5) decide to engagement, renewal, or discontinuance of engagement of accounting firms by the Company;

(6) the purchases and disposals of the Company's material assets or the provisions of guarantees within one year with an amount exceeding or equal to 25 percent and being less than or equal to 30 percent of the Company's latest audited total assets;

(7) matters other than those requiring approval by special resolutions in accordance with laws, administrative regulations or the Articles of Association;

(8) matters other than those requiring approval by ordinary resolutions in accordance with the listing rules of the place where the Company's shares are listed.

The following matters shall be resolved by way of special resolutions at a general meeting:

(1) increase or reduction of registered capital of the Company;

(2) issuance of corporate bonds;

(3) division, merger, dissolution and liquidation of the Company;

(4) change in the form of the Company;

(5) the purchases and disposals of the Company's material assets or the provisions of guarantees within one year with an amount exceeding to 30 percent (exclusive) of the Company's latest audited total assets;

(6) amendments to the Articles of Association;

(7) other matters stipulated by laws, administrative regulations or the Company's Articles of Association, and the general meeting of shareholders adopting ordinary resolutions that are considered to have a significant impact on the Company, requiring approval by special resolutions;

(8) matters other than those requiring approval by special resolutions in accordance with the listing rules of the place where the Company's shares are listed.

(6) Special Procedures for Voting of Class Shareholders

Shareholders holding different classes of shares shall be class Shareholders.

Class Shareholders shall enjoy the rights and assume the obligations in accordance with laws, administrative regulations, and the Articles of Association.

The Company shall not proceed to change or abrogate the rights of class Shareholders unless such proposed change or abrogation has been approved by way of a special resolution at a general meeting and by a separate shareholder meeting convened by the class Shareholders so affected in accordance with the Articles of Association.

Except as stipulated by laws, administrative regulations or the Company's Articles of Association, the following circumstances shall be deemed as change or abrogation of the rights of a certain class shareholder:

(1) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class' voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;

(2) to change all or part of the shares of such class into shares of another class or to change all or part of the shares of another class into shares of that class or to grant relevant conversion rights;

(3) to cancel or reduce rights to accrued dividends or cumulative dividends attached to shares of the said class;

(4) to reduce or cancel rights attached to the shares of the said class to preferentially receive dividends or to receive distributions of assets in a liquidation of the Company;

(5) to add, cancel or reduce share conversion rights, options, voting rights, transfer rights, pre-emptive placing rights, or rights to acquire securities of the Company attached to the shares of the said class;

(6) to cancel or reduce rights to receive Company payables in a particular currency attached to the shares of the said class;

(7) to create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of the said class;

(8) to restrict the transfer or ownership of the shares of the said class or to impose additional restrictions;

(9) to issue rights to subscribe for, or to convert into, shares of the said class or another class;

(10) to increase the rights and privileges of the shares of another class;

(11) to restructure the Company in such a way to cause Shareholders of different classes to undertake liabilities disproportionately during the restructuring;

(12) to amend or cancel provisions in this chapter.

Shareholders of the affected class, whether or not with the rights to vote at general meetings originally, shall have the right to vote at shareholders' class meetings in respect of matters referred to in items (2) to (8) and (11) to (12) above, except that interested Shareholders shall not vote at such shareholders' class meetings.

The term "interested shareholders" in the preceding paragraph shall mean:

(1) in case of a buy-back of shares by the Company by way of a general offer to all Shareholders in equal proportion or by way of open market transactions on a stock exchange where our shares are listed in accordance with the Articles of Association, the controlling shareholders as defined in the Articles of Association shall be the "interested shareholders";

(2) in case of a buy-back of shares by the Company by an off market agreement outside the stock exchange where our shares are listed in accordance with the Articles of Association, holders of shares in relation to such agreement shall be the "interested shareholders";

(3) in case of a proposed restructuring of the Company, Shareholders who assume a relatively lower proportion of obligation than the obligations imposed on the other Shareholders of that class or who have an interest in the proposed restructuring that is different from the general interests in such proposed restructuring of the other Shareholders of that class shall be the "interested shareholders".

Resolution of a shareholders' class meeting shall be passed only by two-thirds or more of the total voting rights being held by the Shareholders of that class, who are entitled to do so, present and vote at the shareholders' class meeting in accordance with the Articles of Association.

The notice of a shareholders' class meeting shall be sent to the Shareholders entitled to vote at such meeting only.

The procedure of a shareholders' class meeting shall, to the extent possible, be identical with the procedure of a general meeting. Provisions of the Articles of Association relevant to procedure for the holding of a general meeting shall be applicable to a shareholders' class meeting.

Except for other classes of Shareholders, holders of the domestic shares/domestic unlisted shares and shareholders of overseas listed shares are treated as different classes of shareholders. In the following circumstances, the special procedures for voting by class shareholders shall not apply:

(1) with the approval by a special resolution at the general meeting, the Company issues domestic shares/domestic unlisted shares or overseas listed shares alone or at the same time at each interval of 12 months and the number of the proposed domestic shares/domestic unlisted shares and overseas listed shares does not exceed 20 percent of the respective outstanding shares of such class;

(2) the Company has made the plans to issue domestic shares/domestic unlisted shares or overseas listed shares at the time of incorporation and the implementation of such plan has been completed within 15 months from the date of approval by the securities regulatory authorities of the State Council;

(3) with the approval of the securities regulatory authorities of the State Council, holders of the domestic shares/domestic unlisted shares of the Company transfers all or part of the shares held by it to overseas investors and is listed on the overseas stock exchanges or the Company converts all or part of the already issued but unlisted shares into overseas listed shares.

IX. Directors and Board of Directors

(1) Directors

The directors shall be elected or replaced at the general meeting for a term of three years. A Director may serve consecutive terms if re-elected upon the expiry of his/her term. Under the premise of complying with the relevant laws and administrative regulations, the general meeting may, in the ordinary resolution, remove any director whose term of office has not expired (but the damage claims of the director based on any contract is not affected by this rule).

The term of office of the directors shall be counted from the date of appointment until the expiration of the term of the current Board of Directors. When the directors' term expires and re-election not be held in time, the original directors shall still perform their duties as directors in accordance with laws, administrative regulations, departmental rules and the Company's Articles of Association before the re-elected directors take office.

A Director need not hold any shares in our Company.

(2) Board of Directors

The Company shall have a Board of directors which consists of 7 directors. The Board of Directors has one chairman and 3 independent non-executive directors.

The Board of Directors shall be accountable to the general meeting and exercise the following powers and duties:

(1) to convene a general meeting and submit a work report to such meeting;

(2) to implement the resolutions of a general meeting;

(3) to decide on the operation plan and investment scheme of the Company;

(4) to prepare the draft annual budget and final accounts of the Company;

(5) to prepare the profit distribution plan and loss recovery plan of the Company;

(6) to prepare the plan for the Company to increase or reduce its registered capital and issuance of bonds;

(7) to prepare plans of the merger, divisions, dissolution and changes of the form of the Company;

(8) to decide on the establishment of the internal management organizations of the Company;

(9) to appoint or remove the General Manager and Secretary of the Board; to appoint or remove the vice general manager and chief financial officer of the Company pursuant to the nominations of the General Manager;

(10) to decide on the remuneration of the foresaid senior management members;

(11) to establish a basic management system of the Company;

(12) to prepare plans to amend the Articles of Association;

(13) to approve the matters in relation to investment, acquisition or disposal of assets, financing and related (connected) transactions as required by the listing rules of the stock exchange where our shares are listed;

(14) to decide on other major matters of the Company except for those as required by the PRC Company Law and the provisions of the Articles of Association to be passed by resolutions at the general meetings;

(15) to exercise other powers and duties conferred by relevant laws, administrative regulations, the listing rules of the stock exchange where our shares are listed, the Articles of Association or the general meetings.

Resolutions relating to the above, with the exception of items (6), (7) and (12) which shall be approved by not less than two-thirds of the Directors, shall be approved by not less than half of the Directors.

The board meeting can be held only when there are more than one half of the directors (including entrusted directors) attending the meeting.

Each director enjoys only one voting right. The resolution of the Board of Directors shall be passed by more than a half of all directors, except as otherwise stipulated by laws, administrative regulations and Articles of Association. When the number of votes against and in favor are equal, the chairman of the Board of Directors shall be entitled to an additional vote.

When a director has a material interest in a resolution of a board meeting, has a related relationship with the company involved, or has other circumstances that specified by laws and regulations, he may not exercise voting rights on the resolution or act as an agent for other directors to exercise voting rights. The above directors shall not be counted in the quorum of the relevant board meeting. The board meeting can be held by more than a half of the unrelated directors. The resolutions of the board meeting shall be passed by more than a half of the unrelated directors. If the number of unrelated directors attending is less than three, the matter shall be submitted to the general meeting for consideration.

X. Board Secretary

The Company has one secretary of the Board, which is considered as the senior management of the Company. The secretary of the Board shall be a natural person with necessary professional knowledge and experience, nominated by the chairman of the Board of Directors, appointed or dismissed by the Board of Directors.

The accountant of the accounting firm engaged by the Company and the management personnel of the controlling shareholder shall not concurrently serve as the secretary of the Board of the Company.

XI. General Manager

The Company has one general manager, which is nominated by the chairman of the Board of Directors, appointed or removed by the Board of Directors. The Company has a number of deputy general managers, who are nominated by the general manager and appointed or dismissed by the Board of Directors. Directors may concurrently serve as general manager, deputy general manager or other senior management.

The general manager is accountable to the Board of Directors and shall exercise the following powers and duties:

(1) being in charge of managing the Company's production and operation, and report work to the Board of Directors;

(2) organizing the implementation of resolutions of the Board of Directors, annual operating plans and investment programs of the Company;

(3) making basic management system and inner management organization establishment plan;

(4) formulating detailed rules and regulations of the Company;

(5) recommending to the Board of Directors for appointment or removal of the deputy general managers and chief financial officer in accordance with the Articles of Association and internal control system of the Company;

(6) deciding to appoint or remove officers of the Company other than those to be appointed or removed by the Board of Directors in accordance with the Articles of Association and internal control system of the Company;

(7) other powers and duties prescribed by the Articles of Association and delegated by the Board of Directors.

XII. Supervisory Committee

Our Company shall establish a Supervisory Committee.

The Supervisory Committee consists of 5 members and one of them should be the chairman. The term of office of a Supervisor is three years and the Supervisors can be re-elected and re-appointed.

The Supervisory Committee shall be composed of the Shareholders' representative(s) and representative(s) of the workers of the Company in an appropriate ratio. In particular, the ratio of the employee representative Supervisor(s) shall no less than one third. The employee representative Supervisor(s) shall be elected by the staff and workers congress, the representative staff and workers congress or other forms of democratic election.

The Supervisory Committee shall be accountable to the general meeting, and exercise the following duties and powers:

(1) to review the financial position of the Company;

(2) to supervise the performance of directors, General manager and senior management members if they violate laws, administrative regulations or the Articles of Association in fulfilling their duties to the Company, and propose dismissal of Directors and senior management members that have violated laws, administrative regulations, the Articles of Association or resolutions of the general meeting;

(3) to demand rectification by Directors and senior management members of the Company when the acts of such persons are prejudicial to the Company's interest;

(4) to review financial information such as financial reports, business reports, and profit distribution plans as proposed by the Board to the general meetings, and to engage certified public accountants and practicing auditors to assist with further examination in the name of the Company if there are any queries;

(5) to propose the convening of an extraordinary general meeting, and to convene and preside over the general meeting when the Board fails to perform such duties;

(6) to put forward proposals to general meetings;

(7) to negotiate with Directors on behalf of the Company or initiate litigations against Directors;

(8) to propose the convening of extraordinary general meetings of the Board of Directors;

(9) to initiate litigations against Directors and senior management members pursuant to Article 151 of the PRC Company Law;

(10) other duties and powers conferred by laws, administrative regulations and the Articles of Association.

Supervisors may present at meetings of the Board of Directors.

XIII. Finance and Accounting System

The Company shall establish its financial and accounting system in accordance with relevant laws and administrative regulations, and PRC accounting standards formulated by the competent financial authorities under the State Council.

The Company shall adopt RMB as its accounts keeping unit.

The Company shall prepare a financial report at the end of each financial year, and such financial report shall be audited in compliance with laws.

Any financial report shall be prepared in accordance with the PRC accounting standards and regulations, and also in accordance with either international accounting standards or those of the place outside the PRC where the Company's shares are listed. If there are significant discrepancies in the above two standards financial reports, the notes shall be added in the financial report that in accordance with either international accounting standards or those of the place outside the PRC where the Company's shares are listed.

The financial report of the Company shall be kept at the Company and shall be made available to the Shareholders twenty days before the annual general meeting is held. Each Shareholder shall have the right to obtain the financial report mentioned in this chapter.

The Company shall send the report mentioned above to each holder of overseas listed shares by hand or prepaid mail at least twenty-one days before the convening of the annual general meeting of shareholders. The address of the recipient shall be the registered address as shown on the register of shareholders. Under the premise of complying with the relevant laws, administrative regulations, departmental regulations, the relevant rules of the securities regulatory authorities where the Company's shares are listed, the Company may adopt announcement (including make announcement on the Company's website).

The Company shall publish two financial reports in each financial year; the interim financial report shall be published within sixty days after the end of the first six months of a fiscal year; the annual financial report shall be published within one hundred and twenty days after the end of the financial year. If provisions otherwise provided by the stock exchange in the place where the Company's shares are listed, these provisions shall apply.

XIV. Profit Distribution

The Company shall, when distributing its after-tax profits of the year, withdraw ten percent of the profits into the Company's statutory reserve fund. The Company may not withdraw a statutory reserve fund if the cumulative amount has reached fifty percent or more of the Company's registered capital.

If the Company's statutory reserve fund could not cover the losses of the preceding year, profit of the year shall be used to cover the losses before withdrawing, according to the foregoing provision, the statutory reserve fund.

After the Company has withdrawn the statutory reserve fund from the after-tax profits, the Company may also withdraw discretionary reserve fund from the after-tax profits upon the approval of the general meeting.

After losses have been covered and the statutory reserve fund has been allocated, any remaining after-tax profits shall be the profits available to Shareholders, which shall be distributed to the Shareholders in proportion to their shareholdings according to resolutions of the general meeting.

Where the general meeting distributes profits to Shareholders before losses have been covered and the statutory reserve fund has been allocated, which is in violation of the foregoing provision, the Shareholders concerned shall refund to the Company the profits distributed in violation of the foregoing provision.

The shares of the Company held by the Company shall not be subject to profit distribution.

The Company shall appoint collection agents in Hong Kong for holders of overseas listed shares. The collection agents shall, on behalf of the related Shareholders, collect and safekeeping distributed dividends and other payables by the Company for the overseas listed shares so as to make a payment for related Shareholders.

The collection agents appointed by the Company shall be in compliance with the requirements of the laws or the rules of local stock exchange at the place where the shares of the Company are listed.

The collection agents appointed by the Company for holders of overseas listed shares, shall be trust companies registered pursuant to Hong Kong Trustee Ordinance.

As for unclaimed dividends, in compliance with the laws, regulations of PRC, the Company may exercise the right of confiscation, but it shall not be exercised until the expiry of the six-year period after the date of the dividend announcement.

The Company may exercise the power to cease sending dividend warrants to holders of overseas listed shares by post if such warrants have been left uncashed for two consecutive times. Nevertheless, the Company may exercise such power after the first occasion on which such undelivered warrants are returned.

The Company may sell the shares held by a holder of overseas listed shares who is untraceable in such ways as the Board of Directors thinks fit, provided that the following conditions shall be complied with:

(1) at least three dividends have been distributed in respect of such shares during the period of twelve years, and no dividend has been claimed by the Shareholder during that period; and

(2) upon the expiry of the 12 year period, the Company shall make announcement in one or more newspapers at the place where the shares of the Company are listed stating the Company's intention to sell the shares, and notify the Stock Exchange where the shares of the Company are listed of such intention.

XV. Dissolution and Liquidation

The Company shall be dissolved and liquidated according to laws in any of the following circumstances:

(1) the special resolution of general meeting has resolved to dissolve the Company;

(2) merger or division of the Company requires a dissolution;

(3) the business license is revoked in accordance with the law, or the Company is ordered to close or is cancelled;

(4) be ordered to close down in violation of laws and administrative regulations;

(5) if the Company gets into serious trouble in operations and management and continuation may incur material losses of the interests of the Shareholders, and no solution can be found through any other means, the Shareholders holding ten percent or more of the total voting rights of the Company may request the People's Court to dissolve the Company;

(6) the Company is declared bankrupt in accordance with the law because it is unable to pay its debts as they fall due;

(7) the term of its operations specified in the Articles of Association has expired and other circumstance for dissolution specified in the Articles of Association has occurred.

Where the Company is dissolved under the circumstances set out in items (1), (3), (5) and (7), the Company shall establish a liquidation committee to start liquidation within fifteen days from the date the cause of dissolution occurred. The composition of the liquidation committee shall be determined by ordinary resolution at the general meeting. If a liquidation group fails to be established within the limited time for liquidation, the creditor may apply to the People's Court for appointing relevant personnel to form a liquidation group for liquidation.

Where the Board resolves to liquidate the Company for any reason other than bankruptcy, the Board shall include a statement in its notice convening a general meeting to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company shall be able to pay its debts in full within twelve months from the commencement of the liquidation.

The Board shall lose its powers immediately after the resolution for liquidation is passed at the general meeting.

The liquidation committee shall act in accordance with instructions of the general meeting and make a report at least once every year to the general meeting on the committee's income and expenses, the business of the Company and the progress of the liquidation; and present a final report to the general meeting upon completion of the liquidation.

The liquidation committee shall notify all creditors within ten days after its establishment and shall publish announcements in newspapers within sixty days. The creditors shall declare their rights to the liquidation committee within thirty days after receipt of the notice or within 45 days after the announcement if the creditors have not received the notice.

When submitting their claims, creditors shall explain matters relating to their rights and provide evidential documents. The liquidation committee shall register the creditor's rights.

During the period of declaration of claims, the liquidation committee shall not liquidate the creditors.

During the liquidation period, the Company shall not commence any new business activity.

After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, if it discovers that the Company's assets are insufficient to repay its debts in full, it shall immediately apply to the People's Court to declare the Company bankrupt.

Following a ruling by the People's Court that the Company is declared bankrupt, the liquidation committee shall hand over all matters relating to the liquidation to the People's Court.

After completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report, a statement of revenue and expenditure and financial account books in respect of the liquidation period and, after verification thereof by an accountant registered in China, submit the same to the general meeting or the People's Court. Within thirty days from the date of confirmation of the aforementioned documents by the general meeting or the People's Court, the liquidation committee shall deliver the same to the Company registration authority, apply for cancellation of the Company's registration and publicly announce the Company's dissolution.

XVI. Amendments to the Articles of Association

The Company may amend the Articles of Association pursuant to laws, administrative regulations, and the Articles of Association.

The amendment of the Company's Articles of Association shall take effect on the date when it passed by the special resolution of the general meeting; If such amendments adopted by the resolution of the general meeting of shareholders is subject to be approved by the competent administrative department, the amendment shall be submitted to the authorities in charge for approval; If such amendments involve any registered particulars of the Company, application shall be made for change of registration in accordance with laws.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Establishment of our Company

Our predecessor was established in the PRC as a limited liability company on November 2, 2000 and was converted to a joint stock company with limited liability under the PRC Company Law with effect from April 23, 2020. Our Company has established a place of business in Hong Kong at 40/F, Sunlight Tower, 248 Queen's Road East, Wan Chai, Hong Kong, and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on July 23, 2020. Mr. Wong Yu Kit has been appointed as our agent for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in Appendix IV to this prospectus. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in Appendix III to this prospectus.

2. Changes in the share capital of our Company

As of the date of our establishment, our registered capital was RMB500,000 which was fully paid up.

On June 30, 2003, our registered capital was increased from RMB500,000 to RMB3,000,000.

On November 23, 2007, our registered capital was increased from RMB3,000,000 to RMB5,000,000.

On December 25, 2018, our registered capital was increased from RMB5,000,000 to RMB55,000,000.

On July 29, 2019, our registered capital was increased from RMB55,000,000 to RMB60,310,000.

On April 23, 2020, our Company was converted into a joint stock company with limited liability under the PRC Company Law. Our registered capital was RMB258,267,000, divided into 258,267,000 Shares with a nominal value of RMB1.00 each.

On June 5, 2020, our registered capital was increased from RMB258,267,000 to RMB282,000,000.

Assuming the Over-allotment Option is not exercised, upon completion of the Global Offering, our registered Share capital will be increased to RMB376,000,000, made up of 282,000,000 Unlisted Domestic Shares and 94,000,000 H Shares fully paid up or credited as fully paid up, representing approximately 75.0% and 25.0% of our registered share capital, respectively. Save as aforesaid, there has been no alteration in our share capital since our establishment.

3. Restriction of share repurchase

For details of restrictions on share repurchases by our Company, please refer to "Summary of the Articles of Association" in Appendix IV to this prospectus.

4. Resolution of our Shareholders passed at our Company's extraordinary general meeting held on May 22, 2020

At the extraordinary general meeting of our Company held on May 22, 2020, among other things, the following resolution was passed by the Shareholders:

(a) the issue by the Company of the H Shares with a nominal value of RMB1.00 each and such H Shares to be listed on the Stock Exchange;

(b) subject to the completion of the Global Offering, the Articles of Association has been approved and adopted, which shall only become effective on the Listing Date, and the Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities; and

(c) authorizing the Board to handle all relevant matters relating to, among other things, the implementation of issue of H Shares and the Listing.

5. Corporate Reorganization

We underwent the Reorganization, for details, please refer to the section entitled "History, Reorganization and Corporate Structure". As confirmed by our PRC Legal Advisor, we have obtained all necessary approvals from relevant PRC regulatory authorities required for the implementation of the Reorganization.

6. Particulars of our subsidiaries

Set out below is certain information of our subsidiaries as of the Latest Practicable Date:

No.	Name of subsidiary	Principal activity	Identity of shareholder	Approximate percentage of the equity interests
1.	Liaocheng RiseSun	Property management	Our Company	100%
2.	Linqing Pujie	Property management	Liaocheng RiseSun	100%
3.	Liaocheng Rongkun	Construction works	Liaocheng RiseSun	100%
4.	Hohhot RiseSun	Property management, parking lots management, advertising and real estate agency services	Our Company	100%
5.	Sichuan RiseSun	Property management, parking lots management and real estate agency services	Our Company	100%
6.	Shanxi RiseSun	Property management	Our Company	100%
7.	Henan Rongding	Property management	Our Company	100%
8.	Guangdong Rongfa	Property management, house leasing and parking lot management	Our Company	100%

No.	Name of subsidiary	Principal activity	Identity of shareholder	Approximate percentage of the equity interests
9.	Yangxi Shanhuhai	Catering Services	Guangdong Rongfa	100%
10.	Chuzhou RiseSun	Property management	Our Company	100%
11.	Shijiazhuang Rongci Property Agency	House rental and sale	Our Company	100%
12.	Cangzhou Rongguang	Engineering construction	Our Company	100%
13.	Shijiazhuang Shengjing	Indoor swimming pool management	Our Company	100%
14.	Beijing Rongwanjia	Technical services and community retailing	Our Company	100%
15.	Changzhou Rongyijia	House rental and sale	Our Company	100%
16.	Langfang Rongxin	Real estate agency services	Our Company	100%
17.	Langfang Rongzhen	Holding company	Our Company	100%
18.	Zhangjiakou Rongyiheng	Catering	Langfang Rongzhen	100%
19.	Zhanjiang Rongjin	Convenience store operation and management	Langfang Rongzhen	100%
20.	Shenyang Rongkun	General merchandise retailing	Langfang Rongzhen	100%
21.	Chengdu Rongchao	Retailing	Langfang Rongzhen	100%
22.	Nanjing Ronghui	Convenience store operation and management	Langfang Rongzhen	100%
23.	Xianghe Rongkun	Online sales	Langfang Rongzhen	100%
24.	Tangshan Rongjun	Wholesale and retailing, housekeeping services and real estate agency services	Langfang Rongzhen	100%
25.	Tangshan Youanmi	Catering	Tangshan Rongjun	100%
26.	Bengbu Rongchang	Convenience store operation and management and house rental and sale	Langfang Rongzhen	100%
27.	Cangzhou Rongkun	Convenience store operation and management and house rental and sale	Langfang Rongzhen	100%
28.	Cangzhou Rongna	Convenience store operation and management and house rental and sale	Cangzhou Rongkun	100%
29.	Cangzhou Rongqia	Convenience store operation and management and house rental and sale	Cangzhou Rongkun	100%

No.	Name of subsidiary	Principal activity	Identity of shareholder	Approximate percentage of the equity interests
30.	Hunan Rongkun	Retailing	Langfang Rongzhen	100%
31.	Shijiazhuang Rongci	Convenience store operation and management	Langfang Rongzhen	100%
32.	Handan Rongchao	Convenience store operation and management and house rental and sale	Langfang Rongzhen	100%
33.	Linyi Ronghui	Convenience store operation and management	Langfang Rongzhen	100%
34.	Liaocheng Rongfa	Convenience store operation and management and house rental and sale	Langfang Rongzhen	100%
35.	Jinan Rongfa	Convenience store operation and management and house rental and sale	Liaocheng Rongfa	100%
36.	Xuzhou Rongrun	Convenience store operation and management and house rental and sale	Langfang Rongzhen	100%
37.	Langfang Rongba	Retailing	Langfang Rongzhen	100%
38.	Chongqing Rongzhiguan	Wholesale and retailing	Langfang Rongzhen	100%
39.	Changzhou Zhenmiao	Convenience store operation and management, bulk purchase and group-buying business	Langfang Rongzhen	100%
40.	Huizhou Rongzhen	Retailing	Langfang Rongzhen	100%
41.	Langfang Duona	Has not carried out any business operation since its establishment	Langfang Rongzhen	100%
42.	Zhengzhou Shenshuo	Retailing	Langfang Rongzhen	100%
43.	Shenyang Rongyue	General merchandise retailing	Langfang Rongzhen	100%
44.	Shenyang Rongxin	General merchandise retailing	Langfang Rongzhen	100%
45.	Hohhot Rongmian	Commodity and food retail	Langfang Rongzhen	100%
46.	Shijiazhuang Rongyu	Convenience store operation and management	Langfang Rongzhen	100%
47.	Nanjing Handu	Elevator repair and maintenance	Nanjing Luhe	100%
48.	Rongwanjia Beijing Property Services	Property management	Our Company	100%

No.	Name of subsidiary	Principal activity	Identity of shareholder	Approximate percentage of the equity interests
49.	Tianjin Rongshang	Decoration and property engineering	Our Company	100%
50.	Qingdao Shengjing	Fitness and indoor swimming pool management	Our Company	100%
51.	Rongwanqian Property Management	Has not carried out any business operation since its establishment	Zhangjiakou RiseSun Jinxuan	51%
			Zhangjiakou Qianyi Tourist Resort Co., Ltd. (張家口乾壹旅遊渡假村有限公司)	49%
52.	Yongqing Jingtai	Property management	Our Company	100%
53.	Nanjing Luhe	Property management	Our Company	100%
54.	Zhangjiakou Rongsheng Jingxuan	Property management	Our Company	100%
55.	Jiangsu Pujie	Property management	Our Company	100%
56.	Tangshan Pujie	Property management	Our Company	100%
57.	Tianjin Roiserv	Property management	Our Company	100%
58.	Jinan Rongtong	Real estate agency and booth rental	Our Company	100%
59.	Hengshui Rongyue	Property management	Tianjin Roiserv	100%
60.	Yueyang Rongyue	Merchandise Sale	Langfang Rongzhen	100%

7. Changes in the registered capital of subsidiaries

The following changes in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

Langfang Rongzhen

On August 20, 2019, the registered capital of Langfang Rongzhen was increased from RMB3,000,000 to RMB13,000,000. The increased registered capital was contributed by our Company.

Hohhot RiseSun

On March 12, 2020, the registered capital of Hohhot RiseSun was increased from RMB500,000 to RMB5,000,000. The increased registered capital was contributed by our Company.

Save as set out above, there has been no alteration in the registered capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this prospectus that are or may be material:

(a) an equity transfer agreement of 永清京台物業服務有限公司 (Yongqing Jingtai Property Management Service Co., Ltd*) 《永清京台物業服務有限公司股權轉讓協議》 dated September 28, 2019 together with two supplemental agreements dated October 8, 2019 and June 16, 2020, respectively, entered into among 榮盛興城(永清)投資有限公司 (RiseSun Xingcheng (Yongqing) Investment Co., Ltd.*), 永清京台物業服務有限公司 (Yongqing Jingtai Property Management Service Co., Ltd.*) and our Company (formerly known as 廊坊榮盛物業服務有限公司 (Langfang RiseSun Property Services Company Limited*)), pursuant to which 榮盛興城(永清)投資有限公司 (RiseSun Xingcheng (Yongqing) Investment Co., Ltd.*) agreed to transfer its 100% equity interest in 永清京台物業服務有限公司 (Yongqing Jingtai Property Management Service Co., Ltd.*) to our Company at a consideration of RMB1,884,599.11;

(b) the Deed of Non-Competition;

(c) the Deed of Indemnity; and

(d) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

(a) Patent

As of the Latest Practicable Date, our Group has the right to use the following patent which, in the opinion of our Directors, is material to our business:

Patent	Type	Patent Number	Date of Registration	Expiry Date
Doll (玩偶)	Designs (外觀設計)	ZL 2016 3 0311787.3	July 8, 2016	July 7, 2026

(b) Trademarks

As of the Latest Practicable Date, our Group has the right to use the following trademarks which, in the opinion of our Directors, are material to our business:

Trademark	Registration Number	Class	Place of Registration	Date of Registration	Expiry Date
米飯公社 Rice Commune	18989169	35	PRC	February 28, 2017	February 27, 2027
米飯公社 Rice Commune	18989256	37	PRC	February 28, 2017	February 27, 2027
米飯公社 Rice Commune	18989307	41	PRC	May 21, 2017	May 20, 2027
米飯公社 Rice Commune	18989356	42	PRC	May 21, 2017	May 20, 2027
米飯公社 Rice Commune	18989101	9	PRC	June 14, 2017	June 13, 2027

Trademark	Registration Number	Class	Place of Registration	Date of Registration	Expiry Date
米饭公社	23988213	9	PRC	April 28, 2018	April 27, 2028
米饭公社	23302521	36	PRC	March 21, 2018	March 20, 2028
米饭公社	23303065	38	PRC	May 14, 2018	May 13, 2028
米饭公社	23988657	41	PRC	April 28, 2018	April 27, 2028
米饭公社	23303042	42	PRC	May 14, 2018	May 13, 2028
米饭公社	23303006	43	PRC	March 21, 2018	March 20, 2028
米饭公社	23303450	44	PRC	March 28, 2018	March 27, 2028
米饭公社	23303419	45	PRC	March 14, 2018	March 13, 2028
临 邻	18600909	9	PRC	January 21, 2017	January 20, 2027
临 邻	18600931	35	PRC	January 21, 2017	January 20, 2027
临 邻	18600932	37	PRC	January 21, 2017	January 20, 2027
临 邻	18600930	41	PRC	January 21, 2017	January 20, 2027
临 邻	18600929	42	PRC	January 21, 2017	January 20, 2027
ROISERV 荣万家	305319171	9, 35, 36, 37, 39, 44, 45	Hong Kong	July 1, 2020	June 30, 2030

As of the Latest Practicable Date, our Group has obtained license to use the following trademarks from either RiseSun Real Estate Development or RiseSun Holdings, the registered proprietors which, in the opinion of our Directors, are material to our business:

Trademark	Registration Number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
荣盛物业	33223285	9	RiseSun Holdings	PRC	July 14, 2019	July 13, 2029
荣盛物业	33212783	35	RiseSun Holdings	PRC	July 14, 2019	July 13, 2029
荣盛物业	33227553	36	RiseSun Real Estate Development	PRC	May 14, 2019	May 13, 2029
荣盛物业	33215655	37	RiseSun Holdings	PRC	July 28, 2019	July 27, 2029
荣盛物业	33215651	39	RiseSun Holdings	PRC	May 14, 2019	May 13, 2029
荣盛物业	33212789	44	RiseSun Real Estate Development	PRC	May 14, 2019	May 13, 2029
荣盛物业	33209134	45	RiseSun Real Estate Development	PRC	July 14, 2019	July 13, 2029

(c) Copyrights

As of the Latest Practicable Date, our Group has the right to use the following software copyrights which, in the opinion of our Directors, are material to our Group's business:

Copyright Name	Version	Registration Number	Place of Registration	Date of Publication	Status
Rice Home Property Management Platform (米到家物業管理平台)	V1.6.1	2017SR123301	PRC	November 25, 2016	Valid
Rice Community Customer Services Management Platform (米飯公社客服管理平台)	V1.6.2	2017SR362227	PRC	November 1, 2016	Valid
Rice Community Community Services Platform (米飯公社社區生活服務平台)	V1.3.5	2017SR128424	PRC	June 22, 2016	Valid
Rice Community Property Management Platform (米飯公社物業管理平台)	V1.5	2017SR128430	PRC	June 22, 2016	Valid
Property Owners File Management System (業主檔案系統)	V1.0	2019SR0882717	PRC	October 1, 2018	Valid
Rice Mall Management System (米飯商城管理系統)	V1.0	2019SR0884901	PRC	May 1, 2018	Valid
Community Life Planner Management System (社區生活規劃師管理平台)	V1.0	2019SR0884916	PRC	June 1, 2018	Valid

(d) Domain names

As of the Latest Practicable Date, our Group was the registered proprietor of the following domain names in the PRC which, in the opinion of our Directors, are material to our business:

Domain Name	Name of Registered Proprietor	Date of Registration	Expiry Date
roiserv.com	Company	April 7, 2020	April 7, 2021
rwjservice.com	Company	March 27, 2020	March 27, 2030
rwjlife.com	Beijing Rongwanjia	April 10, 2020	April 10, 2021

C. FURTHER INFORMATION ABOUT DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(a) Interests and short positions of the Directors, Supervisors and the chief executive of our Company in the registered capital of our Company and Its associated corporations

Immediately following the completion of the Global Offering and assuming that the Over-Allotment Option is not exercised, the interests or short positions of Directors, Supervisors or chief executive of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, under Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"), to be notified to our Company once the H Shares are listed will be as follows:

Interest in Shares of our Company

			Shares held in the total share capital of the Company[(1)]	
Name of Director	Nature of Interest	Class of Shares	Number	Percentage (approx.)
Mr. Xiao Tianchi[(2)]	Interests of spouse	Unlisted Domestic Shares	22,740,000 (L)	6.05%

Notes:

(1) The letter "L" denotes the person's long position in our Shares.

(2) By virtue of the SFO, Mr. Xiao Tianchi is deemed to be interested in the Shares held by his spouse, Ms. Geng Fanchao.

Interest in associated corporations of our Company

Name	Name of associated corporation	Nature of Interest	Interest in shares(1)	Percentage (approx.)
Mr. Geng Jianfu (耿建富)	RiseSun Real Estate Development	Beneficial owner	9,540,432(L)	0.22%
	RiseSun Holdings	Beneficial owner	32,200,000(L)	5.00%
	RiseSun Constitution Engineering	Beneficial owner	9,180,000(L)	2.78%
Mr. Jin Wenhui (金文輝)	RiseSun Holdings	Beneficial owner	2,860,000(L)	0.44%

Note:

(1) The letter "L" denotes the person's long position in the shares.

(b) Substantial Shareholders

(a) Interests of the substantial Shareholders in the Shares

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus, our Directors are not aware of any person (other than our Director or chief executive of our Company) who will, immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of 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 person (other than our Directors or chief executive of our Company) was interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other member of our Group:

Name of member of our Group	Name of Shareholder	Approximate percentage of shareholding
Rongwanqian Property Management . .	張家口乾壹旅遊渡假村有限公司 (Zhangjiakou Qianyi Tourist Resort Co., Ltd.*)	49%

2. Further Information about our Directors and Supervisors

(a) Particulars of Directors' and Supervisors' service contracts and appointment letters

Each of the Directors and Supervisors have entered into a service contract or appointment letter with our Company. The principal particulars of these service contracts and appointment letters cover (a) the term of service; (b) a termination provision; and (c) a dispute resolution provision. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors or Supervisors have or are proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

(b) Others

(i) None of the Directors, Supervisors, or any past Directors of any members of our Group have been paid any sum of money for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020 (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

(ii) There has been no arrangement under which a Director or Supervisor has waived or agreed to waive any remuneration or benefits in kind for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020.

(iii) None of the Directors or Supervisors have been or are interested in the promotion of, or in the property proposed to be acquired by, our Company, and no sum has been paid or agreed to be paid to any of them in cash or shares or otherwise by any person either to induce him/her to become, or to qualify him/her as, a Director or a Supervisor, or otherwise for services rendered by him in connection with the promotion or formation of our Company.

3. Agency fees or commissions received

Save as disclosed in this section, none of the Directors, Supervisors or any of the persons whose names are listed under "—D. Other Information—8. Consents of Experts" in this Appendix had received any commissions, discounts, agency fees, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

4. Directors' and Supervisors' remuneration

For the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, the aggregate amount of fees, salaries, housing allowances and contributions to a retirement benefit scheme granted by us to our Directors and Supervisors were approximately nil, RMB1.0 million, RMB1.2 million and RMB12.7 million, respectively.

Under the current arrangements in force as of the date of this prospectus, our Directors and Supervisors are entitled to receive compensation (including fees, salaries, housing allowances and contributions to a retirement benefit scheme) from our Company for the year ending December 31, 2020 of approximately RMB19.1 million in aggregate.

5. Disclaimers

(i) Save as disclosed in this section, none of the Directors, Supervisors or chief executive of our Company have any interest or short positions in the Shares, underlying Shares or debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to in that section, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code, in each case once our H Shares are listed;

(ii) none of our Directors or Supervisors nor any of the parties listed in "—D. Other Information—8. Consents of Experts" in this Appendix have any direct or indirect interest in the promotion of our Company, or in any assets which within the two years immediately preceding the date of this prospectus, have been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(iii) save as disclosed in this section, none of our Directors or Supervisors are directors or employees of a company which is expected to have an interest in the Shares falling to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are listed on the Stock Exchange;

(iv) none of our Directors or Supervisors nor any of the parties listed in "—D. Other Information—8. Consents of Experts" in this Appendix are materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group as a whole;

(v) save for the Underwriting Agreements, none of the parties listed in "—D. Other Information—8. Consents of Experts" in this Appendix:

  (i) are interested legally or beneficially in any of our Shares or any shares of any of our subsidiaries; or

  (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

(vi) so far as is known to our Directors as of the Latest Practicable Date, save as disclosed in the section entitled "Business", none of the Directors, Supervisors, their respective associates or Shareholders of our Company (who is interested in more than 5% of the share capital of our Company) have any interests in any of our top five suppliers and top five customers; and

(vii) save as disclosed in "Relationship with Controlling Shareholders", none of the Directors are interested in any business (other than the business of our Group) which competes or is likely to compete, directly or indirectly, with our business.

D. OTHER INFORMATION

1. Estate duty

As advised by our PRC Legal Advisor, the PRC currently does not impose any estate duty.

2. Tax and Other Indemnities

Our Controlling Shareholders have entered into a deed of indemnity with and in favor of each member of our Company (being the contract referred to in paragraph (c) of "B. Further Information about Our Business—1. Summary of material contracts" above) to provide indemnities on a joint and several basis in respect of, among other matters, (i) taxation or taxation claims resulting from income, profits or gains earned, accrued or received as well as any estate duty to which any member of our Group may be subject and payable on or before the Listing Date; (ii) any claims, penalties or other indebtedness resulting from any non-compliance as disclosed in section "Business—Legal Proceedings and Compliance—Historical Non-Compliance Incident" by any Group member on or before the date when the Global Offering becomes unconditional, including any insufficient contribution to social insurance and housing provident funds during the Track Record Period; (iii) any penalties, claims or other contractual debts resulting from the receivables/payables of any Group member during the Track Record Period; and (iv) any costs, expenses and damages payable resulting from any litigation, arbitration or disputes ("**Disputes**") including full indemnity at all times for any losses, decrease in assets, loss of business or increase in indebtedness due directly or indirectly to any Disputes, to which any member of our Group may be subject and payable, on or before the date when the Global Offering becomes unconditional.

3. Litigation

We are not aware of any material legal proceedings, claims or disputes currently existing or pending against us, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened against us that may have a material adverse effect on our business, financial position or results of operations.

4. Sole Sponsor

The Sole Sponsor has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option).

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor will receive an aggregate fee of US$1.00 million for acting as the Sole Sponsor for the Listing.

5. Preliminary expenses

Our Company has not incurred any preliminary expenses.

6. Promoters

The promoters of our Company are RiseSun Real Estate Development and Zhonghong Kaisheng.

Save as disclosed in the section entitled "History, Reorganization and Corporate Structure", within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

7. Qualification of experts

The following are the qualifications of experts who have given opinion or advice contained in this prospectus:

Name	Qualifications
Huatai Financial Holdings (Hong Kong) Limited	Licensed under the SFO 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) regulated activities as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountants Ordinance (Cap. 50) and Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Cap. 588)
DeHeng Law Offices	PRC Legal Advisor to our Company
CIA	Industry consultant

8. Consents of experts

Each of the experts named in paragraph 7 of this Appendix has given and has not withdrawn its respective written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or the references to its name included in this prospectus in the form and context in which it respectively appear.

9. Interests of experts in our Company

None of the persons named in paragraph 7 of this Appendix are interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

10. Taxation of holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate chargeable on each of the seller and purchaser is HK$1.00 for every HK$1,000 (or part thereof) of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

11. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

12. Miscellaneous

(a) Within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or for consideration other than cash;

(ii) no shares or loan capital of our Company or any of our subsidiaries are under option or have been agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

(iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares in our Company or any of our subsidiaries.

(b) Our Directors confirm that:

(i) there has been no material adverse change in the financial or trading position or prospects of our Group since June 30, 2020 (being the date to which the latest audited consolidated financial statements of our Group were prepared); and

(ii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;

(c) There are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;

(d) All necessary arrangements have been made to enable our H Shares to be admitted into CCASS for clearing and settlement;

(e) No company within our Group is presently listed on any stock exchange or traded on any trading system;

(f) Our Company has no outstanding convertible debt securities or debentures;

(g) There is no arrangement under which future dividends are waived or agreed to be waived;

(h) None of the equity and debt securities of our Company, if any, are listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and

(i) There is no subsidiary in our Group which is a sino-foreign equity joint venture or which operates as or under a cooperative or contractual joint venture.

13. Bilingual prospectus

The English and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption from Companies and prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the Application Forms;

(b) the written consents referred to in "Statutory and General Information—D. Other Information—8. Consents of experts" in Appendix V to this prospectus; and

(c) a copy of each of the material contracts referred to in "Statutory and General Information—B. Further Information About Our Business—1. Summary of material contracts" in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Sidley Austin at 39/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m., up to and including the date which is 14 days from the date of this prospectus:

(a) the Articles of Association;

(b) the Accountant's Report from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;

(c) the report from PricewaterhouseCoopers in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;

(d) the audited consolidated financial statements of our Group for each of the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020;

(e) the material contracts referred to in "Statutory and General Information—B. Further Information about Our Business—1. Summary of material contracts" in Appendix V to this prospectus;

(f) the service contracts and appointment letters referred to in "Statutory and General Information—C. Further Information about Directors, Supervisors and Substantial Shareholders—2. Further information about our Directors and Supervisors—(a) Particulars of Directors' and Supervisors' service contracts and appointment letters" in Appendix V to this prospectus;

(g) the legal opinions issued by DeHeng Law Offices, our PRC Legal Advisor, in respect of our Group's business operations and property interests in the PRC;

(h) the written consents referred to "Statutory and General Information—D. Other Information—8. Consents of experts" in Appendix V to this prospectus;

(i) the PRC Company Law, the PRC Securities Law, the Mandatory Provisions and the Special Regulations, together with their unofficial English translation; and

(j) the report issued by CIA.

榮萬家生活服務股份有限公司
Roiserv Lifestyle Services Co., Ltd.