金融街物業股份有限公司
FINANCIAL STREET PROPERTY CO., LIMITED

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

Stock Code : 1502

GLOBAL OFFERING

Sole Sponsor

國泰君安國際
GUOTAI JUNAN INTERNATIONAL

Sole Global Coordinator

國泰君安國際
GUOTAI JUNAN INTERNATIONAL

Joint Bookrunners and Joint Lead Managers

國泰君安國際 GUOTAI JUNAN INTERNATIONAL

ICBC 工银国际

絲路國際 SILK ROAD INTERNATIONAL

盈泰証券有限公司 WINTECH SECURITIES LTD

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

FINANCIAL STREET PROPERTY CO., LIMITED
金融街物業股份有限公司

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

Global Offering

Total number of Offer Shares under the Global Offering	**:**	**90,000,000 H Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**9,000,000 H Shares (subject to adjustment)**
Number of International Offer Shares	**:**	**81,000,000 H Shares (subject to adjustment and the Over-allotment Option)**
Offer Price	**:**	**Not more than HK$7.56 per H Share and expected to be not less than HK$7.16 per H Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full at the maximum offer price on application in Hong Kong Dollars, subject to refund on final pricing)**
Nominal value	**:**	**RMB1.00 per H Share**
Stock code	**:**	**1502**

Sole Sponsor

國泰君安國際 GUOTAI JUNAN INTERNATIONAL

Sole Global Coordinator

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Joint Bookrunners and Joint Lead Managers

國泰君安國際 GUOTAI JUNAN INTERNATIONAL　ICBC 工银国际　絲路國際 SILK ROAD INTERNATIONAL　盈泰証券有限公司 WINTECH SECURITIES LTD

Joint Lead Managers

CRIC 克而瑞證券 CRIC SECURITIES CO. LTD　瑞豐國際 HTF SECURITIES LIMITED

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 the paragraph headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection – Documents delivered to the Registrar of Companies in Hong Kong" in Appendix VII 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 (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

We are incorporated, and most of our businesses are located, in the PRC. Potential investors should be aware of the differences in the legal, economic and financial systems between the PRC and Hong Kong, and the fact that there are different risks relating to investment 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 the H Shares. Such differences and risk factors are set forth in "Risk Factors", "Appendix IV – Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions" and "Appendix V – Summary of Articles of Association" to this prospectus.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator, for itself and on behalf of the Underwriters, and us on the Price Determination Date. The Price Determination Date is expected to be on or around Wednesday, 24 June 2020 (Hong Kong time) and, in any event, no later than Thursday, 2 July 2020 (Hong Kong time). The Offer Price will be not more than HK$7.56 per Offer Share and is currently expected to be not less than HK$7.16 per Offer Share unless otherwise announced. If, for any reason, the Offer Price is not agreed by Thursday, 2 July 2020 (Hong Kong time) between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$7.56 for each Hong Kong Offer Share together with brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK$7.56.

The Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), and with our consent may, where considered appropriate, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that is stated in this prospectus (which is HK$7.16 to HK$7.56) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be posted on the website of the Company at www.jrjlife.com and on the website of the Stock Exchange at www.hkexnews.hk as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Further details are set forth in the sections headed "Structure 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, in the event that the number of Offer Shares and/or the indicative Offer Price range is so reduced, such applications can subsequently be withdrawn.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination" in this prospectus.

The Offer Shares have not been and will not be registered under the US Securities Act or any state securities law in the United States and may be offered and sold only outside the United States in an offshore transaction in accordance with Regulation S under the US Securities Act.

19 June 2020

Hong Kong Public Offering commence and **WHITE** and **YELLOW** Application Forms available from . . . . .9:00 a.m on Friday, 19 June 2020

Latest time for completing electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[2] . . . . .11:30 a.m. on Wednesday, 24 June 2020

Application lists open[3] . . . . .11:45 a.m. on Wednesday, 24 June 2020

Latest time for lodging **WHITE** and **YELLOW** Application Forms . . . . .12:00 noon on Wednesday, 24 June 2020

Latest time for completing payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) . . . . .12:00 noon on Wednesday, 24 June 2020

Latest time for giving **electronic application instructions** to HKSCC[4] . . . . .12:00 noon on Wednesday, 24 June 2020

Application lists close[3] . . . . .12:00 noon on Wednesday, 24 June 2020

Expected Price Determination Date[5] . . . . .Wednesday, 24 June 2020

(1) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" in this prospectus . . . . .Friday, 3 July 2020

(2) A full announcement of the Hong Kong Public Offering containing announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offering and (1) above to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.jrjlife.com** from . . . . .Friday, 3 July 2020

Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function from . . . . .Friday, 3 July 2020

Dispatch/collection of H Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering and deposit of H Share certificates into CCASS on or before[6] . . . . .Friday, 3 July 2020

Dispatch/collection of refund cheques and **White Form** e-Refund payment instructions in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before[7] . . . . .Friday, 3 July 2020

Dealings in the H Shares on the Stock Exchange expected to commence on . . . . .Monday, 6 July 2020

The application monies (including the brokerages, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of the Company and the refund monies, if any, will be returned to the applicants without interest on Friday, 3 July 2020. Investors should be aware that the dealings in the H Shares on the Stock Exchange are expected to commence on Monday, 6 July 2020.

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 designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for lodging applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 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 of lodging applications, when the application lists close.

(3) If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning in force and/or Extreme Conditions in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 24 June 2020, the application lists will not open on that day. Please refer to the section headed "How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.

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

(5) The Price Determination Date is expected to be on or about Wednesday, 24 June 2020 and, in any event, not later than Thursday, 2 July 2020. If, for any reason, the Offer Price is not agreed by Thursday, 2 July 2020 between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

(6) H Share certificates for the Hong Kong Offer Shares are expected to be issued on Friday, 3 July 2020 but will only become valid certificates of title provided that the Global Offering has become unconditional in all respects, and neither of the Underwriting Agreements has been terminated in accordance with its terms, prior to 8:00 a.m. on the Listing Date, which is expected to be on Monday, 6 July 2020. Investors who trade the H Shares on the basis of publicly available allocation details before the receipt of share certificates or before the share certificates becoming valid certificates of title do so entirely at their own risk.

(7) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessfully applications and in respect of successful applications if the Offer Price is less than the price payable on application.

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 PROSPECTIVE INVESTORS

This prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares 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 invitation or solicitation of an offer 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 authorisation 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 authorised 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 authorised by us, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, the Underwriters, any of our or their respective directors, officers, representatives, or affiliates, or any other person or party involved in the Global Offering. Information contained in our website, located at ***www.jrjlife.com****, does not form part of this prospectus.*

Page

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 and is qualified by its entirety by, and should be read in conjunction with, the full text of this prospectus.

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

OVERVIEW

We are a state-owned comprehensive property management company in China with over 25 years' experience in the industry. We started from providing property management and related services to properties located at Beijing Financial Street Zone, and have developed into a comprehensive property management company with a focus on providing property management and related services to properties located at financial management centres at all levels nationwide. Leveraging on our extensive experience in providing property management services for commercial and business properties, we have expanded our business to the key regions in China. As at 31 December 2019, we had 11 subsidiaries and 40 branches across China. Our property management services cover a wide range of property types, primarily focussing on commercial and business properties.

According to CIA, we were ranked 16th among the 2020 Top 100 Property Management Companies in the PRC in terms of overall strength. According to CIA, overall strength of property management companies is assessed by evaluating each property management company's management scale, operational performance, service quality, growth potential and social responsibility. As at 31 December 2019, we provided property management and related services to 144 property projects in China with the total GFA under management of approximately 19.9 million sq.m., 40.8% of which are located in Beijing. Our GFA under management for commercial and business properties as at 31 December 2019 was approximately 8.0 million sq.m., ranking us fourth among the 2020 Beijing-Tianjin-Hebei Top 100 Property Management Companies. Our GFA under management for office buildings as at 31 December 2019 was approximately 6.4 million sq.m., ranking us fourth among the 2020 Beijing-Tianjin-Hebei Top 100 Property Management Companies.

During the Track Record Period, we experienced continuous growth in our revenue, profit for the year and GFA under management. Our revenue increased by 15.7% from RMB756.7 million for the year ended 31 December 2017 to RMB875.2 million for the year ended 31 December 2018, and further increased by 13.9% to RMB997.0 million for the year ended 31 December 2019. Our profit for the year increased by 10.7% from RMB82.7 million for the year ended 31 December 2017 to RMB91.5 million for the year ended 31 December 2018, and further increased by 23.9% to RMB113.4 million for the year ended 31 December 2019. Our GFA under management also increased from approximately 13.2 million sq.m. as at 31 December 2017 to approximately 16.4 million sq.m. as at 31 December 2018, and further to approximately 19.9 million sq.m. as at 31 December 2019.

Revenue contribution percentage of projects sourced from Financial Street Affiliates Group decreased slightly during the Track Record Period. We strive to expand our business by securing engagements from projects sourced from Independent Third Parties. During the Track Record Period, revenue generated from projects sourced from Independent Third Parties as a percentage of our total revenue of property management and related services continued to increase, accounting for 16.5%, 16.6% and 18.9%, of our total revenue of property management and related services, respectively. Our GFA under management of projects sourced from Independent Third Parties increased from approximately 3.6 million sq.m. as at 31 December 2017 to approximately 5.1 million sq.m. as at 31 December 2018, and further increased to approximately 6.7 million sq.m. as at 31 December 2019, representing 27.5%, 30.9% and 33.6% of our total GFA under management as at the corresponding dates, respectively.

BUSINESS MODEL

We provide comprehensive services which include property management and related services, primarily comprising (i) customer services, (ii) security services, (iii) cleaning and gardening services, (iv) engineering, repair and maintenance services, (v) carpark management services and (vi) other related services, to our customers, being property developers, property owners, owners' associations, tenants and residents. We provide our services to the following types of properties:

- Commercial and business properties, including office buildings, complexes, retail buildings and hotel; and
- Non-commercial properties, including residential properties, public properties, hospitals, educational properties and others.

Property management and related services

Core services				Value-added services	
Customer services	**Security services**	**Cleaning and gardening services**	**Engineering, repair and maintenance services**	**Carpark management services**	**Other related services**
Provide services for the customer's entire occupancy/tenancy, including reception services, concierge services, move-in and move-out services, deficiency reporting services, decoration services, regular collection of customer feedback and complaints and suggestions handling.	Provide comprehensive security and fire safety management services, including the establishment of a security management system, 24-hour surveillance, testing and maintenance of fire safety facilities, regular inspections, visitor management, emergency response action plans and safety promotion campaigns.	Provide cleaning and maintenance services to office area, public facilities, common area, floors and exterior walls, waste management, pest control services, gardening and greening services.	Provide engineering and maintenance services for various buildings, facilities and equipment, as well as their daily repair and maintenance, the use, replacement and management of equipment and facilities, carbon emission reduction and energy saving services.	Provide comprehensive carpark management services, including traffic monitoring, parking space management, traffic and vehicle guidance, as well as management of parking facilities and equipment.	Provide resource management services, operational businesses, consultancy services, customised services, real estate operation services and other value-added services.

In addition to property management and related services, we provide catering services by operating cafés, restaurants and bakeries under our proprietary "IZEE" Brand Series during the Track Record Period.

The following table sets forth a breakdown of our revenue from property management and related services and catering services for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	Revenue	%	Revenue	%	Revenue	%
	RMB'000		*RMB'000*		*RMB'000*	
Property management and related services:						
Property management services	602,700	79.7	688,815	78.7	776,915	77.9
Value-added services[(1)]	136,706	18.1	166,477	19.0	196,336	19.7
Rental services	4,135	0.5	5,303	0.6	5,948	0.6
Catering services	13,141	1.7	14,604	1.7	17,815	1.8
Total	756,682	100.0	875,199	100.0	997,014	100.0

Note:

(1) Revenue from value-added services comprises (i) revenue from carpark management services, which amounted to RMB42.1 million, RMB63.3 million and RMB68.1 million, representing 30.8%, 38.0% and 34.7% of our revenue from value-added services for the years ended 31 December 2017, 2018 and 2019, respectively; and (ii) revenue from a variety of other related services such as sales offices and display units management services, customised cleaning, security, repair and maintenance services for property owners/tenants, technical support services, conference services, consultancy services at initial stage of the projects, public space renting, engineering monitoring, management services in relation to construction work and interior decoration.

The table below sets forth a breakdown of our revenue from property management and related services by type of properties and catering services for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	Revenue(1)	%	Revenue(1)	%	Revenue(1)	%
	RMB'000		*RMB'000*		*RMB'000*	
Property management and related services(2):						
Commercial and business properties						
Office buildings(3)	398,913	52.7	459,760	52.5	509,112	51.1
Complexes(4)	78,903	10.4	79,023	9.0	82,329	8.2
Retail buildings & hotel(5)	54,023	7.1	52,495	6.0	55,403	5.5
Non-commercial properties						
Residential properties(6)	161,258	21.3	208,567	23.8	221,853	22.3
Public properties, hospitals, educational properties and others	50,444	6.8	60,750	7.0	110,502	11.1
Catering services	13,141	1.7	14,604	1.7	17,815	1.8
Total	756,682	100.0	875,199	100.0	997,014	100.0

Notes:

(1) This includes rental income which amounted to RMB4.1 million, RMB5.3 million and RMB5.9 million for the years ended 31 December 2017, 2018 and 2019, respectively.

(2) According to CIA, it is not an uncommon practise to categorise mixed-used properties into office buildings, retail buildings and hotel or residential properties based on the majority of the GFA under management for a particular use.

(3) For purpose of this prospectus, this refers to (i) pure office units; and (ii) mixed-used properties containing both office units and retail units/residential units with office units occupying more than 50% of the property's GFA under management.

(4) For purpose of this prospectus, this refers to properties containing units of three or more types of properties.

(5) For purpose of this prospectus, this refers to (i) pure retail units and hotel; and (ii) mixed-used properties containing both retail units and office units/residential units with retail units occupying more than 50% of the property's GFA under management.

(6) For purpose of this prospectus, this refers to (i) pure residential units; and (ii) mixed-used properties containing both residential units and office units/retail units with residential units occupying more than 50% of the property's GFA under management.

The table below sets forth a breakdown of our revenue from property management and related services by geographic region for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	Revenue[(1)]	%	Revenue[(1)]	%	Revenue[(1)]	%
	RMB'000		*RMB'000*		*RMB'000*	
North China						
Beijing	509,466	68.5	549,518	63.9	618,356	63.1
Other than Beijing[(2)]	65,649	8.8	85,450	9.9	94,078	9.6
Southwest China[(3)]	61,584	8.3	86,214	10.0	97,902	10.0
East China[(4)]	49,515	6.7	57,926	6.7	78,400	8.0
South China[(5)]	52,274	7.0	73,416	8.5	80,072	8.2
Northeast China[(6)]	5,053	0.7	8,071	1.0	7,786	0.8
Central China[(7)]	–	–	–	–	2,605	0.3
Total	743,541	100.0	860,595	100.0	979,199	100.0

Notes:

(1) This includes rental income which amounted to RMB4.1 million, RMB5.3 million and RMB5.9 million for the years ended 31 December 2017, 2018 and 2019, respectively.

(2) It refers to revenue derived from our provision of property management and related services for projects located in Tianjin and Shijiazhuang and Langfang, Hebei province.

(3) It refers to revenue derived from our provision of property management and related services for projects located in Chengdu, Sichuan province, Guiyang, Guizhou province and Chongqing.

(4) It refers to revenue derived from our provision of property management and related services for projects located in Shanghai, Huai'an, Taizhou, Nanjing, Suzhou, Jiangsu province and Linyi, Shandong province.

(5) It refers to revenue derived from our provision of property management and related services for projects located in Guangzhou, Huizhou, Foshan and Dongguan, Guangdong province.

(6) It refers to revenue derived from our provision of property management and related services for projects located in Harbin, Heilongjiang province.

(7) It refers to revenue derived from our provision of property management and related services for project located in Wuhan, Hubei province.

The table below sets forth a breakdown of our revenue from property management and related services for projects under our management in financial management centres and other areas in the PRC for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	Revenue[1]	%	Revenue[1]	%	Revenue[1]	%
	RMB'000		*RMB'000*		*RMB'000*	
Financial management centres:						
Beijing Financial Street Zone	216,936	29.2	229,119	26.6	238,722	24.4
Other financial management centres[2]	128,981	17.3	157,538	18.3	194,662	19.9
Subtotal	345,917	46.5	386,657	44.9	433,384	44.3
Other areas	397,624	53.5	473,938	55.1	545,815	55.7
Total	743,541	100.0	860,595	100.0	979,199	100.0

Notes:

(1) This includes rental income which amounted to RMB4.1 million, RMB5.3 million and RMB5.9 million for the years ended 31 December 2017, 2018 and 2019, respectively.

(2) During the Track Record Period, we have provided property management and related services in Tianjin Global Financial Centre, Shanghai Hongkou Financial Street Hailun Centre, Chongqing Jiangbeizui Financial City and Huai'An Financial Centre. In addition, we also managed Nanjing Financial City through an entity in which we hold non-controlling interests. Revenue generated from this project was not consolidated in the revenue of the Group during the Track Record Period.

The following table sets forth a breakdown of our revenue from property management and related services by type of customers for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	Revenue[1]	%	Revenue[1]	%	Revenue[1]	%
	RMB'000		*RMB'000*		*RMB'000*	
Property developers:						
Financial Street Affiliates Group and other related parties[2]	51,181	6.9	71,399	8.3	107,441	11.0
Independent Third Parties	4,417	0.6	11,445	1.3	11,730	1.2
Subtotal	55,598	7.5	82,844	9.6	119,171	12.2

	For the year ended 31 December					
	2017		2018		2019	
	Revenue[(1)]	%	Revenue[(1)]	%	Revenue[(1)]	%
	RMB'000		*RMB'000*		*RMB'000*	
Property owners, owners associations and tenants:						
Financial Street Affiliates Group and other related parties[(2)]	67,095	9.0	59,766	6.9	62,796	6.4
Independent Third Parties	620,848	83.5	717,985	83.5	797,232	81.4
Subtotal	687,943	92.5	777,751	90.4	860,028	87.8
Total	743,541	100.0	860,595	100.0	979,199	100.0

Notes:

(1) This includes rental income which amounted to RMB4.1 million, RMB5.3 million and RMB5.9 million for the years ended 31 December 2017, 2018 and 2019, respectively.

(2) This includes revenue from one of our substantial shareholders and associates which amounted to RMB0.3 million and RMB4.2 million for the years ended 31 December 2018 and 2019, respectively.

OUR RELATIONSHIP WITH PARENT GROUP

A portion of our property management projects during the Track Record Period was developed by Financial Street Affiliates Group.

The following table sets forth a breakdown by source of projects of our GFA under our management as at the dates indicated and our revenue from property management and related services for the years indicated:

	As at 31 December					
	2017		2018		2019	
	GFA under Management[(1)]	%	GFA under Management[(1)]	%	GFA under Management[(1)]	%
	'000 sq.m.		*'000 sq.m.*		*'000 sq.m.*	
Projects sourced from:						
Financial Street Affiliates Group	9,565	72.5	11,342	69.1	13,189	66.4
Independent Third Parties	3,620	27.5	5,067	30.9	6,668	33.6
Total	13,185	100.0	16,409	100.0	19,857	100.0

Note:

(1) This includes the GFA where the property management and related services were provided by entities in which we hold non-controlling interests. As at 31 December 2017, 2018 and 2019, the total GFA of properties managed by entities we hold non-controlling interests in were approximately 1.4 million sq.m., 1.5 million sq.m. and 2.7 million sq.m., respectively.

	For the year ended 31 December					
	2017		2018		2019	
	Revenue[(1)]	%	Revenue[(1)]	%	Revenue[(1)]	%
	RMB'000		*RMB'000*		*RMB'000*	
Projects sourced from:						
Financial Street Affiliates Group	621,150	83.5	717,365	83.4	794,492	81.1
Independent Third Parties	122,391	16.5	143,230	16.6	184,707	18.9
Total	743,541	100.0	860,595	100.0	979,199	100.0

Note:

(1) This includes rental income which amounted to RMB4.1 million, RMB5.3 million and RMB5.9 million for the years ended 31 December 2017, 2018 and 2019, respectively.

During the Track Record Period, the majority of our revenue was generated from our provision of property management and related services to projects sourced from Financial Street Affiliates Group, accounting for 83.5%, 83.4% and 81.1% of our revenue from property management and related services for the years ended 31 December 2017, 2018 and 2019, respectively. The general decreasing trend in the proportion of revenue generated from property management and related services for properties developed by Financial Street Affiliates Group during the Track Record Period demonstrates that we are becoming less reliant on Financial Street Affiliates Group, which is mainly due to our efforts to develop our relationship with Independent Third Parties. The measures we took to diverse our sources of revenue include (i) maintaining cooperation and good communication with existing independent property developers and expanding our existing service scope by providing customised and quality value-added services; (ii) carrying out research, obtaining customer information from various channels, approaching our target independent property developers with customised proposals and participating actively in bidding procedure; (iii) advertising on our official website and on media to sponsor activities in the property management industry in order to improve our brand recognition; (iv) cooperating with independent property developers through equity investment with an aim to provide property management and related services to projects developed by them. For more details, please refer to the section headed "Business – Sales and Marketing" in this prospectus. Taking into account the above measures, our Directors believe that our reliance on Financial Street Affiliates Group will continue to reduce and hence, the percentage of revenue contribution from projects sourced from Independent Third Parties is expected to continue to increase after the Track Record Period and onwards.

Through these sales and marketing measures, we have been successful in exploring market opportunities to diversify our sources of projects in recent years. During the Track Record Period, our revenue generated from, as well as GFA under management of, projects sourced from Independent Third Parties continuously increased. This growth indicates our capability in market expansion with Independent Third Parties. For more details, please refer to the section headed "Relationship with Controlling Shareholders" in this prospectus.

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, our major customers were property developers, property owners, owners' associations, tenants and residents, including banking and financial institutions and government bureau.

Revenue from our top five customers collectively amounted to RMB212.2 million, RMB217.7 million and RMB257.2 million, accounting for 28.0%, 24.9% and 25.8% of our total revenue for the years ended 31 December 2017, 2018 and 2019, respectively. Financial Street Affiliates Group had been our largest customer during the Track Record Period. Revenue from Financial Street Affiliates Group amounted to RMB118.3 million, RMB130.9 million and RMB166.0 million, representing 15.6%, 15.0% and 16.6% of our total revenue for the years ended 31 December 2017, 2018 and 2019, respectively. During the Track Record Period, we had maintained stable business relationship with our top five customers.

During the Track Record Period, our major suppliers include utility providers and subcontractors providing cleaning services and security services to our customers. We also engage subcontractors for the provision of professional repair and maintenance services and procure consumables for our employees to use in the course of providing property management and related services.

Procurement from our top five suppliers collectively amounted to RMB41.6 million, RMB58.0 million and RMB74.9 million, accounting for 11.1%, 13.5% and 15.3% of our total purchase for the years ended 31 December 2017, 2018 and 2019, respectively, and procurement from the largest supplier amounted to RMB14.4 million, RMB15.1 million and RMB21.5 million, representing 3.8%, 3.5% and 4.4% of our total purchase for the corresponding years, respectively. We had maintained stable business relationship with our top five suppliers during the Track Record Period. We generally do not enter into any long-term agreements with our top five suppliers.

COMPETITIVE STRENGTHS

We believe the following competitive strengths contribute to our success and distinguish us from our competitors:

- Pioneer in the industry with strong brand image and market leading position;
- Leveraging on the extensive resources of our Parent Group, we are able to rapidly implement our cross-regional strategic plan for a diversified portfolio of properties;
- Better positioned to achieve profitability with our management of a diversified portfolio of property types and the provision of comprehensive property management and related services;
- Experienced and stable management team with an optimised structure supported by an effective personnel training system.

BUSINESS STRATEGIES

We aim to achieve our vision through the following strategies:

- Further expand our business scale and increase our market share in order to strengthen our position in the property management industry and enhance our competitiveness;
- Expand our property management and related services portfolio through merger and acquisition and establishment of joint ventures;
- Continue to expand our quality and diversified value-added services business;
- Further enhance digitalisation and standardisation of our business to improve our service quality and cost efficiency;
- Further improve human resources management and develop a professional team to support sustainable development of our business.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The selected financial data from our consolidated financial statements (the details of which are set out in Appendix I to this prospectus) set forth in the table below should be read in conjunction with the financial information (including related notes) set out in Appendix I to this prospectus and the information set out in the section headed "Financial Information" in this prospectus.

Summary of consolidated statements of comprehensive income

	For the year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Revenue	756,682	875,199	997,014
Cost of sales and services	(611,059)	(713,555)	(805,585)
Gross profit	145,623	161,644	191,429
Operating profit	108,694	115,420	139,275
Profit for the year	82,655	91,536	113,410

Summary of consolidated balance sheets

	As at 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Total non-current assets	79,420	81,400	107,123
Total current assets	648,287	672,976	873,088
Total assets	727,707	754,376	980,211
Total equity	242,644	233,781	399,885
Total non-current liabilities	22,493	20,338	43,412
Total current liabilities	462,570	500,257	536,914
Total liabilities	485,063	520,595	580,326
Total equity and liabilities	727,707	754,376	980,211
Net current assets	185,717	172,719	336,174
Net assets	242,644	233,781	399,885

The decrease in our net assets from RMB242.6 million as at 31 December 2017 to RMB233.8 million as at 31 December 2018 was primarily due to the decrease in equity attributable to owners of the Company as a result of the excess of consideration paid for acquiring additional 10% of the equity interests in Financial Street Savills and our payment of dividend in 2018.

Summary of consolidated statements of cash flows

	For the year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities			
Net cash generated from operating activities	98,807	111,115	146,350
Cash flows from investing activities			
Net cash generated from/(used in) investing activities	(30,456)	(23,306)	94,950
Cash flows from financing activities			
Net cash generated from/(used in) financing activities	(71,565)	(116,106)	31,071
Net increase/(decrease) in cash and cash equivalents	(3,214)	(28,297)	272,371
Cash and cash equivalents at beginning of the year	425,260	422,017	393,744
Exchange effect on cash and cash equivalents	(29)	24	8
Cash and cash equivalents at end of the year	422,017	393,744	666,123

SUMMARY OF KEY FINANCIAL RATIOS

The following table sets forth certain financial ratios relating to our Group as at the dates or for the years indicated:

	As at/For the year ended 31 December		
	2017	2018	2019
Current ratio(1)	1.40	1.35	1.63
Liabilities to assets ratio(2)	0.67	0.69	0.59
Gearing ratio(3)	N/A	N/A	N/A
Return on equity(4)	35.8%	38.4%	35.8%
Return on total assets(5)	12.2%	12.4%	13.1%

Notes:

(1) Current ratio is calculated based on our total current assets as at the end of the relevant years divided by our total current liabilities as at the end of the corresponding years.

(2) Liabilities to assets ratio is calculated based on our total liabilities as at the end of the relevant years divided by our total assets as at the end of the corresponding years.

(3) We did not have any interest-bearing borrowings during the Track Record Period, therefore the gearing ratio is not applicable to us.

(4) Return on equity is calculated based on our profit for the years ended 31 December 2017, 2018 and 2019, divided by our average total equity as at the beginning and the end of the corresponding years and multiplied by 100%.

(5) Return on total assets is calculated based on our profit for the years ended 31 December 2017, 2018 and 2019, divided by our average total assets as at the beginning and the end of the corresponding years and multiplied by 100%.

OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, Financial Street Group owned 47.52% of the issued share capital of the Company through its wholly-owned subsidiary Huarong Zonghe. Upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised), Financial Street Group will own 35.64% of our total issued share capital through its wholly-owned subsidiary Huarong Zonghe. For more details, please refer to the section headed "Relationship with Controlling Shareholders" in this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

Assuming an offer price of HK$7.36 per H Share (being the mid-point of the indicative Offer Price range), we estimate that the net proceeds to be received from the Global Offering will be approximately HK$607.3 million, after deducting the underwriting fees, commissions and estimated expenses payable by us in relation to the Global Offering and assuming the Over-allotment Option is not exercised.

We intend to apply the net proceeds from the Global Offering for the purposes and in the amounts set out below:

- Approximately 60.0% of the net proceeds, or HK$364.4 million, will be used to pursue strategic acquisitions and investment opportunities and to establish new branches and subsidiaries in the PRC to expand our business scale;
- approximately 20.0% of the net proceeds, or HK$121.5 million, will be used to develop our value-added services business;
- approximately 10.0% of the net proceeds, or HK$60.7 million, will be used to establish and upgrade our IT and intelligent facilities systems; and
- approximately 10.0% of the net proceeds, or HK$60.7 million, will be used as our working capital and for general corporate purposes.

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

The above allocation of the net proceeds from the Global Offering will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher level or a lower level compared to the mid-point of the indicative Offer Price range or that the Over-allotment Option is exercised. We plan to finance any shortfall by profit generated from our business operation.

To the extent that the net proceeds are not immediately applied to the above purposes, we intend to deposit the net proceeds into short-term demand deposits and/or money market instruments.

PRE-IPO INVESTMENT

On 27 April 2018, Beijing Detong Tiantai Investment Co., Ltd (北京德通天泰投資有限公司), Beijing Detai Tongda Investment Co., Ltd (北京德泰通達投資有限公司), China Life Real Estate and Tiantai Real Estate entered into a share transfer agreement with the Pre-IPO Investor, pursuant to which Beijing Detong Tiantai Investment Co., Ltd (北京德通天泰投資有限公司) and Beijing Detai Tongda Investment Co., Ltd (北京德泰通達投資有限公司) agreed to transfer 60% and 40% respectively, of the equity interests they each held in Tiantai Real Estate, and China Life Real Estate agreed to accept the transfer of 100% of the equity interests in Tiantai Real Estate for a consideration of RMB509,000,000, of which the value attributable to the 29.49% interests in the Company held by Tiantai Real Estate was RMB267,280,000. For more details relating to the Pre-IPO Investment and the background of the Pre-IPO Investor, please refer to the section headed "History and Corporate Structure – Pre-IPO Investment" in this prospectus.

OFFER STATISTICS

	Based on the Offer Price range of HK$7.16 per H Share	Based on the Offer Price range of HK$7.56 per H Share
Market capitalisation of our Shares(1)	HK$2,577.6 million	HK$2,721.6 million
Unaudited pro forma adjusted net tangible assets per Share(2)	HK$2.85	HK$2.95

Notes:

(1) The calculation of market capitalisation is based on 360,000,000 Shares expected to be in issue and outstanding following the completion of the Global Offering, assuming the Over-allotment Option is not exercised.

(2) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in "Appendix II – Unaudited Pro Forma Financial Information" and on the basis of 360,000,000 Shares expected to be in issue and outstanding following the completion of the Global Offering.

The unaudited pro forma adjusted net tangible assets of the Group does not take into account the dividend of RMB83.0 million approved by the Shareholders' meeting in May 2020. The unaudited pro forma adjusted net tangible assets per Share would have been HK$2.59 (equivalent to RMB2.32) and HK$2.69 (equivalent to RMB2.41) per Share based on the Offer Price of HK$7.16 and HK$7.56, being the low-end and high-end, respectively, after taking into account the declaration and payment of the said dividend.

LISTING EXPENSES

Our estimated listing expenses mainly include underwriting fees and legal and professional fees in relation to the Listing. Assuming an offer price of HK$7.36 per H Share (being the mid-point of the indicative Offer Price range), the listing expenses to be borne by our Group is estimated to be approximately HK$55.1 million (being 8.3% of the gross listing proceeds), of which HK$51.9 million is directly related to the issuance of new shares and will be accounted for as a deduction from equity according to relevant accounting standards. The remaining amount of approximately HK$3.2 million is expected to be deducted as expenses following the Listing in 2020. The estimated listing expenses are subject to adjustment based on the actual amount incurred or to be incurred. During the Track Record Period, we had not incurred any listing expenses.

DIVIDEND AND DIVIDEND POLICY

For the year ended 31 December 2019, dividend of RMB117.1 million and RMB6.3 million in respect of 2018 was declared and paid to owners of the Company and to non-controlling interests, respectively. For the year ended 31 December 2018, dividend of RMB78.5 million and RMB5.9 million in respect of 2017 was declared and paid to owners of the Company and to non-controlling interests, respectively. For the year ended 31 December 2017, dividend of RMB53.5 million and RMB8.0 million in respect of 2016 was declared and paid to owners of the Company and to non-controlling interests, respectively. We proposed dividend of RMB83.0 million which represented our Company's accumulated distributable retained profits as at 31 December 2019 in our Board meeting on 22 April 2020. The proposed dividend was then approved in our Shareholders' general meeting on 6 May 2020. The dividend had been paid in full as at the Latest Practicable Date and will be reflected as an appropriation of retained earnings for the year ending 31 December 2020. In addition, Financial Street Jingnan, our non-wholly owned subsidiary, also declared dividend of RMB1.6 million to its then shareholders in March 2020, which had been paid in full as at the Latest Practicable Date.

Following completion of the Global Offering, we expect to declare and pay annual dividend of no less than 30% of our profit for the year in each financial year. The payment and amount of dividend (if any) will depend upon our results of operations, Shareholders' interests, general business conditions, our strategies and future expansion needs, our capital requirements, the payment by our subsidiaries of cash dividend to our Company, the possible effects on our liquidity and financial position and any other conditions that our Directors may deem relevant and will be subject to the approval of our Board of Directors or our Shareholders. We cannot guarantee that dividend of any amount will be declared or distributed in any year. For more details, please refer to the section headed "Financial Information – Dividend and Dividend Policy" in this prospectus.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Subsequent to 31 December 2019 and up to the Latest Practicable Date, we have entered into 11 new property management service agreements with an additional aggregate GFA of approximately 1.5 million sq.m. (representing approximately 6.5% of our total contracted GFA as at the Latest Practicable Date), all of which were entered into with Financial Street Affiliates Group but we had not contracted to provide any property management services to Independent Third Parties. In January 2020, we expanded our "IZEE" Catering Series by opening up one IZEECHEF restaurant which provides cooked meals to enterprise canteens located at Beijing Financial Street Zone. In April 2020, we commenced the operation of another IZEE-Mitsuyado restaurant in Shanghai. Our revenue increased by approximately 15.7% from RMB278.7 million for the four months ended 30 April 2019 to RMB322.5 million for the four months ended 30 April 2020, which has been reviewed by our reporting accountant in accordance with the Hong Kong Standard of Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. This increase in revenue was primarily due to the growth of GFA under our management by approximately 11.1% from our GFA under management as at 30 April 2019 to our GFA under management as at 30 April 2020.

Effect of the COVID-19 Outbreak

An outbreak of respiratory illness caused by a novel coronavirus (COVID-19) was first reported in Wuhan, Hubei province, China in late 2019 and continues to expand within the PRC and globally. The outbreak, which has resulted in a high number of fatalities, is likely to have an adverse impact on the livelihood of the people in and the economy of the PRC, particularly Wuhan and Hubei province. The outlook of the property market, economy slowdown and/or negative business sentiment could potentially have direct impact on the property management market such as default or delay in settlement of property management fee by our customers and our business operation and financial position may be adversely affected. However, with the gradual resumption of economic activities in China since March 2020, the demand of real estate purchase and property management services have begun to resume gradually. According to CIA, the COVID-19 outbreak is expected to have limited impact on China's property management industry in the long run. For more details, please refer to the section headed "Industry Overview – COVID-19 Outbreak and Its Impact on the PRC Property Management Industry" in this prospectus.

Our business operation had encountered adverse impact in the following aspects: (i) our business operation in Wuhan; (ii) our overall property management and related services; (iii) our catering services; (iv) impact on our customers and suppliers/subcontractors; and (v) our future expansion.

However, our Directors are of the view that no material adverse effect on our operations and financial performance is expected to result from the recent COVID-19 outbreak. In response to the COVID-19 outbreak, we have implemented a contingency plan and have adopted enhanced hygiene and precautionary measures across our managed properties. Our Directors confirm that the additional costs associated with the enhanced measures will have no significant impact on our Group's financial position for the year ending 31 December 2020. To the best of our Directors' knowledge, as at the Latest Practicable Date, there was no confirmed or suspected cases of COVID-19 within the properties under our management across the PRC. For more details, please refer to the section headed "Business – Effect of the COVID-19 Outbreak" in this prospectus.

As the COVID-19 outbreak continues to grow, it is uncertain when and whether COVID-19 could be completely contained. The above analysis was made by our management based on currently available information concerning the COVID-19 outbreak. We cannot guarantee that the COVID-19 outbreak will not further escalate or have a material adverse effect on our business operations. For more details of the relevant risks, please refer to the section headed "Risk Factors – Risks Relating to Our Business and Industry – Our business operations may be affected by the COVID-19 outbreak that was first reported in Wuhan, China and continues to expand within the PRC and globally".

Notwithstanding that, based on the scenario analysis conducted by us (assuming that (i) the PRC economy and our business performance going forward will remain the same as in the first quarter of 2020 and do not improve; (ii) we will continue to manage the projects which were under our management as at 31 December 2019 in accordance with their respective terms but we will be unable to commence to manage any new projects after the Track Record Period;

(iii) no further dividend will be declared and paid by us save for the dividend of the Company's accumulated distributable retained profits as at 31 December 2019 that was paid; (iv) no discretionary bonus will be paid to our employees; (v) we would only use the immediate cash and deposits available and no borrowings or any banking facilities would be available; and (vi) without taking into account any proceeds from the Global Offering, our Directors are of the view that we will remain financially viable and have sufficient working capital available for at least the next 20 months from the Listing Date.

In the worst case scenario that our business is forced to be completely disrupted and suspended where (i) no revenue would be generated; (ii) minimal operating and administrative expenses will be incurred to maintain our operations at a minimum level; (iii) the expansion plan is delayed under such condition; (iv) the trade receivables as set out in the unaudited consolidated financial statements for the three months ended 31 March 2020 would be received by us; (v) the trade payables as set out in the unaudited consolidated financial statements for the three months ended 31 March 2020 would be settled by us; (vi) no further dividend will be declared and paid by us save for the dividend of the Company's accumulated distributable retained profits as at 31 December 2019 that was paid; (vii) no discretionary bonus will be paid to our employees; and (viii) we would only use the immediate cash and deposits available and no borrowings or any banking facilities would be available, our Directors are of the view that we will remain financially viable and have sufficient working capital available for at least the next 60 months from the Listing Date after taking into account 10% of the net proceeds (with the Offer Price fixed at the low-end and no exercise of the Over-allotment Option) from the Global Offering, which are intended to be used for our working capital and other general corporate purposes.

Subsequent to the Track Record Period and up to the date of this prospectus, there was no material change to our business model, revenue and cost structure. Save for the aforesaid effects of the COVID-19 outbreak, our Directors have confirmed that, since 31 December 2019 and up to the date of this prospectus, there has been no material adverse change in our financial position or prospects and no event has occurred that would materially and adversely affect the information shown in our consolidated financial statements set out in the Accountant's Report in Appendix I to this prospectus.

SUMMARY OF MATERIAL RISK FACTORS

There are a number of risks involved in our operations and in connection with the Global Offering, many of which are beyond our control. These risks can be categorised 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. We believe our major risks include:

- Our historical results may not be indicative of our future prospects and results of operations, and our future growth may not materialise as planned;
- There is no assurance we will continue to be engaged by Financial Street Affiliates Group to manage properties developed by them, or that we will be able to supplement any shortfall with properties from Independent Third Party on terms acceptable to us, or at all;
- We cannot assure you that we can procure new or renew our existing property management service agreements on terms that are favourable to us, or at all;
- A significant portion of our revenue was generated from our provision of property management and related services to commercial and business properties during the Track Record Period. We may not be able to maintain the current growth of, or make further expansion on, our commercial and business property management business;
- Our business operations may be affected by the COVID-19 outbreak that was first reported in Wuhan, China and continues to expand within the PRC and globally.

You should read the whole section headed "Risk Factors" in this prospectus before you decide to invest in the Offer Shares.

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Application Form(s)"	**WHITE** application form(s), **YELLOW** application form(s) and **GREEN** application form(s), or where the context so requires, any of them, relating to the Hong Kong Public Offering
"Articles of Association" or "Articles"	the articles of association of our Company approved at the general meeting of the Company on 31 March 2020 to take effect on the Listing Date, as amended or supplemented from time to time, a summary of which is set out in Appendix V to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Beijing Financial Street Zone"	according to the Official Reply of the State Council on the General City Plan for Beijing (國務院關於北京城市總體規劃的批覆), as a national financial management centre, Beijing Financial Street Zone is located within the West Second Ring Road from Fuchengmen to Fuxingmen in Beijing, where headquarters of national banks and headquarters of non-banking financial institutions are concentrated
"Board of Directors" or "Board"	the board of Directors of our Company
"business day(s)"	day(s) (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"CAGR"	compound annual growth rate

"CBIRC"	the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), a regulatory authority formed via the merger of its predecessors, the China Banking Regulatory Commission (中國銀行業監督管理委員會) and China Insurance Regulatory Commission (中國保險監督管理委員會), according to the Notice of the State Council regarding the Establishment of Organisations (國務院關於機構設置的通知) (Guo Fa [2018] No. 6) issued by the State Council on 24 March 2018, including, where appropriate, its local counterparts
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Operational Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practises, procedures and administrative requirements relating to the operation and functions of CCASS, as from time to time in force
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China" or "PRC"	the People's Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires otherwise, references in this prospectus to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
"China Index Academy" or "CIA"	China Index Academy (中國指數研究院), our industry consultant

"China Life Real Estate"	China Life Real Estate Investment Management Company Limited (國壽不動產投資管理有限公司), a company established in the PRC with limited liability on 29 December 1994
"CIT"	the PRC corporate income tax
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Co-Lead Managers"	Ever-Long Securities Company Limited and Topaz Financial Group Limited
"Companies Ordinance"	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Financial Street Property Co., Limited (金融街物業股份有限公司), formerly known as Beijing Financial Street Property Management Co., Ltd. (北京金融街物業管理有限責任公司), established in the PRC on 20 May 1994 as a state and joint-stock jointly-owned enterprise (全民與股份制聯營企業), converted to a limited liability company on 8 July 1999, and converted into joint stock company with limited liability on 19 September 2019
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto 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 each of Financial Street Group and Huarong Zonghe or both of them as a group of Controlling Shareholders
"COVID-19"	coronavirus disease 2019, a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus, that was first reported from Wuhan, China in late 2019

"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
"Director(s)" or "our Directors"	the director(s) of our Company
"Domestic Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid for 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 enacted by the NPC on 16 March 2007 and effective on 1 January 2008, as amended, supplemented or otherwise modified from time to time
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"Financial Street Affiliates Group"	our Parent Group and its joint ventures and associates, including Financial Street Holdings, which was held as to 31.14% by our Parent Group as at the Latest Practicable Date
"Financial Street Group"	Beijing Financial Street Investment (Group) Co., Ltd. (北京金融街投資(集團)有限公司), a state-owned enterprise incorporated in the PRC on 29 May 1996 and ultimately owned by Xicheng SASAC. As at the Latest Practicable Date, it indirectly holds 47.52% of the Shares in our Company through its wholly-owned subsidiary Huarong Zonghe, being one of our Controlling Shareholders
"Financial Street Holdings"	Financial Street Holdings Co., Ltd. (金融街控股股份有限公司), a company listed on Shenzhen Stock Exchange (stock code : 000402), established in the PRC with limited liability on 18 June 1996. As at the Latest Practicable Date, Financial Street Holdings was held as to 31.14% by our Parent Group

"Financial Street Jingnan"	Beijing Financial Street Savills Jingnan Property Management Co., Ltd. (北京金融街第一太平戴維斯京南物業管理有限公司), formerly known as Beijing Zhongzhao Financial Street Savills Property Management Co., Ltd. (北京中曌金融街第一太平戴維斯物業管理有限公司), a company established in the PRC with limited liability on 2 March 2015, which is an indirect non-wholly-owned subsidiary of our Company
"Financial Street Residential Property"	Beijing Financial Street Residential Property Management Co., Ltd. (北京金融街住宅物業管理有限責任公司), a company established in the PRC with limited liability on 29 April 2007, which is a direct wholly-owned subsidiary of our Company
"Financial Street Savills"	Beijing Financial Street Savills Property Management Co., Ltd (北京金融街第一太平戴維斯物業管理有限公司), a company established in the PRC with limited liability on 17 June 2002, which is a direct non-wholly-owned subsidiary of our Company
"General Rules of CCASS"	General Rules of CCASS published by the Stock Exchange and as amended from time to time
"Global Offering"	the Hong Kong Public Offering and the International Offering
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Group", "our Group", "our", "we" or "us"	our Company and all of our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company and the businesses operated by such subsidiaries or their predecessors (as the case may be)
"H Share(s)"	overseas-listed share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and for which an application has been made for listing and permission to trade on the Stock Exchange

"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"HKFRSs"	the Hong Kong Financial Reporting Standards
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 9,000,000 H Shares initially being offered for subscription in the Hong Kong Public Offering at the Offer Price (subject to adjustment as described in the section headed "Structure of the Global Offering" in this prospectus)
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus a brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this prospectus and the Application Forms, as further described in the section headed "Structure of the Global Offering – The Hong Kong Public Offering" in this prospectus
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs published by the SFC, as amended, supplemented or otherwise modified for the time being
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering as listed in the section headed "Underwriting – Hong Kong Underwriters" in this prospectus

"Hong Kong Underwriting Agreement"	the underwriting agreement, dated Thursday, 18 June 2020, relating to the Hong Kong Public Offering, entered into among the Sole Sponsor, the Sole Global Coordinator, the Hong Kong Underwriters, the Controlling Shareholders, ICBC International Capital Limited and our Company, as further described in the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Hong Kong Underwriting Agreement" in this prospectus
"Huarong Zonghe"	Beijing Huarong Zonghe Investment Co., Ltd. (北京華融綜合投資有限公司), formerly known as Beijing Huarong Zonghe Investment Company (北京華融綜合投資公司), a state-owned enterprise incorporated in the PRC on 9 July 1992 and wholly-owned by Financial Street Group. Since 1 September 2017, it has been an indirectly wholly-owned subsidiary of Xicheng SASAC, and as at the Latest Practicable Date holds 47.52% of the Shares in our Company
"Huigu Conference Centre"	Beijing Huigu Conference Centre Co., Ltd. (北京慧谷會議中心有限公司), a company established in the PRC with limited liability on 1 August 2012, which is a indirect wholly-owned subsidiary of our Company
"IIT"	the PRC individual income tax
"Independent Third Party(ies)"	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules
"International Offer Shares"	the 81,000,000 H Shares initially offered by our Company for subscription at the Offer Price under the International Offering together, where relevant, with any additional Shares that may be issued pursuant to any exercise of the Over-allotment Option, subject to adjustment and reallocation as described in the section headed "Structure of the Global Offering" in this prospectus

"International Offering"	the offering 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 the registration requirement under the U.S. Securities Act, as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriters"	the underwriters of the International Offering
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering expected to be entered into by the Sole Sponsor, our Company, the Controlling Shareholders, the Sole Global Coordinator and the International Underwriters on or about Wednesday, 24 June 2020, as described in the section headed "Underwriting – The International Offering" in this prospectus
"IZEE", "IZEE" Brand Series	our proprietary brand series, including "IZEE" Catering Series and "IZEE" Service Series
"IZEE" Catering Series	a series of catering stores operated under our "IZEE" Brand Series
"IZEE" Service Series	a series of services provided under our "IZEE" Brand Series
"IZEE-Mitsuyado"	Beijing IZEE Mitsuyado Restaurant Management Co., Ltd. (北京怡己三矢堂餐飲管理有限公司), a company established in the PRC with limited liability on 22 April 2019, which is an indirect non-wholly-owned subsidiary of our Company
"Jintongtai Catering"	Beijing Jintongtai Catering Management Co., Ltd. (北京金通泰餐飲管理有限公司), a company established in the PRC with limited liability on 6 January 2009, which is an indirect wholly-owned subsidiary of our Company
"Jinxi Lilin"	Beijing Jinxi Lilin Health Management Co., Ltd. (北京金禧麗鄰健康管理有限責任公司), a company established in the PRC with limited liability on 10 September 2014, which is a direct wholly-owned subsidiary of our Company

"Jinxi Litai"	Beijing Jinxi Litai Hotel Management Co., Ltd. (北京金禧麗泰酒店管理有限責任公司), a company established in the PRC with limited liability on 10 December 2014, which is a direct wholly-owned subsidiary of our Company
"Joint Bookrunners"	Guotai Junan Securities (Hong Kong) Limited, ICBC International Capital Limited, Silk Road International Capital Limited and Wintech Securities Limited
"Joint Lead Managers"	Guotai Junan Securities (Hong Kong) Limited, ICBC International Securities Limited, Silk Road International Capital Limited, Wintech Securities Limited, CRIC Securities Company Limited and HTF Securities Limited
"Latest Practicable Date"	10 June 2020, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	the listing of the H Shares on the Main Board
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about Monday, 6 July 2020, on which the H Shares are to be listed and on which dealings in the H Shares are to be first permitted to take place 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 operates in parallel with GEM of the Stock Exchange. For the avoidance of doubt, the Main Board excludes 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), for inclusion in the articles of association of companies incorporated in the PRC to be listed overseas, which were promulgated by the PRC Securities Commission*, the predecessor of the CSRC, and the State Restructuring Commission* on 27 August 1994, as amended, 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)
"MOHRSS"	the Ministry of Human Resources and Social Security of the PRC* (中華人民共和國人力資源和社會保障部)
"MOHURD"	the Ministry of Housing and Urban-Rural Development of the PRC* (中華人民共和國住房和城鄉建設部)
"National Bureau of Statistics"	National Bureau of Statistics of the PRC* (中華人民共和國統計局)
"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)
"NEEQ"	the National Equities Exchange and Quotations Co., Ltd., a PRC over-the-counter system for trading shares of public companies
"Non-competition Undertaking Letter"	the non-competition undertaking letter (不競爭承諾函) issued by Financial Street Group to our Company on 9 June 2020. For more details, please refer to the section headed "Relationship with Controlling Shareholders – Non-Competition Undertaking Letter" in this prospectus

"Offer Price"	the final offer price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee), expressed in Hong Kong dollars, at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering, to be determined as described in the paragraph headed "Structure of the Global Offering – Pricing of the Global Offering" in this prospectus
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares together, where relevant, with any additional H Shares to be issued by our Company pursuant to the exercise of the Over-allotment Option
"Operation Centre"	Beijing Financial Street Capital Operation Centre (北京金融街資本運營中心), formerly known as Beijing Xidan Commercial District Construction and Development Company (北京市西單商業區建設開發公司), a whole people-owned enterprise (全民所有制企業) established in the PRC on 16 September 1992 and wholly-owned by the Xicheng SASAC. As at the Latest Practicable Date, it holds 47.52% of the Shares in our Company through Financial Street Group
"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 for up to 30 days from the day following the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to 13,500,000 additional new H Shares (representing in aggregate 15% of the initial Offer Shares) to cover over-allocations in the International Offering, if any, details of which are described in the section headed "Structure of the Global Offering – Over-allotment Option" in this prospectus
"Parent Group"	Beijing Financial Street Investment (Group) Co., Ltd. (北京金融街投資(集團)有限公司) and its subsidiaries (including Huarong Zonghe but excluding our Group)
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC

"PRC Company Law"	the Company Law of the PRC (中華人民共和國公司法), which was first implemented on July 1, 1994 and as amended, supplemented or otherwise modified from time to time
"PRC GAAP"	generally accepted accounting principles in the PRC, including the Accounting Standards for Business Enterprises (企業會計準則)
"PRC government"	central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities)
"PRC Legal Adviser"	Guantao Law Firm, our legal adviser as to PRC law
"PRC Securities Law"	the Securities Law of the PRC* (中華人民共和國證券法), which was first implemented on 1 July 1999 and as amended, supplemented or otherwise modified from time to time
"Price Determination Agreement"	the agreement to be entered into between our Company and the Sole Global Coordinator, acting for itself and on behalf of the Underwriters, on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be Wednesday, 24 June 2020, on which the Offer Price is fixed for the purposes of the Global Offering, and in any event no later than Thursday, 2 July 2020, or such other date as agreed between the parties to the Price Determination Agreement
"Province" or "province"	a province or, where the context requires, a provincial level autonomous region or municipality under the direct administration of the PRC government
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of the Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC

"Ronglutong Consulting"	Beijing Ronglutong Consulting Service Co., Ltd. (北京融路通諮詢服務有限責任公司), a company established in the PRC with limited liability on 25 July 2000, which is a direct wholly-owned subsidiary of our Company
"Rongxin Hetai"	Beijing Rongxin Hetai Enterprise Management Co., Ltd. (北京融信合泰企業管理股份有限公司), a joint stock company with limited liability established in the PRC on 10 July 2015, which held 22.99% interests in our Shares as at the Latest Practicable Date
"SAFE"	State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAIC"	State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, comprising H Shares and Domestic Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Sole Global Coordinator"	Guotai Junan Securities (Hong Kong) Limited
"Sole Sponsor"	Guotai Junan Capital Limited (a licenced corporation under the SFO to conduct Type 6 (advising on corporate finance) of the regulated activities)
"Special Regulations"	Special Regulations of the State Council on the Overseas Offering and Listing 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 4 August 1994, as amended, supplemented as otherwise modified from time to time
"Stabilising Manager"	Guotai Junan Securities (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" or "subsidiaries"	has the meaning ascribed thereto in the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto in the Listing Rules
"Supervisor(s)"	the supervisor(s) of our Company
"Tiantai Real Estate"	Beijing Tiantai Real Estate Co., Ltd. (北京天泰置業有限公司), a company established in the PRC with limited liability on 24 June 1998, which held 29.49% interests in our Shares as at the Latest Practicable Date
"Top 500 Chinese Enterprises"	the ranking of the top enterprises in the PRC based on the companies' revenues, published by China Enterprise Confederation and China Enterprise Directors Association
"Track Record Period"	the period comprising the three financial years ended 31 December 2017, 2018 and 2019
"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
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"VAT"	the PRC value-added tax
"**WHITE** Application Form(s)"	the form of application for the Hong Kong Offer Shares for use by public applicants who require such Hong Kong Offer Shares to be issued in their own name

"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name, submitted online through the designated website of the **White Form eIPO** Service Provider, **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"WHO"	World Health Organisation
"Xicheng SASAC"	State-owned Assets Supervision and Administration Commission of Beijing Xicheng District Municipal Government (北京西城區人民政府國有資產監督管理委員會)
"Xidan Dongnan Mansion"	Beijing Xidan Dongnan Mansion Real Estate Management Co., Ltd. (北京市西單東南大廈物業管理有限公司), a company established in the PRC with limited liability on 16 September 1999, which is a direct wholly-owned subsidiary of our Company
"Xima Real Estate"	Beijing Xima Real Estate Management Co., Ltd. (北京市西馬物業管理有限責任公司), a company established in the PRC with limited liability on 6 May 1997, which is a direct wholly-owned subsidiary of our Company
"**YELLOW** Application Form(s)"	the form of application for the Hong Kong Offer Shares for use by public applicants who require such Hong Kong Offer Shares to be deposited directly into CCASS
"%"	per cent

* *For identification purpose only*

Unless otherwise expressly stated or the context otherwise requires, all dates in this prospectus are as at the date of this prospectus.

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 Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both Chinese and English languages and in the event of any inconsistency, the Chinese version shall prevail. English translations of company names and other terms from the Chinese language are provided for reference purposes 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.

"2020 Beijing-Tianjin-Hebei Top 100 Property Management Companies"	the 35 companies in the 2020 Top 100 Property Management Companies that have their headquarters registered in Beijing-Tianjin-Hebei Area
"2020 Top 100 Property Management Companies"	the ranking of Top 100 Property Management Companies in terms of overall strength for 2019
"annual average net profit per sq.m."	calculated by dividing the total net profit for the relevant period by GFA under management at the end of the corresponding period
"average breakeven period"	the average time periods required for a store to achieve breakeven point, i.e the monthly revenue of the store at least equals to its monthly expenses, for two consecutive months
"average cash investment payback period"	the average time it takes for a store's cumulative net profit plus depreciation and amortisation to cover the costs incurred for the launch of such store
"average monthly property management fee charged on a lump-sum basis"	calculated by dividing the revenue from property management services for projects charged on a lump-sum basis for the relevant period by the GFA under management for such properties at the end of the corresponding period. The following items have been excluded from the calculation of our average monthly property management fee charged on a lump-sum basis: (a) revenue from property management services charged on commission basis and the relevant GFA under management since only the commission is recognised as revenue; (b) revenue from and GFA under management for car parks which have been recognised and reported under the revenue segment of value-added services; and

	(c) GFA under management where the property management services were provided by entities in which we hold non-controlling interests since the property management fees generated from such projects are not recognised as our revenue.
	Revenue from provision of value-added services and catering services is excluded from the above calculation.
"Beijing-Tianjin-Hebei Area"	a region consisting of Hebei province and the municipalities of Beijing and Tianjin (京津冀)
"commercial and business properties"	includes office buildings, complexes, retail buildings and hotel
"commission basis"	a revenue generating model for property management services whereby the fee income from property management consists only of a specified percentage of the total property management fees payable by the customers while the remainder of such property management fees would be used to cover the expenses incurred in management of the relevant properties and any excess or shortfall of the property management fees (after deducting the relevant expenses) belongs to or is borne by the relevant customers
"common area(s)"	common areas jointly owned by the property owners, mainly including parking lots, swimming pools and advertisement bulletin boards
"contracted GFA"	GFA managed or to be managed under property management agreements or covered under consultancy service arrangement
"first-tier and second-tier cities"	as at the Latest Practicable Date, first-tier cities include Beijing, Shanghai, Guangzhou and Shenzhen in the PRC, and second-tier cities include 31 major cities other than first-tier cities in the PRC according to the National Bureau of Statistics of the PRC
"FVOCI"	financial assets at fair value through other comprehensive income

"GFA"	gross floor area
"GFA under management"	contracted GFA of properties which we have started to provide property management services and are entitled to collect the relevant property management fees as at the relevant date
"Internet of Things"	a network of physical devices, vehicles, buildings and other item-embedded with electronics, software, sensors and network connectivity that enable these objects to collect and exchange data
"lump-sum basis"	a revenue generating model for property management services whereby pre-determined property management fees are charged and recognised as revenue, and such total amount of property management fees represents the "all-inclusive" fees for the property management services provided
"overall strength"	China Index Academy assesses the overall strength of property management companies by evaluating each property management company's management scale, operational performance, service quality, growth potential and social responsibility
"sq.m."	square metre(s)
"Top 100 Property Management Companies"	the annual ranking of China-based property management companies by overall strength published by China Index Academy

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.

In this prospectus, statements of or references to our intentions or that of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

This prospectus contains forward-looking statements that state our intentions, beliefs, expectations or predictions for the future that are, by their nature, subject to significant known or unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our operations and business prospects;
- 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;
- the development of our one-stop service platform and business;
- 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 and the PRC real estate industry;
- our ability to maintain a strong relationship with the relevant governmental authorities, our cooperating banks or customers;
- our future business development, results of operations and financial position;
- the future competitive environment for the PRC property management industry and the PRC real estate industry;
- determination of the fair value of our H Shares;
- our dividend policy;

- capital market development;
- exchange rate fluctuations and restrictions; and
- risks identified under the section headed "Risk Factors" in this prospectus.

The words "aim", "anticipate", "believe", "could", "continue", "expect", "estimate", "going forward", "intend", "may", "plan", "predict", "project", "potential", "seek", "will", "would", the negative of these terms and similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. Such statements reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Actual results may differ materially from information contained in the forward-looking statement, and should one or more of these risks or uncertainties materialise, or should the underlying assumptions prove to be incorrect, our results of operations and financial position may be adversely affected and may vary materially from those described herein as anticipated, believed or expected. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on such forward-looking information. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realised. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus might not occur. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in relation to our H Shares. You should pay particular attention to the fact that we are incorporated in the PRC and that all of our Group's operations are conducted in the PRC, the legal and regulatory environment of which may differ from that prevailing in other countries and regions. Our business, financial position or results of operations could be materially and adversely affected by any of these risks. The market price of our H Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment.

We believe that there are certain risks involved in our operations, many of which are beyond our control. We have categorised these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to conducting business in the PRC; and (iii) risks relating to the Global Offering. Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial position and results of operations. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our historical results may not be indicative of our future prospects and results of operations, and our future growth may not materialise as planned. If we fail to manage our future growth effectively, this may have a material adverse effect on our business, financial position 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. Any material or adverse effect brought by the increase in costs and operating expenses may affect our future growth. In addition, we may continue to devote resources in order to develop operational business, particularly the development of our proprietary "IZEE" Brand Series. This initiative may negatively impact our short-term profitability. If our efforts in developing operational business prove ineffective, resulting in failure to increase our revenue, our business, financial position and results of operations may be negatively affected. Furthermore, we may not be able to sustain our historical growth rate, revenue and gross profit margin for various reasons, as follows:

- changes in the PRC's economic conditions in general and the real estate industry and property management services market in particular;

- any material or adverse effect on the increase in our revenue or profit may affect our future growth;

- failure in market competition and loss in market share;

- failure to renew property management service agreements with our existing customers or procure new property management service agreements;

- failure to maintain the relationship with our business partners;

- increase in labour costs in the PRC; and

- increase in fees payable to third-party subcontractors.

As a result of these and other factors, we cannot guarantee that our future revenue will increase or that we will continue to maintain stable revenue and profit growth rate. Accordingly, investors should not rely on our historical results as indication of our future financial or operating performance.

Since our establishment, we have been seeking to expand through increasing the number of property management service agreements entered into and the GFA to be managed in existing and new markets. As at 31 December 2017, 2018 and 2019, our total GFA under management was approximately 13.2 million sq.m., 16.4 million sq.m. and 19.9 million sq.m., respectively. For more details, please refer to the section headed "Business – Our Strategies – Further expand our business scale and increase our market share in order to strengthen our position in the property management industry and enhance our competitiveness" in this prospectus. However, our expansion plans are based upon our assessment of the market prospects. We cannot assure you that our assessment will prove to be correct or that we can grow our business as planned. Apart from factors aforesaid, our expansion plans may be affected by a number of factors, most of which are beyond our control. Such factors include:

- changes in disposable personal income in the PRC;

- changes in applicable laws and regulations;

- changes in the supply of and demand for property management and related services;

- our ability to generate sufficient liquidity internally and obtain external financing;

- our ability to attract, recruit, retain and train employees who meet the job requirements;

- our ability to select and work with suitable third-party subcontractors and suppliers;

- our ability to understand the needs of the property developers, property owners, owners' associations, tenants and residents where we provide property management and related services;

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

- our ability to leverage our brands and to compete successfully in new markets, particularly against the existing 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 materialise 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.

There is no assurance we will continue to be engaged by Financial Street Affiliates Group to manage properties developed by them, or that we will be able to supplement any shortfall with properties from Independent Third Party on terms acceptable to us, or at all

A substantial portion of our property management projects prior to or during the Track Record Period was related to the properties developed by Financial Street Affiliates Group. We primarily cooperated with Financial Street Holdings, our affiliated company within Financial Street Affiliates Group. We maintained a close relationship with Financial Street Affiliates Group and provide property management and related services for various property management projects developed by Financial Street Affiliates Group. For the years ended 31 December 2017, 2018 and 2019, 83.5%, 83.4% and 81.1% of our revenue generated from property management and related services, and 72.5%, 69.1% and 66.4% of our GFA under management were attributable to properties developed by Financial Street Affiliates Group, respectively. Any adverse development in the operations of Financial Street Affiliates Group or its ability to develop new properties may affect our ability to procure new property management projects.

We cannot assure you that Financial Street Affiliates Group will engage us as its property management service provider or will prioritise us over other service providers for any properties it developed. If we are not able to supplement any shortfall in business from properties developed by independent property developers, our growth prospect may be materially and adversely affected.

We cannot assure you that we can procure new or renew our existing property management service agreements on terms that are favourable to us, or at all

Our revenue is mainly generated from our provision of property management services under property management service agreements to property developers, property owners and owners' associations. We believe that our ability to expand our portfolio of property management service agreements is a key to sustain the growth of our business. During the Track Record Period, we procured new property management service agreements from Financial Street Affiliates Group and Independent Third Parties through tender, competitive bidding or negotiation process. The selection of property management company by property developers, property owners and owners' associations depends on a number of factors, including but not limited to, the quality of services, the reputation, the level of price, the operating history of the property management company and the ability to provide customised services. We cannot assure you that we will be able to procure new property management service agreements in the future on terms favourable or acceptable to us, 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.

For the years ended 31 December 2017, 2018 and 2019, the revenue from our provision of property management and related services accounted for 98.3%, 98.3% and 98.2% of our total revenue, respectively. We cannot assure you that our property management service agreements will not be terminated prior to expiration or will be renewed when they expire. Termination or non-renewal of a significant number of property management service agreements could have a material adverse impact on our business, financial position and results of operations.

A significant portion of our revenue was generated from our provision of property management and related services to commercial and business properties during the Track Record Period. We may not be able to maintain the current growth of, or make further expansion on, our commercial and business property management business

The majority of our revenue was generated from our provision of property management and related services to commercial and business properties during the Track Record Period. Such revenue amounted to RMB531.8 million, RMB591.3 million and RMB646.8 million, representing 70.3%, 67.6% and 64.9% of our total revenue for the years ended 31 December 2017, 2018 and 2019, respectively. Generally, our gross profit margin for property management and related services provided to commercial and business properties were higher than that for non-commercial properties during the Track Record Period, with our gross profit margin for management of commercial and business properties being 25.3%, 22.5% and 24.6% for the years ended 31 December 2017, 2018 and 2019, respectively, compared to 5.5%, 11.9% and 10.5% for non-commercial properties in the corresponding years. However, we may not be able to maintain the current growth of, or make further expansion on, our commercial and business property management business which in turn would adversely affect our gross profit margin.

Our business operations may be affected by the COVID-19 outbreak that was first reported in Wuhan, China and continues to expand within the PRC and globally

An outbreak of respiratory illness caused by a novel coronavirus (COVID-19) was first reported in Wuhan, Hubei province, China in late 2019 and continues to expand within the PRC and globally. The new strain of COVID-19 is considered highly contagious and may pose a serious public health threat. On 23 January 2020, the PRC government announced the lock-down of Wuhan in an attempt to quarantine the city. Since then, tough measures including travel restrictions had been imposed in other major cities in the PRC, as well as other countries and territories, in an effort to contain the COVID-19 outbreak. The WHO is closely monitoring and evaluating the situation. On 30 January 2020, the WHO declared the COVID-19 outbreak a Public Health Emergency of International Concern. As at the Latest Practicable Date, the virus had spread across China and to other countries and territories globally and death toll and number of infected cases continued to rise. The outbreak, which has resulted in a high number of fatalities, is likely to have an adverse impact on the livelihood of the people in and the economy of the PRC, particularly Wuhan and Hubei province. The property market in the PRC, particularly Wuhan and Hubei province, may be adversely impacted. The outlook of the property market, economy slowdown and/or negative business sentiment could potentially have direct impacts on the property management market such as default or delay in settlement of property management fee by our customers and our business operation and financial position may be adversely affected. Nonetheless, the continued COVID-19 outbreak may result in an increase in unemployment rate as a result of the tough measures designed to mitigate the further spread of COVID-19, which could have a significant social and economic impact. According to the National Bureau of Statistics, since the COVID-19 outbreak, the urban unemployment rate was 5.3%, 6.2% and 5.9% in January, February and March 2020, respectively while the urban unemployment rate was 5.2% as at the end of 2019. Therefore, property management and value-added services could be regarded as redundant and residents might be reluctant and delay in paying for property management and value-added services. We managed a total of 144 properties located in 10 provinces and municipalities across China as at 31 December 2019. As at the Latest Practicable Date, we managed one sales office and display unit for residential property in Wuhan, Hubei province with a GFA under management of approximately 3,600.0 sq.m. as at 31 December 2019, representing approximately 0.02% of our total GFA under management as at 31 December 2019. Due to the COVID-19 outbreak, we are subject to certain risks on our business operation, which include, among others:

- we may not be able to collect fees on time from our customers in Wuhan and other cities due to COVID-19 as scheduled in the near future;

- we may not be able to further expand our business of provision of property management services and value-added services in Hubei province and other areas due to COVID-19 in the near future as planned and our tender and bidding process may be postponed which may adversely affect our business expansion;

- any transmission of COVID-19 within the projects under our management may harm our reputation;

- we may incur extra costs in relation to our precautionary measures and disinfection works carried out by us which may result in losses;
- the delivery of properties for which we have been contracted to provide property management and related 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 being infected of the pandemic.

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

We are uncertain as to when the COVID-19 outbreak will be completely contained, and we also cannot predict if the impact will be short-lived or long-lasting. If the COVID-19 outbreak is not effectively controlled in a short period of time, our business and financial position may be materially and adversely affected as a result of the changes in the outlook of the property market, any slowdown in economic growth, negative business sentiment or other factors that we cannot foresee. Although we have closely tracked the health status of our employees and we have not received reports of any confirmed or suspected cases of COVID-19, there is also no assurance that our employees will not be infected, in which event our facilities might need to be suspended and employees might need to be quarantined. Furthermore, there is no assurance that another major COVID-19 or other disease outbreak will not happen in the future. If any of these events eventuate, our business, financial position and results of operations may be materially and adversely affected.

We may be subject to losses and our profit margins may decrease if we fail to control our costs in providing property management and related services under a lump-sum basis

We primarily generated revenue from provision of property management and related services on a lump-sum basis, which accounted for 98.7%, 98.8% and 98.7%, respectively, of our revenue from property management and related services (which excludes rental income) for the years ended 31 December 2017, 2018 and 2019. On a lump-sum basis, we charge property management fees at a pre-determined fixed price per sq.m. per month, representing "all-inclusive" fees for the property management and related services we provided. These management fees do not change in line with the actual amount of property management costs we incur. We recognise the full amount of property management fees we charge the property owners or property developers as our revenue, and recognise the actual costs we incur in connection with rendering our services as our cost of sales and services. For more details, please refer to the section headed "Financial Information – Description of Key Items of Consolidated Statements of Comprehensive Income – By Revenue Model" in this prospectus.

In the event that the total amount of fees for property management and related services that we charge on a lump-sum basis is insufficient to cover all the costs for our property management and related services and we fail to reduce costs through the cost-saving measures, we are not entitled to collect the shortfall from the relevant property owners or property developers. As a result, we may suffer losses, which in turn cause the decrease in our profit margin. As at 31 December 2017, 2018 and 2019, we incurred losses in connection with 14, 17 and 19 properties under our management on a lump-sum basis, respectively. The loss incurred from such loss-making properties was RMB13.5 million, RMB13.0 million and RMB10.8 million, respectively, for the years ended 31 December 2017, 2018 and 2019. The loss incurred in these loss-making projects are primarily due to the relatively higher costs incurred immediately after the commencement of new projects in relation to (i) staff hiring, (ii) one-off costs for renovation of the properties and procurement of equipment, and (iii) upgrade of systems to improve the overall conditions of such projects to meet our service standard. As the projects progress, the losses might decrease over the years. As at 31 December 2019, seven out of 14 and 12 out of 17 projects, which were loss-making as at 31 December 2017 and 2018, respectively, turned from losses to profits, as a result of our cost-saving measures. For more details, please refer to the section headed "Business – Our Revenue Model – Property Management Fees Charged on a Lump-Sum Basis" in this prospectus.

If there is a shortfall of working capital after deducting the costs in relation to provision of property management and related services and we are unable to raise property management fee, we would seek to cut costs in order to reduce the shortfall. However, our ability to mitigate such losses through cost-saving initiatives such as operation automation measures to reduce labour 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 and related services, which in turn would further reduce the property developers, property owners, owners' associations, tenants and residents' willingness to pay the property management fees.

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

We may encounter difficulties in collecting property management fees from property developers, property owners, tenants and residents. Furthermore, we cannot assure you that our measures to collect overdue property management fees will be effective or enable us to accurately predict our future collection rate.

Our allowance for impairment of trade receivables amounted to RMB3.2 million, RMB6.1 million and RMB8.4 million as at 31 December 2017, 2018 and 2019, respectively. Our collection rate of property management fees, calculated by dividing the property management fees we actually received from our property management services during a period by the total property management fees payable to us accumulated during the same period, was approximately 95.3%, 95.7% and 94.0% for the year ended 31 December 2017, 2018 and 2019, respectively. Our management's estimates and the related assumptions were made in accordance with information available to us and may need to be adjusted if new information becomes known. In the event that the actual recoverability is lower than expected, or that our past allowance for impairment of trade receivables becomes insufficient in light of any new information, we may need to provide for an additional allowance for impairment of trade receivables, which may in turn materially and adversely affect our business, financial position and results of operations. If we are unable to collect property management fees from property developers, property owners, tenants and residents or experience a prolonged delay in receiving such fees, our cash flow and our ability to meet our working capital requirements may be adversely affected.

We may fail to recover all payments on behalf of property owners, property developers, tenants and residents of the properties under our management on a commission basis

For the years ended 31 December 2017, 2018 and 2019, revenue generated from our property management and related services on a commission basis accounted for 1.3%, 1.2% and 1.3% of our revenue from property management and related services, respectively. When we are contracted to manage properties on a commission basis, we essentially act as an agent of the property developers, property owners and tenants. Except for property management fees of certain commercial and business properties which were deposited in joint accounts with property owners under the company's name, as the management offices of some properties do not have a separate bank account, transactions related to these management offices are settled through us. As at the end of a reporting period, if the working capital is insufficient to cover the expenses incurred and paid by us for purpose of arranging the property management and related services under the relevant projects, the shortfall will be recognised as either costs or receivables based on our assessment of the recoverability in future periods.

Generally, the number of property owners and tenants of residential properties is higher than other types of properties. As a result, for residential properties, management estimation is required to determine whether the payments made on behalf of the property owners and tenants can be recovered. We take into consideration a number of factors to determine whether there is any objective evidence of impairment loss on payments on behalf of the property owners and tenants, including subsequent settlement status, historical write-off experience and management fee collection rate of the property owners and tenants in estimating the future cash flows from the receivables. For instance, if a significant number of properties continuously carry account payables that are significantly higher than their receivables at the management office level, their financial and liquidity positions may deteriorate, which in turn may affect the recoverability of our payments on behalf of the property owners and tenants attributable to them.

In the event that the actual recoverability is lower than expected, or that our past allowance on bad debt becomes insufficient in light of new information, we may need to make more allowance on bad debt or recognise losses, which in turn may materially and adversely affect our business, financial position and results of operations.

Increase in employee benefit expenses and subcontracting costs could harm our business and reduce our profitability

During the Track Record Period, employee benefit expenses and subcontracting costs are the largest cost components of our cost of sales and services. For the years ended 31 December 2017, 2018 and 2019, our employee benefit expenses accounted for 36.9%, 37.3% and 36.8%, respectively, of our cost of sales and services and our subcontracting costs accounted for 40.8%, 42.5% and 45.7% of our cost of sales and services for the corresponding years, respectively. To maintain and improve our profit margins, it is critical for us to control and reduce our labour costs as well as other operating costs. We face pressure from rising employee benefit expenses and subcontracting costs due to various factors, including but not limited to:

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

- *increase 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 subcontractors. This increase in headcount also increased other associated costs such as those related to training, social insurance fund, housing provident fund and quality control measures.

- *delay in implementing management digitalisation, service professionalisation, procedure standardisation and operation automation.* There is a gap in time between our commencement of provision of property management and related services for a particular property and the implementation of our management digitalisation, service professionalisation, procedure standardisation and operation automation measures to that property to reduce labour costs. Before we extensively carry out such measures, our ability to mitigate the impact of increase in labour costs is limited.

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

We rely on third-party subcontractors to perform certain property management and related services and hence may be held responsible for the substandard services provided to our customers or disputes with such subcontractors

We outsource certain property management and related services, primarily including security, cleaning, and repairs and maintenance services to third-party subcontractors. For the years ended 31 December 2017, 2018 and 2019, our subcontracting costs amounted to RMB249.6 million, RMB303.6 million and RMB367.8 million, respectively, accounting for 40.8%, 42.5% and 45.7% of our total cost of sales and services for the corresponding years, respectively. We may not be able to monitor services provided by them as efficiently as services directly provided by ourselves. They may take actions contrary to our or our customers' instructions or requests, or be unable or unwilling to fulfil their obligations. As a result, we may have disputes with our subcontractors, or may be held responsible for their actions, either of which could damage 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 subcontractors, we will be able to renew such agreements or find suitable replacements in a timely manner, on terms favourable or acceptable to us, or at all.

In addition, if our third-party subcontractors fail to maintain a stable team of qualified staff or do not have easy access to stable and qualified staff or fail to perform their obligations properly or in a timely manner, the work progress may be interrupted. Any interruption to the third-party subcontractors' work progress may potentially result in a breach of 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.

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

As advised by our PRC Legal Adviser, under the PRC laws and regulations, a tender and bidding process is typically required when entering into of a preliminary property management service agreement for residential properties. According to the requirements from relevant local authorities, some agreements for provision of property management services to commercial and business properties are also required to be concluded through a tender and bidding process. In addition, a public tender process may also be required under the requirements of PRC laws and regulations when the PRC government, public institutions and bodies with public fiscal funds engage property management service providers for property management services.

As at 31 December 2019, we had 25[(1)] preliminary property management service agreements from property developers which did not completely go through the procedures of tender and bidding process in accordance with the Tendering and Bidding Law of the PRC (《中華人民共和國招標投標法》), including filing the tender results with the local authority. The lack of a tender and bidding process for the selection of property management service providers for the aforesaid property management service agreements was not caused by us but the relevant property developers. As advised by our PRC Legal Adviser, a residential property developer may be required to take rectification measures and pay the fine within a prescribed period if it fails to comply with such tender and bidding requirements under PRC law for entering into preliminary property management service agreements. Our PRC Legal Adviser further advise that there are no specific laws and regulations in the PRC which set out administrative penalties upon property management companies entering into property management service agreements without conducting a tender and bidding process. In addition, relevant PRC laws and regulations do not explicitly stipulate whether the validity of the property management service agreements would be affected by the lack of a tender and bidding process. Based on the principles of the PRC Contract Law (《中華人民共和國合同法》) and the Supreme Court's relevant judicial interpretations, the validity of such property management service agreements should not be affected. However, the property management service agreements that are obtained without a tender and bidding process may be determined to be invalid by the local courts depending on the circumstances of the case. If this occurs, the relevant property developer may need to organise 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 to provide property management and related services for the relevant projects and, as a result, our revenue and business may be negatively impacted.

Our future merger and acquisition or investments may not be successful

We plan to continue to evaluate opportunities from time to time to merge with and acquire or invest in other property management companies, downstream service providers in the property management industrial chain (such as companies providing cleaning and security services) 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 merger and acquisition or investments on terms favourable or acceptable to us, in a timely manner, or at all. Our expansion plan may also be adversely impacted as a result of the COVID-19 outbreak which was first reported in Wuhan, China in late 2019 and continues to spread in the PRC and globally. Furthermore, merger and acquisition or investments in such targets may expose us to new operational, regulatory and market risks, as well as risks associated with additional capital requirements. The inability to identify suitable targets or complete such transactions and the failure to take proper measures when dealing with the risks in relation to such transactions could materially and adversely affect our competitiveness and growth prospects.

(1) One of the preliminary property management service agreements secured from Financial Street Affiliates Group in 2018, with a contracted GFA of approximately 130 thousand sq.m., was still under development and not under our management as at 31 December 2019.

Furthermore, even if we successfully complete a merger and acquisition or an investment, we may fail to achieve the desired benefits from such transaction. Our ability to manage the merged and acquired or invested business may be affected by a number of factors, including but not limited to, the nature and size of the merged and acquired or invested business, the risks of operating in new markets, difference in corporate cultures, inability to retain the personnel of the targeted business, inability to obtain approval from relevant government authorities as well as hidden costs associated with the merger and acquisition or investments. Such risks could also result in our failure to derive the intended benefits of the merger and acquisition or investments, and we may be unable to recover our investment in such transactions. If we cannot achieve the desired benefits from such transactions, our business strategies and operations may be adversely affected.

Our commencement of the new value-added services may not grow as planned

We currently provide value-added services in addition to our property management services, including carpark management services and other related services (namely resources management services, operational businesses, consultancy services, customised services, real estate operation services and other value-added services). During the Track Record Period, we developed our “IZEE” Brand Series and have promoted our services under this brand in the properties we managed. We plan to diversify the portfolio of our value-added services by entering into the market of furnishing and interior decoration as part of the future expansion plan for our “IZEE” Service Series. For more details, please refer to section headed “Business – Our Strategies” in this prospectus.

The future development of our value-added services depends on our ability to understand the needs and preferences of our customers, including property developers, property owners, owners’ associations, tenants and residents. Given the ever-changing consumer preferences, we must stay abreast of their emerging needs and consumer preferences and successfully anticipate product and service trends that may appeal to existing and potential customers. The launching of new services or the expansion to new markets, may require substantial time, resources and capital, and the anticipated profitability may not be achieved under such means. We cannot assure you that we will be able to successfully develop and introduce new services to meet the customers’ preferences. These new business operations may also be subject to a variety of PRC laws and regulations, which in turn affect various aspects of our operations. Our failure to comply with these laws and regulations could result in legal proceedings against us by regulatory bodies which, if material, would adversely affect our business, financial position and results of operations.

Our financial assets at fair value through profit or loss are subject to changes and the valuation of such assets is subject to uncertainties due to the use of unobservable inputs, which may in turn adversely affect our financial performance

Our fair value gains on investment in wealth management products amounted to RMB3.3 million, RMB1.5 million and RMB0.5 million for the years ended 31 December 2017, 2018 and 2019, respectively. Our financial assets at fair value mainly included wealth management products we possessed during the Track Record Period, which may be subject to changes for the relevant period due to the addition or disposal of such assets and gains for the period recognised in profit or loss. In addition, fair value of such assets is estimated based on unobservable inputs, such as expected interest rate per annum. The actual changes of any unobservable input may result in changes of the valuation of such assets. If there is any decrease of fair value on financial assets due to the change of the valuation of such financial assets, our net profit will be adversely affected. As at 31 December 2019, the wealth management products purchased by our Group had been fully redeemed. As at the Latest Practicable Date, our Group did not own any wealth management products.

The success of a joint venture and associate depends on a number of factors which may be beyond our control, and as a result, we may not be able to realise the anticipated economic and other benefits

We have established joint ventures and associates with third parties and may continue to do so in the future. The performance of such joint ventures and associates has affected, and will continue to affect, our results of operations and financial position. The success of a joint venture and associate depends on a number of factors, some of which are beyond our control. As a result, we may not be able to realise the anticipated economic and other benefits from our joint ventures and associates. Some articles of association require that resolutions of shareholders' meeting shall be passed with unanimous consent of the shareholders. Therefore, such joint ventures and associates involve a number of risks, including:

- we may not be able to pass certain important board resolutions or resolutions of shareholders' meeting requiring unanimous consent of all of the directors or shareholders of our joint ventures and associates if there is any disagreement between us and our business partners;
- we may disagree with our business partners in connection with the scope or performance of our respective obligations under the joint venture arrangements;
- our business partners may be unable or unwilling to perform their obligations under the joint venture arrangements, including their obligation to make required capital contributions and shareholder loans, whether as a result of financial difficulties or other reasons;
- our business partners may have economic or business interests or goals or business philosophies that are conflicting with ours;

- our business partners may take actions contrary to our requests or instructions or contrary to our policies or objectives with respect to our investments; or

- our business partners may face financial or other difficulties affecting their ability to perform their obligations under the relevant joint venture arrangements.

Since we do not have full control over the business and operations of our joint ventures and associates, we cannot assure that they have been, or will be in strict compliance with all applicable PRC laws and regulations. We cannot assure you that we will not encounter problems with respect to our joint ventures and associates or our joint ventures and associates will not violate PRC laws and regulations, which may have a material adverse effect on our business, financial position and results of operation. In addition, if there is no share of results or dividend from our joint ventures or associates, we will also be subject to liquidity risk and our business, financial position or results of operations could be materially affected.

As at 31 December 2017, 2018 and 2019, we had investments in associates of RMB21.0 million, RMB22.5 million and RMB22.5 million, respectively. Our recoverability of the investments in associates and joint ventures are subject to liquidity risk and depends on the dividend distributed by these invested companies. Our investments in associates and joint ventures are not as liquid as other investment products since there is no cash flow to us until dividend is received even if our associates and joint ventures reported profits under the equity accounting. Furthermore, our ability to promptly sell all or part of our interests in the associates or joint ventures in response to the changing economic, financial and investment conditions is limited. The market is affected by various factors, such as general economic conditions, availability of financing, interest rates and supply and demand of the market, many of which are beyond our control. We cannot predict whether we will be able to sell any of our interests in the associates or joint ventures for the price or on the terms favourable to us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a purchaser and to complete the relevant transaction. Therefore, the illiquidity nature of our investments in associates or joint ventures may significantly limit our ability to respond to any adverse changes in the performance of our associates and joint ventures. In addition, if there were no dividend declared from our associates or joint ventures, we will also be subject to liquidity risk and our financial position or results of operations could be materially affected.

Interruptions and security risks to our IT systems, including security breaches and identity theft, may result in disruption of our operations and expose us to the risk of litigation which could materially and adversely affect our business, financial position, results of operations and our reputation

We maintain a few internal management systems for our business operation, human resources management and financials accounting. If we are unable to detect any system error, continue to upgrade our IT systems and network infrastructure and take other steps to improve the efficiency of our IT 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 to our online service platform or customer service systems, being our WeChat official account and our website. Our WeChat official account is relatively new and is undergoing a constant evolution. Occasional system interruptions and delays to our WeChat official account or our website will make our applications (including requests, complains and notification 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 and our customers might bring legal action in relation to compensation, for their losses in such regards, which could materially and adversely affect our business, financial position, results of operations and reputation.

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

Work injuries and accidents may occur during the course of our business. We provide repair and maintenance services to property owners and tenants of the properties under our management through our own employees and third-party subcontractors. 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 liabilities. Working in a dangerous environment presents risks to our employees and third-party subcontractors. In addition, we are exposed to claims that may arise due to employees' or third-party subcontractors' negligence or recklessness when performing repair and maintenance services. We may be held liable for the injuries or deaths of employees, subcontractors, residents or other third parties. We may also experience interruptions to our business and may be required to change the manner in which we operate as a result of governmental investigations or the implementation of safety measures upon occurrence of accidents. Any of the foregoing could adversely affect our reputation, business, financial position and results of operations.

Negative publicity, including adverse information on the internet, social media and we media, about us, our Shareholders, related parties, our brand, management, services provided and customer's complaints may have a material adverse effect on our business, reputation and the trading price of our H Shares

Negative publicity about us, our Shareholders, related parties, our brands, management and services provided may arise from time to time. Negative comments on the properties managed by us, services provided, our business operations and management may appear in internet postings and other media from time to time. For example, we may encounter negative publicity if customers' negative comments were posted on or spread throughout our Wechat official account, moments on Wechat and other social-networking platforms. We cannot assure you that other types of negative publicity will not arise in the future. In addition, our suppliers or subcontractors 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 suppliers or subcontractors, which may adversely affect the marketing and promotion for our outsourced services and in turn indirectly affect our reputation. Moreover, negative publicity about our property management services and related services may arise from time to time and cause customers to lose confidence in our services offered. Any such negative publicity, regardless of veracity, may have a material adverse effect on our reputation, our business, financial results and the trading price of our H 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, subcontractors, 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 our employees, subcontractors, agents, customers or other third parties may cause us to be responsible to compensate liabilities and will also cause us to suffer damage to our reputation in the market.

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

Our success depends upon the retention of our executive Directors and senior management, as well as our ability to attract and retain qualified and experienced employees, therefore, resignation of any member of our senior management or qualified and experienced employees would affect our operations

Our continued success is highly dependent upon the efforts of our executive Directors and senior management team who are experienced in property management industries. For more details on our executive Directors and senior management, please refer to the section headed "Directors, Supervisors and Senior Management" in this prospectus. If any of our key employees leaves and we are unable to promptly hire and integrate a qualified replacement, our business, financial position and results of operations may be materially and adversely affected. In addition, the future growth of our business will depend, in part, on our ability to attract and retain qualified personnel in all aspects of our business, including corporate management and property management personnel. If we are unable to attract and retain these qualified personnel, our growth may be limited and our business, financial position and operating results could be materially and adversely affected.

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

We consider our intellectual property rights as crucial business assets to maintaining customer loyalty and essential to our future growth. The success of our business depends substantially on our continued right to use the brands "金融街" and "Financial Street" licenced from Financial Street Group, our proprietary trade names and trademarks to increase brand recognition and to develop our brands. The termination of intellectual property rights and unauthorised reproduction of our trade names or trademarks could diminish the value of our brands as well as our market reputation and competitive advantages. For more details, please refer to the section headed "Business – Intellectual Property Rights" in this prospectus.

Our Group has entered into the Brand Licencing Agreements with Financial Street Group, pursuant to which Financial Street Group agreed to grant to each of our Company, Financial Street Residential Property and Financial Street Savills, as licensees, separate non-exclusive, non-sublicenseable and non-transferable licences to use the brands "金融街" and "Financial Street". If Financial Street Group no longer authorises us to use these brands and names, our business, financial position and results of operations may be materially and adversely affected.

Our measures to protect our intellectual property rights may afford limited protection and policing unauthorised use of proprietary information and 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 unauthorised use of, or failed to take appropriate steps to enforce, our intellectual property rights, it could have a material adverse effect on our business, financial position and results of operations. We are also exposed to the risk that a third party successfully challenges the licensor's ownership of, or our right to use, the relevant trademarks, or if a third party uses such trademarks without authorisation.

Our insurance may not sufficiently cover, or may not cover at all, 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 loss compensation 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 of insurance or such loss is not covered by the insurance, there could be a material adverse effect on our business, financial position and results of operations. For more details, please refer to the section headed "Business – Insurance" in this prospectus.

The expansion of our business may expose us to increased risks of non-compliance with rules and regulations issued by governments at national, provincial and local levels

As at 31 December 2019, we have expanded our geographic presence across six regions in China with 144 projects being managed by us, 11 subsidiaries and 40 branches across China. As we expand our business operations into new geographic regions and broaden the range of services we operate, we are subject to an increasing number of national, provincial and local rules and regulations. In addition, because the size and scope of our operations continued to expand during the Track Record Period, the difficulty in ensuring compliance with various local property management regulations and the potential for loss resulting from non-compliance have increased. If we fail to comply with relevant local regulations, we may be subject to penalties by the competent authorities. 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, results of operations and growth prospects.

We cannot guarantee that the social insurance contributions we would be required to pay will not increase, or we will not be imposed any penalties or fines due to failure to register for and/or contribute to social insurance or provident fund payments, any of which may have a material and adverse effect on our business and result of operations.

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

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

As at 31 December 2019, we leased properties under 22 lease agreements from lessors who were unable to provide valid ownership certificates or other sufficient ownership documents. These leased properties are being used as offices and staff quarters. Any dispute or claim in relation to the titles of the properties that we occupy, including any litigation involving allegations of illegal or unauthorised use of these properties, could require us to relocate our offices, staff quarters and shops under our "IZEE" Brand Series occupying these properties. If any of our leases are terminated or voided as a result of challenges from third parties or the government, we would need to seek alternative premises and incur relocation costs. Any relocation could disrupt our operations and adversely affect our business, financial position, results of operations and growth prospects. In addition, there can be no assurance that the PRC government will not amend or revise existing property laws, rules or regulations to require additional approvals, licences or permits, or impose stricter requirements on us to obtain or maintain relevant title certificates for the properties that we use. For more details, see ″Business – Properties – Leased Properties.″

As at 31 December 2019, we had not completed the administrative filings of 80 lease agreements. According to applicable regulations of the relevant PRC authorities, 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. As advised by our PRC Legal Adviser, the validity of lease agreements is not affected by such non-filing. 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 up to RMB10,000 for each agreement that has not been properly filed. According to the relevant regulations, lessors of the related leases need to provide us with certain documents (such as their business licences or identification information) in order to complete the administrative filing. We cannot guarantee 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 the relevant authorities determine that we are liable for such failure, we might be subject to fines imposed by the authorities.

We are subject to the regulatory environment and measures affecting 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 certain types of residential property and preliminary property management services are strictly regulated and supervised by relevant PRC authorities. For more details, please refer to the section headed "Regulatory Overview – Legal Supervision over Property Management 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 (《國家發展改革委關於放開部分服務價格意見的通知》) (發改價格[2014]2755號), which requires provincial-level price administration authorities to abolish all price control or guidance policies on residential properties other than affordable housing, housing reform properties and properties in old residential areas and preliminary property management service agreements. Property management fees for affordable housing, housing-reform properties and properties in old residential areas and management fees under preliminary property management service agreements remain subject to price guidance imposed by provincial level price administration departments and the administrative departments of housing and urban-rural development.

The government-imposed limits on fees, coupled with rising labour and other operating costs, could have a negative impact on our profit. 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, 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. We cannot assure you that the PRC government regulations on fees and other matters concerning our industry will not continue to have an adverse effect on our business, financial position and results of operations.

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

We generated most of our revenue from our property management and related services during the Track Record Period. The performance of our property management and related services business is primarily dependent on the total GFA and number of commercial and business properties and non-commercial properties that we manage. As such, our growth in the property management and related services business is, and will likely continue to be, affected by the PRC government regulations on the real estate industry.

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

We are in a highly competitive business with numerous 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

According to CIA, the PRC property management industry is highly competitive and fragmented. Our major competitors include large national, regional and local property management companies. Competition may intensify as our competitors expand their service offerings or as new competitors enter our existing or new markets. We believe that we compete with our competitors on a number of factors, primarily including business scale, brand recognition, financial resources, price and service quality. Our competitors may have better track records, longer operating histories, greater financial, technical, sales, marketing, distribution and other resources, greater 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.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

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

The economy of the PRC differs from the economies of most developed countries in many respects, including, structure, degree of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. In the past, 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 emphasising the utilisation 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. However, 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:

- political instability or changes in 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.

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. For more details, please refer to the section headed "Regulatory Overview – Foreign Exchange Related Regulations" in this prospectus. We receive substantially all our revenue in Renminbi. Under our current structure, our income is primarily derived from dividend payments from our PRC subsidiaries. The foreign exchange control system may prevent us from obtaining sufficient foreign currency to satisfy our currency demands.

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

Payment of dividend is subject to restrictions under applicable PRC laws

Under PRC law, dividend can only be paid out of allocable profit of a PRC company. Allocable 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 allocable profit that allows us to make dividend distributions to our Shareholders, especially during the periods for which our financial statements indicate that our operations have been unprofitable. Any allocable profit not distributed in a given year is retained and available for distribution in subsequent years.

Fluctuations in the value of the Renminbi may have an adverse effect upon our business

We conduct substantially all 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 be volatile, the Renminbi may be revalued further against the Hong Kong 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 Hong Kong 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 dividend 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.

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

Our assets and 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 organisation 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 agreements based on existing laws may be uncertain or sporadic, and it may be difficult to obtain swift and equitable enforcement of a judgement 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 materialisation of all or any of these uncertainties could have a material adverse effect on our financial position and results of operations.

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 is subject to general economic and social conditions in the PRC. Natural disasters, epidemics such as the human swine flu, also known as Influenza A (H1N1), H5N1 avian flu, the human swine influenza A (H1N9), severe acute respiratory syndrome (SARS), the Middle East respiratory syndrome coronavirus (MERS) or COVID-19, and other natural disasters which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the PRC, which in turn may adversely impact domestic consumption and our sales. Some regions in the PRC, including certain cities where we operate, are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought or epidemics. Our business, financial position and results of operations may be materially and adversely affected if natural disasters or other such events occur.

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

Changes in international trade policies and barriers to trade or the emergence of a trade war may have an adverse effect on our business and expansion plans

International market conditions and the international regulatory environment have historically been affected by competition among countries and geopolitical frictions. Changes to trade policies, treaties and tariffs in the jurisdictions in which we operate, or the perception that these changes could occur, could adversely affect the financial and economic conditions in the jurisdictions in which we operate, as well as our financial position and results of operations.

In addition, any escalation in trade tensions or a trade war, or the perception that such escalation or trade war would occur, may have tremendous negative impact on the economies of not merely the two countries concerned, but the global economy as a whole. As a result, our costs would increase and our business, financial position and results of operations would be adversely affected.

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 H 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 net tangible assets per H Share.

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

If we experience such fluctuations, our 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 or sales of our H Shares may adversely affect the prevailing market price of our H Shares

Future issues of the H Shares by our Company or the disposal of the H 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 negatively impact 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 270,000,000 Domestic Shares, representing 75% of the total issued share capital of the Company; pursuant to the Global Offering, there will be 90,000,000 issued H Shares, representing 25% of the total issued share capital of the Company. In addition, our unlisted Shares may be converted into H Shares, and such converted Shares may be listed and traded on the 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 their 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 issued share capital of our Company. Subject to the Articles of Association, PRC Company Law (《中華人民共和國公司法》), applicable laws and regulations and the Listing Rules, our 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 our Controlling Shareholders may differ from the interests of other Shareholders and the Shareholders are free to exercise their votes according to their interests. To the extent that the interests of our Controlling Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders can be disadvantaged and harmed by the actions of our Controlling Shareholders.

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 materialise, 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 dividend on our H Shares in the future

For the years ended 31 December 2017, 2018 and 2019, our Company declared dividend in the amount of RMB53.5 million, RMB78.5 million and RMB117.1 million, respectively. We proposed a dividend of RMB83.0 million which represented our Company's accumulated distributable retained profits as at 31 December 2019 in our Board meeting on 22 April 2020. The proposed dividend was then approved in our Shareholders' general meeting on 6 May 2020. The dividend had been paid in full as at the Latest Practicable Date and will be reflected as an appropriation of retained earnings for the year ending 31 December 2020. In addition, Financial Street Jingnan, our non-wholly owned subsidiary, also declared a dividend of RMB1.6 million to its then shareholders in March 2020, which had been paid in full as at the Latest Practicable Date. We aim to pay a dividend equivalent to not less than 30% of the profit after tax upon Listing each year. The payment and amount of dividend (if any) will depend upon our results of operations, cash flows, financial position, statutory and regulatory restrictions on the dividend 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 dividend of any amount will be declared or distributed in any year. For more details, please refer to the sections headed "Financial Information – Dividend and Dividend Policy" and "Financial Information – Distributable Reserves" in this prospectus.

In preparation for the Global Offering, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, an issuer must have 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, our business and operations are all based and conducted in the PRC, and our executive Directors ordinarily reside in the PRC. Our Directors believe that it is more efficient for our executive Directors to continue to be based in a location where our head office is located. It would be difficult in practise and commercially unnecessary for us to relocate our executive Directors to Hong Kong. We therefore do not, and for the foreseeable future will not, have sufficient management presence in Hong Kong.

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 8.12 and 19A.15 of the Listing Rules on the condition that the following measures be adopted by us:

(a) we have appointed two authorised 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 will comply with the Listing Rules at all times. The two authorised representatives appointed are Mr. Sun Jie, one of our executive Directors, who is also the chairman and general manager, and Ms. Tong Suet Fong, one of our joint company secretaries. Ms. Tong Suet Fong is ordinarily resident in Hong Kong. Both Mr. Sun Jie and Ms. Tong Suet Fong will be readily contactable to deal with the Stock Exchange's enquiries promptly and available to meet with the Stock Exchange within a reasonable time frame upon the request of the Stock Exchange. Each of the two authorised representatives is authorised to communicate on our behalf with the Stock Exchange. Our Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance and Ms. Tong Suet Fong has also been authorised to accept service of legal process and notices in Hong Kong on our behalf;

(b) both of our authorised 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 our Directors for any matter. Our Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required. To enhance our communication with the Stock Exchange, we have implemented a policy that (a) each Director has to provide his/her contact details such as his/her mobile phone number, office phone number, fax number and email address (if applicable) to our authorised representatives; (b) in the event that a Director expects to travel or otherwise be out of the office, he/she will endeavour to provide the phone number of the place of his/her accommodation to our authorised representatives or maintain an open line of communication via his/her mobile phone. We have provided the contact details of all of our Directors and authorised representatives (including their respective mobile phone numbers, office phone numbers, fax numbers and email addresses (if applicable)) to the Stock Exchange;

(c) pursuant to Rules 3A.19 and 19A.05 of the Listing Rules, we have appointed Guotai Junan Capital Limited as our compliance adviser, which will act as an additional channel of communication between the Stock Exchange and us, and will have access at all times to our authorised representatives, Directors, and other senior officers, so as to ensure that we are in a position to promptly answer the Stock Exchange's enquiries; and

(d) meetings between the Stock Exchange and our Directors could be arranged through our authorised representatives or our compliance adviser, 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 authorised representatives and/or our compliance adviser.

JOINT COMPANY SECRETARIES

According to Rules 3.28 and 8.17 of the Listing Rules, the secretary of our Company must be a person who has the requisite knowledge and experience to discharge the functions of company secretary and is either (i) a member of the Hong Kong Institute of Chartered Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong) or a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong), or (ii) an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

We have appointed Mr. Chen Xi as one of our joint company secretaries. Mr. Chen Xi has extensive knowledge and experience in our Company's operations and matters concerning our Board. For more details of Mr. Chen Xi's professional experience and qualifications, please refer to the section headed "Directors, Supervisors and Senior Management – Senior Management" in this prospectus. However, since Mr. Chen Xi does not possess any of the qualifications stipulated in Rule 3.28 of the Listing Rules, he is not able to fulfil the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. As a result, we have appointed Ms. Tong Suet Fong, who possesses such qualifications, as the other joint company secretary of our Company for a three-year period from the Listing Date, so as to provide support and assistance to Mr. Chen Xi and enable him to acquire the relevant experience (as required under Note 2 to Rule 3.28 of the Listing Rules) to duly discharge his duties and responsibilities as a company secretary of our Company. For more details of Ms. Tong Suet Fong's professional experience and qualifications, please refer to the section headed "Directors, Supervisors and Senior Management – Joint Company Secretaries" in this prospectus.

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. Chen Xi as one of our joint company secretaries for a three-year period from the Listing Date, on the condition that Ms. Tong Suet Fong (or any other suitably qualified person) is engaged as a joint company secretary of our Company to assist Mr. Chen Xi during this period. Such waiver will be revoked immediately if and when Ms. Tong Suet Fong (or such other suitably qualified person) ceases to provide such assistance. Before the end of the three-year period, we will liaise with the Stock Exchange to enable it to assess whether Mr. Chen Xi, having had the benefit of Ms. Tong Suet Fong's assistance (or that of such other suitably qualified person) for three years, will have acquired relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules to duly discharge his duties as a company secretary of our Company so that a further waiver will not be necessary.

PARTIALLY EXEMPT AND NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Our Group has entered into, and expects to continue after the Listing, certain transactions which will constitute partially exempt or non-exempt continuing connected transactions under Chapter 14A of the Listing Rules. We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with the announcement requirement and, if applicable, independent shareholders' approval requirement as set out in Chapter 14A of the Listing Rules in respect of such partially exempt or non-exempt continuing connected transactions.

Please refer to the section headed "Connected Transactions" in this prospectus for more details of such waiver.

DIRECTORS' RESPONSIBILITY STATEMENT

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to us. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained 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 this prospectus misleading.

CSRC APPROVAL

The CSRC has given us its approval for the listing of our H Shares on the Stock Exchange and the Global Offering on 30 April 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 Adviser, our Company has obtained all necessary approvals and authorisations in the PRC in relation to the Global Offering and the Listing.

INFORMATION ON THE GLOBAL OFFERING

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set forth 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 our Company, the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, the Underwriters, any of our or their respective directors, officers, agents, employees or advisors or any other party involved in 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 this prospectus is correct as at any subsequent time. Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering", and the procedures for applying for Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and in the relevant Application Forms.

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

UNDERWRITING

The Listing is sponsored by the Sole Sponsor. The Hong Kong Public Offering is conditionally 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 (on behalf of the Underwriters) agreeing on the Offer Price. An International Underwriting Agreement relating to the International Offering is expected to be entered into on or around Wednesday, 24 June 2020, subject to the Offer Price being agreed.

If, for any reason, the Offer Price is not agreed among our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), the Global Offering will not proceed and will lapse. For more details about the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the H Shares will be required to, or be deemed by his acquisition of H Shares to, confirm that he is aware of the restrictions on offers of the H Shares described in this prospectus.

No action has been taken to permit a public offering of the H Shares or the general distribution of this prospectus and/or the Application Forms in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purposes 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 offering of the H Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the H Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the U.S.

DETERMINATION OF THE OFFER PRICE

The H Shares are being offered at the Offer Price which will be determined by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on or around Wednesday, 24 June 2020, and in any event no later than Thursday, 2 July 2020. If the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on such date, the Global Offering will not proceed.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have 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 our share or loan capital 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.

COMMENCEMENT OF DEALINGS IN THE H SHARES

Dealings in the H Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Monday, 6 July 2020. The H Shares will be traded in board lots of 1,000 H Shares each. The stock code of the H Shares will be 1502.

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 Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the 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. Investors should seek the advice of their stockbroker or other professional advisors for more details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made to enable the H Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors should consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the H Shares or exercising any rights attaching to the H Shares. We emphasise that none of us, the Sole Global Coordinator, the Sole Sponsor, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposing of, or dealing in, the H Shares or the exercise of any rights attaching to the H Shares.

H SHARE REGISTER AND STAMP DUTY

All of the H Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered by our H Share Registrar, Computershare Hong Kong Investor Services Limited, on our H Share register of members to be maintained in Hong Kong. Our principal register of members will be maintained by us at our head office in the PRC.

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

DIVIDEND PAYABLE TO HOLDERS OF H SHARES

Unless determined otherwise by our Company, dividend 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.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed our H Share Registrar, and our 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 and until such holder delivers a signed form to our 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 Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, 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 of our Shareholders, 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. For more details, please refer to "Appendix IV — Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions" and "Appendix V — Summary of Articles of Association" in this prospectus;

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

(iv) authorises us to enter into a contract on his 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.

OVER-ALLOTMENT AND STABILISATION

Details with respect to the Over-allotment Option and stabilisation are set out in the sections headed "Structure of the Global Offer — Stabilisation" and "Structure of the Global Offer — The International Offering — Over-allotment Option" in this prospectus.

LOCK-UP UNDERTAKINGS BY OUR COMPANY AND OUR CONTROLLING SHAREHOLDERS

Details with respect to the lock-up undertakings by our Company and our Controlling Shareholders are set out in the section headed "Underwriting — Underwriting Arrangements and Expenses — Undertakings to the Stock Exchange pursuant to the Listing Rules" in this prospectus.

EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in HK$ and RMB have been translated, for the purpose of illustration only, into United States dollars in this prospectus at the following exchange rates:

US$1.00: RMB6.9618 (being the exchange rate as published in the H.10 statistical release of Federal Reserve Board of the United States for 31 December 2019)

RMB1.00: HK$1.1163 (being the median exchange rate set by the PBOC on 31 December 2019)

No representation is made that any amounts in HK$ and RMB were or could have been or could be converted into United States dollars at such rates or any other exchange rates on such date or any other date.

ROUNDING

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. Likewise, the products of sales volumes and average selling prices may differ from revenue by product type due to rounding adjustments.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Translated English names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities included in this prospectus for which no official English translation exists are unofficial translation and for reference only.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Sun Jie (孫杰) *(Chairman)*	Room 204, Unit 1, Floor 2, Building 79 Guanzhuang Xili Chaoyang District Beijing PRC	Chinese
Ms. Xue Rui (薛蕊)	Room 1403, Building 107 Nanhu Xiyuan Wangjing Chaoyang District Beijing PRC	Chinese
Non-executive Directors		
Mr. Shen Mingsong (沈明松)	Room 403, Building 25 Yiyuan Anhuibeili Chaoyang District Beijing PRC	Chinese
Mr. Zhou Peng (周鵬)	Room 2102, Unit 2, Building 5 1 Jinchan Huanle Garden Huaqiao City Chaoyang District Beijing PRC	Chinese
Mr. Liang Jianping (梁建平)	Room 209, Building 13 East Muxiyuan Community Fengtai District Beijing PRC	Chinese
Mr. Jiang Rui (姜鋭)	Room 1003, Unit 9, Building 5 Zhongxinqinyuan Zhongxincheng Phase II Xicheng District Beijing PRC	Chinese

Name	Address	Nationality
Independent Non-executive Directors		
Mr. Song Baocheng (宋寶程) (formerly known as "宋寶成")	Room 2507, Building 6 Zhongcanyuan Area I 58 Anli Road Chaoyang District Beijing PRC	Chinese
Ms. Tong Yan (佟岩)	Room 1106, Building 2 Fahuasi Haidian District Beijing PRC	Chinese
Ms. Lu Qing (陸晴)	Flat A, 12/F, Tower 5 Harbour Glory 32 City Garden Road North Point Hong Kong	Chinese

SUPERVISORS

Name	Address	Nationality
Mr. Liu Anpeng (劉安鵬) *(Chairman)*	Room 1106, Unit 6, Building 3 Hualong Meisheng 48A Shazikou Road Dongcheng District Beijing PRC	Chinese
Mr. Liu Hongwu (劉洪武)	156 Shuangshu North Team Heizhuanghu Township Chaoyang District Beijing PRC	Chinese
Ms. Lyu Min (呂敏)	Room 401, Unit 3, Building 4 Guanghua New Town Area III 2 Guangtai East Road Chaoyang District Beijing China	Chinese

For more details regarding our Directors and Supervisors, please refer to the section headed "Directors, Supervisors and Senior Management" in this prospectus.

PARTIES INVOLVED

Sole Sponsor	**Guotai Junan Capital Limited** 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Sole Global Coordinator	**Guotai Junan Securities (Hong Kong) Limited** 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Joint Bookrunners	**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
	Silk Road International Capital Limited 2906, 29/F, Two International Finance Centre 8 Finance Street, Central Hong Kong
	Wintech Securities Limited Unit F, 20/F, China Overseas Building 139 Hennessy Road Hong Kong
Joint Lead Managers	**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

Silk Road International Capital Limited
2906, 29/F, Two International Finance Centre
8 Finance Street, Central
Hong Kong

Wintech Securities Limited
Unit F, 20/F, China Overseas Building
139 Hennessy Road
Hong Kong

CRIC Securities Company Limited
Unit 2007 & 2403, Great Eagle Centre
23 Harbour Road, Wanchai
Hong Kong

HTF Securities Limited
Unit 1807, 18/F., Office Tower, Convention Plaza
1 Harbour Road, Wanchai
Hong Kong

Co-Lead Managers

Ever-Long Securities Company Limited
Room 1101-1102 & 1111-1112, 11/F
Wing On Centre
111 Connaught Road Central, Sheung Wan
Hong Kong

Topaz Financial Group Limited
18/F, The Wellington
198 Wellington Street, Central
Hong Kong

Legal Advisers to our Company

as to Hong Kong law:

Guantao & Chow Solicitors and Notaries
Suites 1801-3, 18/F
One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

as to PRC law:

Guantao Law Firm
18/F, Tower B, Xinsheng Plaza
5 Finance Street
Xicheng District
Beijing
PRC

Legal Advisers to the Sole Sponsor and the Underwriters

as to Hong Kong law:

King & Wood Mallesons
13/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

as to PRC law:

Tian Yuan Law Office
10/F, China Pacific Insurance Plaza B
28 Fengsheng Lane
Xicheng District
Beijing
PRC

Auditor and Reporting Accountant	**PricewaterhouseCoopers** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 22/F, Prince's Building Central Hong Kong
Industry Consultant	**China Index Academy** Tower A 20 Guogongzhuang Middle Street Fengtai District Beijing PRC
Compliance Adviser	**Guotai Junan Capital Limited** 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Receiving Bank	**CMB Wing Lung Bank Limited** 45 Des Voeux Road Central Hong Kong

Registered Office	Tongtai Building 33 Financial Street Xicheng District Beijing PRC
Headquarters and principal place of business in the PRC	24/F, Xihuan Plaza Tower 2 1 Xizhimenwai Avenue Xicheng District Beijing PRC
Principal Place of Business in Hong Kong under Part 16 of the Companies Ordinance	46/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Website Address	**www.jrjlife.com** *(The information on the website does not form part of this prospectus)*
Joint Company Secretaries	Mr. Chen Xi Room 1101, Unit 2, Building 6 65 Jingyang East Street Shijingshan District Beijing PRC Ms. Tong Suet Fong *(ACIS ACS)* 46/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Authorised Representatives	Mr. Sun Jie Room 204, Unit 1, Floor 2, Building 79 Guanzhuang Xili Chaoyang District Beijing PRC Ms. Tong Suet Fong *(ACIS ACS)* 46/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong

Board Committees	**Audit Committee** Ms. Tong Yan *(Chairman)* Mr. Jiang Rui Mr. Song Baocheng
	Nomination Committee Mr. Sun Jie *(Chairman)* Mr. Song Baocheng Ms. Tong Yan
	Remuneration Committee Ms. Lu Qing *(Chairman)* Mr. Shen Mingsong Mr. Song Baocheng
H Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-16, 17/F Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Principal Banks	**China Minsheng Bank Beijing Financial Street Sub-branch** 1/F, Tower B, Tongtai Building 33 Financial Street Xicheng District Beijing PRC
	China Merchants Bank Financial Street Sub-branch 1/F, Tower C, Corporate Square 35 Financial Street Xicheng District Beijing PRC

The information and statistics set forth in this section and elsewhere in this prospectus have been derived from an industry report commissioned by us and independently prepared by CIA in connection with the Global Offering. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information and statistics are false or misleading in any material respect. None of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any other party involved in the Global Offering or their respective directors, advisers and affiliates have independently verified such information and statistics. Accordingly, none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, the Underwriters, any other party involved in the Global Offering or their respective directors, advisers and affiliates makes any representation as to the correctness or accuracy of such information and the statistics contained in this prospectus, which may be inaccurate, incomplete, out-of-date or inconsistent with the other information complied within or outside the PRC. For the above reasons, information contained in this section shall not be unduly relied upon.

CIA AND ITS METHODOLOGIES

We purchased the right to use and quote various data from publications by CIA at a total cost of approximately RMB800,000. Established in 2007, CIA is a property research organisation in the PRC with over 600 analysts. It covers various cities across the five regions of North China, East China, South China, Central China and Southwest China. CIA has extensive experience in researching and tracking the property management industry in the PRC, and has conducted research on the Top 100 Property Management Companies since 2008. In its research, CIA considers primarily property management companies that have managed at least 10 properties or an aggregate GFA of 0.5 million sq.m. or above on average per year for the previous three years. CIA uses research parameters and assumptions and gathers data from a multitude of primary and secondary sources, including data from property management companies (including data from reported statistics, websites and marketing materials), surveys it has conducted, data gathered from the China Real Estate Index System, data sheets of the Top 100 Property Management Companies in the past years, the index data of property management fee of 20 cities, statistical yearbook of real estate market and public data from National Bureau of Statistics and data gathered for prior reports it has published. CIA derives its rankings of overall strength of property management companies primarily by evaluating each property management company's management scale, operational performance, service quality, growth potential and social responsibility. CIA assesses the growth potential of a property management company primarily in terms of revenue growth rate, growth rate of total GFA under management, growth rate of total contracted GFA, total number of employees and composition of employees. In this section, the data analysis is primarily based on the Top 100 Property Management Companies.

THE PROPERTY MANAGEMENT INDUSTRY IN THE PRC

Overview

The history of the PRC property management industry can be traced back to the early 1980s, the PRC property management industry has experienced rapid growth since then. In June 2003, the Provisions on Property Management (《物業管理條例》) were promulgated, which provided a regulatory framework for the property management industry. As at 31 December 2018, the PRC property management industry had approximately 127,000 property management companies and the property management industry in the Beijing-Tianjin-Hebei Area had approximately 14,000 property management companies. As at 31 December 2019, the total GFA under management of the property management industry in the PRC and in Beijing-Tianjin-Hebei Area was approximately 23.9 billion sq.m. and 2.3 billion sq.m., respectively. The revenue of the property management industry in the PRC and in Beijing-Tianjin-Hebei Area in 2019 reached approximately RMB568.7 billion and RMB58.4 billion, respectively. As more regulations were promulgated, an open and fair market system for the industry was established, which further spurred significant growth of the PRC property management industry. The PRC property management industry now serves a wide range of properties, including residential properties, commercial properties, office buildings, public properties, industrial parks, schools and hospitals.

In recent years, following rapid urbanisation and the continuous growth in per capita disposable income, the GFA and number of properties managed by the Top 100 Property Management Companies has increased rapidly, representing a market share of 43.6% as at 31 December 2019 in terms of GFA under management. According to CIA, the GFA under management of the Top 100 Property Management Companies has continuingly increased from 2014 to 2019. As at 31 December 2019, the average total GFA of properties managed by the Top 100 Property Management Companies increased to approximately 42.8 million sq.m., representing a CAGR of 21.6% since 2014. It is expected that the total GFA of properties managed by the PRC property management industry will increase to 26.6 billion sq.m. in 2021, while the total GFA of properties managed by the property management companies in Beijing-Tianjin-Hebei Area, Yangtze River Delta, Greater Bay Area and Chengdu-Chongqing Urban Agglomeration is expected to reach 2.4 billion sq.m., 5.7 billion sq.m., 2.1 billion sq.m. and 3.1 billion in 2021, representing a CAGR of 3.2%, 4.5%, 4.9% and 6.3% from 2018 to 2021, respectively. In addition, it is expected that the average total GFA under management of Top 100 Property Management Companies will increase to 49.0 million sq.m. in 2021, and the market share in terms of GFA under management of the Top 100 Property Management companies is expected to increase to 44.1% in 2021. The average number of properties managed by the Top 100 Property Management Companies increased to 212 as at 31 December 2019, representing a CAGR of 19.5% since 2014. Undertaking projects from affiliated property development companies is an important way of the Top 100 Property Management Companies to expand their business. According to CIA, in 2019, approximately 80.0% of the 2020 Top 100 Property Management Companies had close business relationship with affiliated property development companies, and on average approximately 60.0% of their GFA under management was procured from their affiliated property development companies.

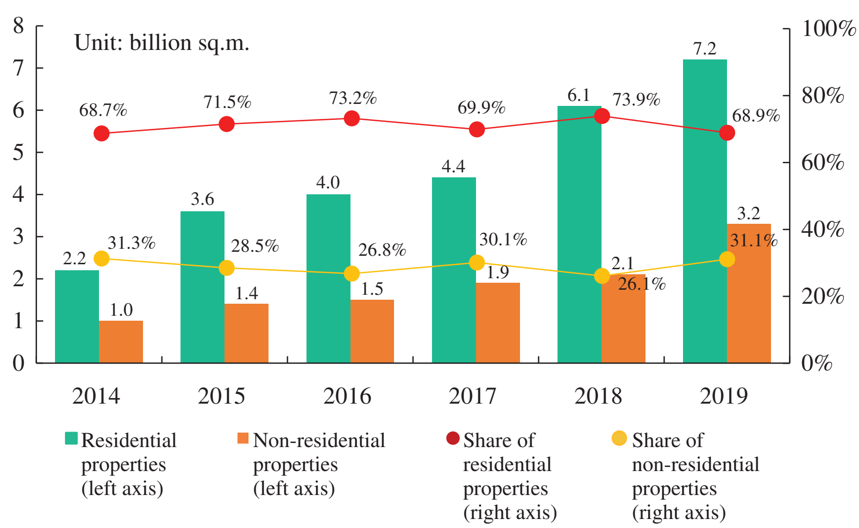
According to CIA, taking into account (i) GFA under management of the Top 100 Property Management Companies in Beijing-Tianjin-Hebei Area, Yangtze River Delta, Greater Bay Area and Chengdu-Chongqing Urban Agglomeration in 2018 and 2019; (ii) the saleable GFA of commodity properties of each urban agglomerations; (iii) estimated average total GFA under management of the Top 100 Property Management Companies in 2021; (iv) the estimated total GFA under construction and GFA to be developed by the property developers in 2020 and 2021; (v) the limited impact of COVID-19 outbreak on the property management industry in the long run in view of the gradual resumption of economic activities in China since March 2020; and (vi) favourable policies and regional planning implemented by the PRC government, it is estimated that the total GFA under management of the Top 100 Property Management Companies in Beijing-Tianjin-Hebei Area, Yangtze River Delta, Greater Bay Area and Chengdu-Chongqing Urban Agglomeration will reach approximately 0.9 billion sq.m., 2.1 billion sq.m., 1.1 billion sq.m. and 1.2 billion sq.m. in 2021 respectively, representing a CAGR of 11.7%, 12.4%, 9.0% and 14.4% since 2018 respectively, which show a stable growth in each urban agglomerations.

The total GFA under management of the Top 100 Property Management Companies in Beijing-Tianjin-Hebei Area, Yangtze River Delta, Greater Bay Area and Chengdu-Chongqing Urban Agglomeration

	As at 31 December			
	2018	2019	2020E	2021E
	(billion sq.m.)			
Beijing-Tianjin-Hebei Area	0.7	0.8	0.8	0.9
Yangtze River Delta	1.5	1.7	1.9	2.1
Greater Bay Area	0.8	0.9	1.0	1.1
Chengdu-Chongqing Urban Agglomeration	0.8	0.9	1.1	1.2

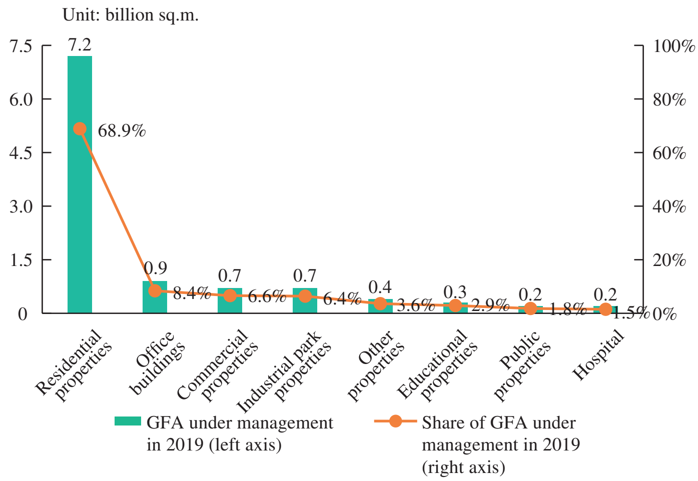
According to CIA, the geographical coverage of the Top 100 Property Management Companies has also been expanding over the recent years. As at 31 December 2019, the average number of cities in which the Top 100 Property Management Companies had operations increased to 31 in 2019 from 24 in 2014.

As at 31 December 2019, the total GFA of all types of properties managed by the Top 100 Property Management Companies amounted to approximately 10.4 billion sq.m., representing a CAGR of 26.5% from 2014 to 2019. The total GFA of residential properties managed by the Top 100 Property Management Companies amounted to approximately 7.2 billion sq.m. as at 31 December 2019, which is 68.9% of the total GFA under management by the Top 100 Property Management Companies and the largest share among all types of properties under management, representing a CAGR of 26.6% from 2014 to 2019. While residential properties still account for the largest percentage of the total GFA under management, the Top 100 Property Management Companies have also sought to diversify the types of properties under their management. As at 31 December 2019, the total GFA of non-residential properties managed by the Top 100 Property Management Companies amounted to approximately 3.2 billion sq.m., which is 31.1% of the total GFA under management, representing a CAGR of 26.4% from 2014 to 2019.



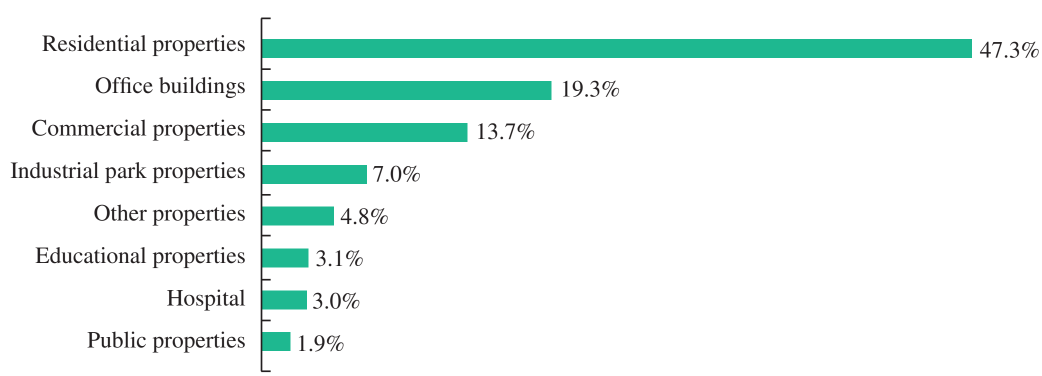
Source: CIA

Among all types of non-residential properties, the GFA under management of office buildings accounts for 8.4% of the total GFA under management of the 2020 Top 100 Property Management Companies in 2019, which is the second largest portion among all types of properties under management. The chart below sets forth the total GFA of each type of properties managed by the 2020 Top 100 Property Management Companies as at 31 December 2019.



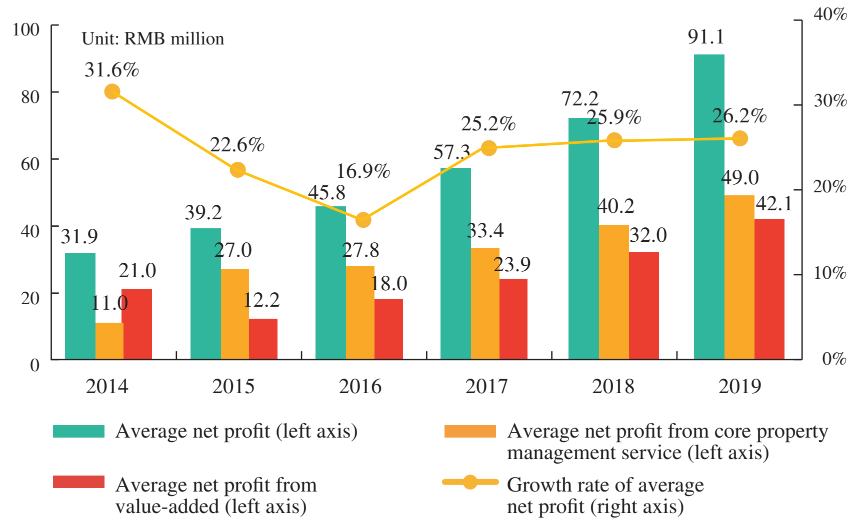
Source: CIA

In terms of revenue, the revenue of the core property management services (excluding the revenue from value-added services) for residential properties managed by the 2020 Top 100 Property Management Companies accounted for 47.3% of the total revenue generated from core property management services of the 2020 Top 100 Property Management Companies in 2019, followed by the revenue of core property management services generated from the management of office buildings and commercial properties, which amounts to 19.3% and 13.7%, respectively. The chart below sets forth the percentage of revenue of core property management services generated from each type of properties managed by the 2020 Top 100 Property Management Companies to total revenue of core property management services, respectively, in 2019.



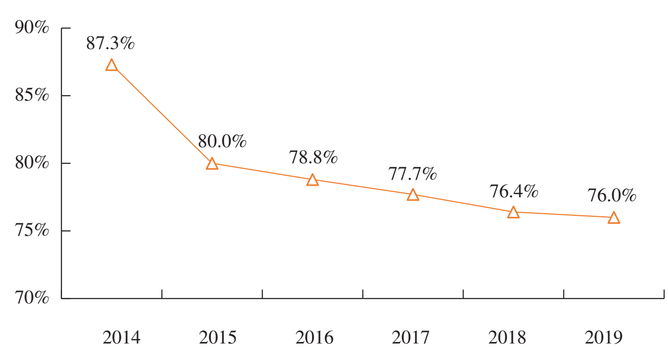
Source: CIA

According to CIA, the average net profit of the Top 100 Property Management Companies was RMB91.1 million in 2019, representing a CAGR of 23.3% from 2014 to 2019, among which the average net profit from core property management services was RMB49.0 million, representing a year-over-year increase of 22.0%, and the average net profit from value-added services was RMB42.1 million, representing a significant year-over-year increase of 31.6%.



Source: CIA

Through diversifying their services and adoption of technology, standardisation and automation, the Top 100 Property Management Companies have been able to reduce their operating costs ratio and achieve cost efficiency. According to CIA, the operating cost ratio of the Top 100 Property Management Companies declined from 87.3% in 2014 to 76.0% in 2019. The chart below sets forth the operating cost ratio of the Top 100 Property Management Companies for the years indicated.



Source:CIA

COVID-19 Outbreak and Its Impact on the PRC Property Management Industry

The COVID-19 outbreak was first reported in Wuhan, China, in December 2019 and was declared to be a Public Health Emergency of International Concern by the World Health Organisation (WHO) on 30 January 2020. According to CIA, the COVID-19 outbreak is expected to cause certain short-term economic slowdown across China. According to the National Bureau of Statistics, China's GDP in the first quarter of 2020 was RMB20,650.4 billion, which decreased by 6.8% compared with the first quarter of 2019. However, the impact on property management industry remains limited in the long run due to the following reasons:

- With the supportive policies from the government, the property management industry is relatively more risk resistant and countercyclical. Since the first quarter of 2020, a number of policies with respect to reduction and/or exemption in value-added tax, consumption tax, city maintenance and construction tax and postponement/suspension of endowment insurance, unemployment insurance, employee injury insurance and housing provident fund have been promulgated by the government to expedite resumption of economic activities. Also, China has adopted more flexible monetary policies with a view to reduce the impact of COVID-19 outbreak, including bank reserve requirement ratio cuts, interest rate cuts and loan prime rate cuts, are also expected to benefit the property management market;

- During the COVID-19 outbreak, property management companies had a frontline role amid social distancing and self-isolation for both residential properties and commercial and business properties, and properties' owners, residents and tenants became more dependent on property management services. The staff of property management companies generally had more interaction with the owners, residents and tenants during the period for strict quarantine and social distancing, through which the property management companies could communicate with the owners, residents and tenants more frequently and better understand their needs in order to improve the quality of services and promote value-added services, and given the gradual resumption of the economic activities in China since March 2020 and property management companies' continuous efforts on collecting fees, the collection rate of property management fees would be improved; and

- The outbreak occurred in January-February 2020, 31 provinces, autonomous regions and municipalities across China have announced first-level response to major public health emergencies since 23 January 2020 and the Lunar New Year holiday has been extended in China. The PRC authorities began to adjust the response level to second-level since 22 February 2020, and the national economic activities has been gradually resumed. As at February 2020, the accumulated saleable GFA of commodity properties in China was 84.7 million sq.m., which decreased by 39.9% comparing to February 2019. Attributable to that (i) the COVID-19 outbreak was gradually contained in March 2020; (ii) favourable policies were promulgated by China government; (iii) the economic activities in China has gradually resumed since March 2020; and (iv) the historical boom season for real estate market in China usually started after March to the end of the year, the accumulated saleable GFA of commodity properties in China as at March 2020 reached 219.8 million sq.m.. As such, the demands of real estate purchase and property management services have begun to recover gradually since March 2020, and the property management market will gradually resume thereafter.

Major Revenue Model in the PRC Property Management Industry

In the PRC, property management companies generate revenue from both core property management services and value-added services, which include consultancy services, engineering services and community value-added services such as common area operation, housekeeping and cleaning, property agency, finance, elderly care and nursing services.

In the PRC, property management fees may be charged either on a lump-sum basis or a commission basis. The lump-sum model for property management fees is the dominant revenue model in the property management industry in China, especially for residential properties. The lump-sum model enhances efficiency by dispensing with certain collective decision-making procedures for large expenditures by property owners and residents and incentivize property management service providers to optimise their operations to increase profitability. In respect of non-residential properties, while lump-sum model is usually adopted, some property management service providers in first-tier and second-tier cities have gradually changed from the lump-sum model to the commission model.

Industry Growth Drivers

According to CIA, the growth of China's property management industry depends on the following key drivers.

Favourable 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. 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. The Circular of NDRC on the Opinions on Relaxing Price Controls in Certain Services (《國家發展改革委關於放開部分服務價格意見的通知》) (發改價格[2014]2755號) was issued in December 2014. The circular relaxes price control in property management services for non-government-supported houses. A subsidy mechanism shall also be established. In July 2017, the MOHURD issued, jointly with other eight ministries and authorities including the NDRC, the Notice on Accelerating the Development of Property Leasing Market in Large-and-Medium Cities with Net Population Inflow (《關於在人口淨流入的大中城市加快發展住房租賃市場的通知》) to encourage property service providers to establish subsidiaries to expand the property leasing market. The State Council also promulgated the Recommendations on Strengthening and Improving the Governance of Urban and Rural Communities (《關於加強和完善城鄉社區治理的意見》) in June 2017, which encouraged property management companies to expand their business operations and bring their expertise into rural areas. The Regulation for Property Management of Beijing (《北京市物業管理條例》), issued in March 2020, was promulgated with an aim to address the issues such as property management fee collection, use of special maintenance funds for residential properties and lack of property management services in some communities. It also promotes the standardisation of property management services and improves the transparency of property management information. CIA expects that the PRC property management industry will continue to grow on a national scale in light of government encouragement and the development of an open and fair market since the formation of a stable regulatory framework. For more details, please refer to the section headed "Regulatory Overview" in this prospectus.

Growth in Demand

China's significant growth in urbanisation and per capita disposable income has been the principal driver for the growth of the property management industry, according to CIA. The urbanisation rate (being the projected average rate of change of the size of the urban population over the given period of time) in China increased from 34.8% in 1999 to 60.6% in 2019. The PRC property management industry is expected to continue to grow in tandem with rising level of urbanisation. Moreover, China's rapid economic growth has spurred continuous growth in the per capita disposable income for urban population which increased to RMB42,359.0 per annum in 2019, representing a CAGR of 9.4% since 2009, according to National Bureau of Statistics. Consumers in the PRC increasingly demand better living conditions and high-quality property management services, which may amount to another underlying driver for the growth of the PRC property management industry. CIA believes the growth in per capital disposable income for urban population in the PRC and their growing purchasing power will have a large influence on the development of property management services in the PRC.

Growth in Supply

Following rapid urbanisation and continuous growth in per capita disposable income, the supply of commodity properties also surged in China. According to National Bureau of Statistics, the total GFA of commodity properties sold in the PRC increased from approximately 1,206.5 million sq.m. as at 31 December 2014 to approximately 1,715.6 million sq.m. as at 31 December 2019, representing a CAGR of 7.3%.

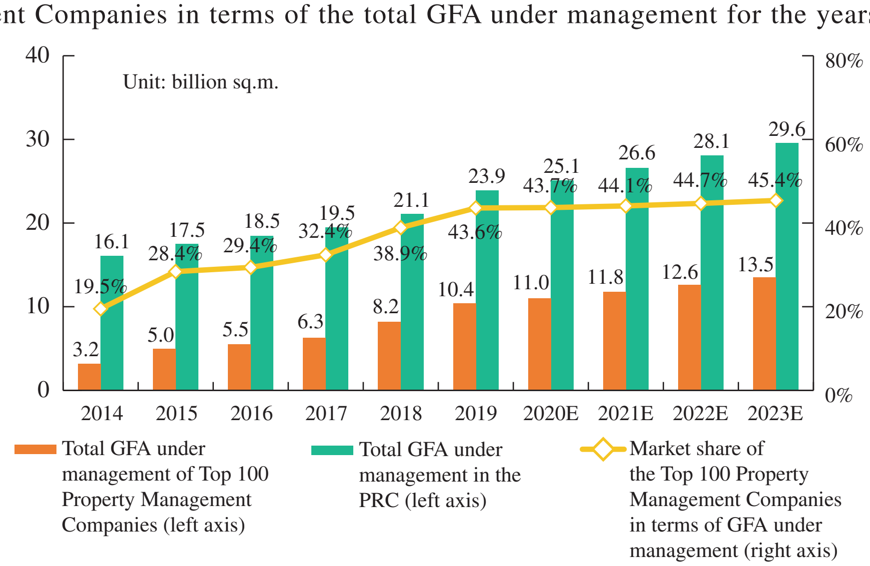
Further Development of Capital Markets

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 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 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 NEEQ (《全國中小企業股份轉讓系統掛牌公司分層管理辦法(試行)》). The development of capital markets enables the property management companies to obtain further funding, diversify funding sources and achieve business expansion, including through merger and acquisition.

Trends in the PRC Property Management Industry

Increased Market Concentration

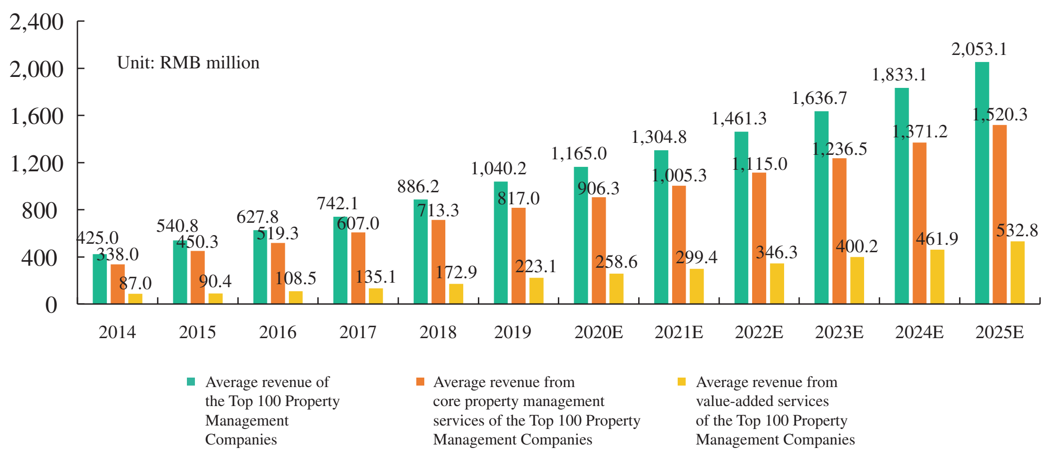
After decades of development of the property management industry, some of the Top 100 Property Management Companies have sped up innovating their services and expanding their business scale. In addition, the market continues to become more concentrated. In the scattered and competitive property management industry, large-scale property management companies actively improve their strategic layout and accelerate their expansion in order to increase their market share and achieve better results of operations, primarily through organic growth and merger and acquisition. According to CIA, as at 31 December 2019, the GFA under management of the Top 100 Property Management Companies accounts for 43.6% of the total GFA in the PRC property management industry, increased from 19.5% in 2014. According to the "mid-term and long-term development dynamic model of China's real estate industry" issued by CIA, taking the internal and external economic environment analysis into account, it is estimated that the market concentration rate of the Top 100 Property Management Companies will reach 45.4% in 2023, which indicates that the concentration of the property management industry is continuously increasing. The chart below sets forth the historical and projected total GFA managed by the property management companies in the PRC and by the Top 100 Property Management Companies and the market share of the Top 100 Property Management Companies in terms of the total GFA under management for the years indicated.



Source: CIA

Adoption of Information Technology in Business and Diversified Services

With the help of information technologies such as cloud applications, E-Commerce, Internet of Things, big data and artificial intelligence, many property management companies reduced labour costs and enhanced profitability. For example, artificial intelligence technologies such as smart entrance pass, smart building management, smart energy management, patrol robot, delivery robot and inquiry robots largely reduced the labour costs of property management companies. In addition, by adopting service platforms such as WeChat official accounts and mobile applications, property management companies could effectively integrate and allocate resources to provide diversified value-added services and further expand their services to common area management, community finance, property agency, housekeeping, etc.. As a result, the revenue generated from value-added services has increasingly become an important source of revenue for property management companies. According to CIA, the average revenue of the Top 100 Property Management Companies increased from 2014 to 2019 at a CAGR of 19.6% and is expected to increase at a CAGR of 12.0% from 2020 to 2025. The average revenue from core property management services and value-added services of the Top 100 Property Management Companies increased from 2014 to 2019 at CAGRs of 19.3% and 20.7%, respectively. The average revenue from core property management services and value-added services of the Top 100 Property Management Companies are expected to increase from 2020 to 2025 at a CAGR of 10.9% and 15.6%, respectively. The following charts sets out the average revenue of the Top 100 Property Management Companies by service type for the years indicated.



Source: CIA

Increasing Needs for Professional Staff

Focussing on high-quality service and customer experience, property management companies have made an effort to build a professional team. Since information technologies are commonly applied in the property management service, professionals with multiple skills such as management and information technology are in a great demand. Moreover, property management companies also gradually began to subcontract their traditional labour-intensive work to other companies with a specialisation in that, including cleaning, greening and security. In the future, the property management companies will still pay continuous attention to recruitment and training to maintain their leading market positions.

Process Standardisation for Service Quality Improvement

Property management service providers have been innovating their services, improving service quality, investing heavily in information technologies, establishing standardised property service processes, and reducing cost with intensive management. The investment in technology will advance the standardisation of property management.

With the emergence of process standardisation boosting the development of the property management industry, leading property management companies have been utilising information technologies to standardise and improve service quality. Standardisation plays a vital role in the robust development of the property management industry by making business operations more efficient and benchmarking service quality. Furthermore, it plays a strategic, leading and supportive role in the industry's transformation, upgrade and sustainable development. The standardisation of operation and improvement of service quality will increase the property owners' satisfaction, and will also be an important trend in the future development of the property management industry.

Growth Potential in the Non-residential Property Management Industry

In light of the government encouragement, there are more and more favourable policies which benefit the non-residential property management industry. 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 the 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》), issued in November 2015, aiming to promote the standardisation of property management services, which is the first policy in China to facilitate the development of living service industry. It has a significant impact on various aspects of the property management industry, such as service quality, professional practise and industry image. The Opinions on Accelerating the Development of Circulation and Promoting Commercial Consumption (《關於加快發展流通、促進商業消費的意見》), issued in 2019, encourages the transformation of department stores, large stadiums and old industrial factories with difficulties in operation into comprehensive consumption carriers. It provides support to urban planning adjustments, public infrastructure, land renovation and expansion. It benefits the reform and upgrading of commercial properties and further stipulates the diversified demand in the commercial property management services. The Opinions of Implementation of Further Expanding Supplies on Elderly Care Service and Motivating Elderly Care Service Consuming (《關於進一步擴大養老服務供給促進養老服務消費的實施意見》), issued in September 2019, proposed to vigorously develop elderly care services in urban community and actively cultivate home care services. It encourages the property management industry to further develop the value-added services related to elderly care. The Action Plan on Exerting More Efforts to Motivate Social Public Service to Fix Weakness and Improve Quality in Order to Form a Strong Domestic Market (《加大力度推動社會領域公共服務補短板強弱項提質量促進形成強大國內市場的行動方案》), issued in April 2019, stipulates the expansion of effective public service supply and the improvement of the quality of public services, which encourages the property management companies to expand their public services. The Implementation Opinions on Promoting Consumption Expansion and Quality Improvement and Accelerating the Creation of a Strong Domestic Market (《關於促進消費擴容提質加快形成強大國內市場的實施意見》), issued in February 2020, proposes to foster the growth in consumption. It effectively promotes national consumption and further boosts the demands for multi-level services such as commercial consumption, which strengthens the future development of commercial property management services. As a result, there are greater opportunities in the property management market which also benefits the non-residential property management market. Also, since each type of non-residential property has its own characteristics, the companies in non-residential industry are required to provide professional services tailored to different demands of the customers. Non-residential property management services have been emerging with professionalism and specialisation. Thus, by providing services based on the characteristics of different types of non-residential property, property management companies can build their own strength in the market.

HISTORICAL PRICE TRENDS

Labour is the primary cost in the property management industry. According to CIA, the labour cost to cost of sales ratio of the Top 100 Property Management Companies is 53.4%, 55.8%, 57.8% and 59.1% for the years ended 31 December 2016, 2017, 2018 and 2019, respectively, which means all companies face the pressure of increasing labour cost. This is mainly due to the growth of minimum wage required by the government and the increase in the number of employees. With the expansion of the Top 100 Property Management Companies, the number of their employees kept increasing. Also, other related labour costs such as training and management rise as a result of the growth in the number of employees.

According to CIA, property management companies may reduce their overall cost of sales by technological advancements and increasing subcontracting arrangement. In recent years, the Top 100 Property Management Companies have replaced some of the human labour with technology to lower the cost. Moreover, they increase operational efficiency and raise service quality by automation. According to CIA, subcontracting allows property management companies to reduce overall labour costs, leverage the expertise of subcontractors in respective fields and enhance operational efficiency.

According to CIA, the average monthly property management fees of the residential properties and commercial and business properties that are located in Beijing and managed by the Top 100 Property Management Companies remained relatively stable from 2014 to 2019. The average monthly property management fees of the residential properties that are located in Beijing and managed by the Top 100 Property Management Companies were RMB2.85 per sq.m., RMB3.02 per sq.m., RMB2.89 per sq.m., RMB3.04 per sq.m., RMB3.01 per sq.m. and RMB2.92 per sq.m. from 2014 to 2019, respectively, and is expected to be approximately RMB3.00 per sq.m. in 2020 and 2021. The average monthly property management fees of the commercial and business properties that are located in Beijing and managed by the Top 100 Property Management Companies were RMB10.93 per sq.m., RMB11.56 per sq.m., RMB11.39 per sq.m., RMB11.61 per sq.m., RMB11.28 per sq.m. and RMB11.87 per sq.m. from 2014 to 2019, respectively, and is expected to be approximately RMB11.50 per sq.m. in 2020 and 2021.

COMPETITION

Market Potential of Overall Property Management Industry and the Office Buildings Sub-segment

The real estate market in China has developed rapidly over the past few years, creating room for the development of property management industry.

According to the "mid-term and long-term development dynamic model of China's real estate industry" issued by CIA, combined with the internal and external macroeconomic environment, CIA estimates that by 2025, the accumulated saleable GFA of commodity residential properties in China will reach approximately 23.6 billion sq.m.. Based on the average monthly residential property management fee of the 2020 Top 100 Property Management Companies of RMB2.09 per sq.m., the market capacity of residential properties will be RMB592.6 billion in 2025. The accumulated saleable GFA of non-residential properties will reach approximately 3.6 billion sq.m. by 2025. Based on the average monthly non-residential property management fee of the 2020 Top 100 Property Management Companies of RMB5.15 per sq.m., the market capacity of non-residential property management will be RMB223.1 billion in 2025. Accordingly, the overall market capacity of core property management services is expected to increase to RMB815.7 billion in 2025, representing a CAGR of 6.4% from 2020 to 2025. In addition, the market capacity of China's community value-added services in 2019 was approximately RMB1,004.3 billion. According to CIA, based on the 8.6% CAGR of total retail sales of consumer goods from 2014 to 2019, the proportion of community sales in total retail sales of consumer goods and the market size of community sales, the market capacity of community value-added services is expected to reach RMB1.8 trillion by 2025, representing a CAGR of 10.0% from 2020. Despite the impact of COVID-19 outbreak on economy, the implementation of the distancing and isolation policies has promoted the residents' demands for community consumption, thereby supporting the stable growth of community value-added services. Since the COVID-19 outbreak has been gradually contained, the residents will continue their previous consumption habits and the consumer demands will be driven by the government policies, the market capacity of community value-added services is still expected to increase at a CAGR of 10.0% from 2020 to 2025.

When choosing a property management company for commercial property or office buildings, the customers usually apply a higher standard than choosing a residential property management company. They take many factors into account, including the experience of the property management company, the capacity to provide professional service and the development ability. Therefore, good reputation is important for a property management company to expand its business. In addition, management fees of commercial properties and office buildings tend to be higher than those of residential properties, which increases the revenue of the non-residential property management companies.

According to National Bureau of Statistics of China, the saleable GFA of office buildings sold in 2019 was approximately 37.2 million sq.m., representing a CAGR of 8.3% from 2014. In view of various factors such as comprehensive analysis of economic growth rate, urbanisation rate, market supply and demand, investment situation, policy and planning and the CAGR of increase in GFA of office buildings from 2014 to 2019, CIA estimates that the saleable GFA of office buildings between 2020 and 2023 will increase by approximately 182.5 million sq.m., at a CAGR of 8.3%. Thus, the total GFA of office buildings under management is expected to be 586.6 million sq.m. in 2023.

Competitive Landscape

The property management market in China is highly fragmented and increasingly concentrated. Our core property management services primarily compete against large national, regional and local property management companies. Our value-added services compete against other companies which provide similar services. For example, our value-added services to property owners and residents may compete with vendors and e-commerce businesses that sell food and groceries, and our value-added services may also compete with property agents for selling and leasing services as well as advertising companies for advertising services.

Major property management companies in China experienced steady growth in GFA under management in the past years. Large-scale property management companies experienced fast growth in GFA under management. The total GFA under management of the 2020 Top 100 Property Companies amounted to 43.6% of the total GFA under management of all property management companies as at 31 December 2019. The Top 10 and the Top 30 Property Management Companies controlled 9.2% and 29.7% of the market as at 31 December 2019, respectively. The average GFA under management of Top 10 Property Management Companies was approximately 221.0 million sq.m. in 2019, representing 5.2 times the corresponding number of the 2020 Top 100 Property Management Companies for the same period. The average GFA under management of Top 11-30 Property Management Companies was approximately 80.2 million sq.m. in 2019, representing 1.9 times the corresponding number of the 2020 Top 100 Property Management Companies.

In respect of the office buildings segment of the property management market, according to CIA, since the average monthly property management fee for core property management services charged by office buildings is higher than the average monthly property management fee for other types of properties, it is expected that many property management companies will strive to increase their market share in such segment.

We are one of the leading property management companies in comprehensive property management service to commercial and business properties in China, especially in the Beijing-Tianjin-Hebei Area. According to CIA, we were ranked 16th among the 2020 Top 100 Property Management Companies in terms of overall strength for 2019 by evaluating each property management company's management scale, operational performance, service quality, growth potential and social responsibility.

As at 31 December 2019, the total GFA under management of the 2020 Beijing-Tianjin-Hebei Top 100 Property Management Companies was 750.0 million sq.m., which accounts for 32.6% of the total GFA of 2.3 billion sq.m. managed by all the property management companies in Beijing-Tianjin-Hebei Area, according to CIA. As at 31 December 2019, our GFA under management reached 19.9 million sq.m., and we were ranked 78th among the 2020 Top 100 Property Management Companies and 12th among the 2020 Beijing-Tianjin-Hebei Top 100 Property Management Companies in terms of GFA under management. Our revenue reached RMB997.0 million in 2019, and we were ranked 51st among the 2020 Top 100 Property Management Companies and eighth among the 2020 Beijing-Tianjin-Hebei Top 100 Property Management Companies in terms of revenue. Among the 2020 Beijing-Tianjin-Hebei Top 100 Property Management Companies, we were ranked sixth in terms of net profit.

Our ranking among the 2020 Beijing-Tianjin-Hebei Top 100 Property Management Companies in terms of revenue in 2019

Rank	Property Management Companies	Revenue (RMB million)
1	Company A	Over 5,000.0
2	Company B	Over 2,500.0
3	Company C	Over 2,000.0
4	Company D	Over 1,800.0
5	Company E	Over 1,600.0
6	Company F	Over 1,200.0
7	Company G	Over 1,000.0
8	**Our Company**	**Approximately 997.0**

Our ranking among the 2020 Beijing-Tianjin-Hebei Top 100 Property Management Companies in terms of net profit in 2019

Rank	Property Management Companies	Net Profit (RMB million)
1	Company A	Over 700.0
2	Company B	Over 250.0
3	Company E	Over 205.0
4	Company D	Over 200.0
5	Company H	Over 115.0
6	**Our Company**	**Approximately 113.4**

Also, we have a leading position in commercial and business properties management, especially for office buildings management of China. We were ranked fourth in terms of GFA under management of commercial and business properties and fourth in terms of GFA under management of office buildings among the 2020 Beijing-Tianjin-Hebei Top 100 Property Management Companies as at 31 December 2019, reflecting our strong market position in providing property management services to office buildings.

Ranking of our Company among the 2020 Beijing-Tianjin-Hebei Top 100 Property Management Companies in terms of GFA under management of commercial and business properties as at 31 December 2019

Rank	Company Name	Commercial and business properties GFA under management (million sq.m.)
1	Company A	Over 20.0
2	Company I	Approximately 10.0
3	Company J	Approximately 9.0
4	**Our Company**	**Approximately 8.0**

Ranking of our Company among the 2020 Beijing-Tianjin-Hebei Top 100 Property Management Companies in terms of GFA under management of office buildings as at 31 December 2019

Rank	Company Name	Office buildings GFA under management (million sq.m.)
1	Company I	Over 9.0
2	Company J	Approximately 8.0
3	Company A	Over 7.0
4	**Our Company**	**Approximately 6.4**

Overview of the major players among the 2020 Beijing-Tianjin-Hebei Top 100 Property Management Companies

Company name	Founding year	Number of provinces and municipal cities entered	Contracted GFA/ GFA under management	Listing Status	Company information	Revenue (RMB million)	Market share in terms of GFA under management in Beijing-Tianjin-Hebei Area in 2019
Company A	1997	Over 118 cities	A contracted GFA of approximately 428.0 million sq.m.	Unlisted	Management of residential properties, commercial properties, office buildings, school, elderly care, long-term rental apartments, transportation hubs, aviation logistics, and new smart cities.	Over 5,000.0	Over 6.0%

Company name	Founding year	Number of provinces and municipal cities entered	Contracted GFA/ GFA under management	Listing Status	Company information	Revenue (RMB million)	Market share in terms of GFA under management in Beijing-Tianjin-Hebei Area in 2019
Company B	1999	15 provinces, 43 cities	A GFA under management of over 100.0 million sq.m.	Unlisted	Management of residential properties, municipal properties, commercial properties, industrial park properties and office properties.	Over 2,500.0	Over 9.0%
Company C	2012	13 provinces, 22 cities	A GFA under management of approximately 78.0 million sq.m.	Unlisted	A large state-owned company specialising in property management services	Over 2,000.0	Approximately 2.5%
Company D	1999	60 first and second tier cities and multiple large and medium size cities	A GFA under management of over 60.0 million sq.m.	Unlisted	A wholly-owned subsidiary of a listed property development company. The company's services include management of high-end residential properties, high-end office buildings, commercial complexes, public construction facilities and industrial parks	Over 1,800.0	Approximately 2.0%
Company E	2007	Over 30 cities	A GFA under management of approximately 14.0 million sq.m.	Unlisted	A wholly-owned subsidiary of a Global 500 company. The managed projects include high-end residential properties, high-end office buildings, large commercial complexes, and government office buildings.	Over 1,600.0	Approximately 1.0%
Company F	2000	15 provinces, 43 cities	A GFA under management of over 60.0 million sq.m.	Unlisted	Management of residential properties, commercial properties, industrial park, tourism real estate, elderly care real estate and other fields	Over 1,200.0	Over 3.0%
Company G	2001	9 provinces, nearly 20 cities	A GFA under management of approximately 10.0 million sq.m.	Unlisted	A subsidiary of a state-owned property development company. The company's services include management of high-end residential properties, villas, office buildings and commercial centres	Over 1,000.0	Approximately 0.5%
Company H	2002	Over 22 cities	A GFA under management of over 15.0 million sq.m.	Unlisted	Management of commercial properties, office buildings, urban complexes, villas and mid- to high-end residential properties	Over 800.0	Over 1.0%
Company I	2001	8 provinces	A GFA under management of over 16.0 million sq.m.	Unlisted	Management of government office buildings, middle- to high-end residences, hospitals and schools	Over 700.0	Approximately 1.0%
Company J	2000	10 provinces, 32 cities	A GFA under management of over 20.0 million sq.m.	Unlisted	Management of government office, commercial properties, airport, hospital, school, high-end residential and villas.	Over 500.0	Over 1.0%

Entry Barriers

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

- ***Brand***: top property management companies, including our Company, have built up their brand reputation through decades of services and operations. In contrast, new entrants, without an established brand and cultivated business relationships with industry participants, face increasing difficulty in penetrating into the market.
- ***Capital requirement***: intensive capital investment is required for property management companies to adopt automation and intelligent technology to improve their management efficiency through equipment purchase, smart community management and IT system. Capital availability poses high barriers to new entrants with limited financing ability.

- ***Specialisation of operations and management***: to better control costs and ensure service quality, property management companies need to standardise and automate their operations to improve their capacity to manage more properties. Large-scale property management companies have more resources to invest in standardisation and automation of their operations than new entrants.

- ***Talent specialisation***: as the Internet and new technologies emerge, qualified employees in the property management industry are increasingly demanded and experienced. New property management companies face the difficulty in recruiting and retaining quality employees.

Besides the abovementioned barriers to enter into the property management industry, the office buildings segment of the property management industry has its own barriers. The standards of service quality and management skills in the office buildings segment are much higher than the other types of property management. To expand the office buildings management business, the companies should capitalise and act on the unique need of business clients via delivering attentive service and building up a better mechanism for smart management. Additionally, to boost the efficiency in the workplace and the occupancy rate, property management companies could utilise the common space of the office buildings to provide value-added services catering to the various demand of their clients.

DIRECTORS' CONFIRMATION

As at the Latest Practicable Date, after taking reasonable care, our Directors confirm that there was no adverse change in the market information since the respective dates of the various data contained herein, which may qualify, contradict or have an impact on the information contained in this section.

Our business activities are primarily conducted in the PRC. We are therefore required to comply with a number of the PRC laws and regulations to carry out our operating activities. This section sets out a summary of the main laws and regulations applicable to our business in the PRC.

LEGAL SUPERVISION OVER PROPERTY MANAGEMENT SERVICES

Regulations on Foreign Investment Access

In accordance with the Special Administrative Measures (Negative List) for Foreign Investment Access (2019 Edition) (《外商投資准入特別管理措施(負面清單)(2019年版)》) jointly issued by the National Development and Reform Commission of the PRC (the "**NDRC**") and the MOFCOM on 30 June 2019 and taking effect on 30 July 2019 (the "**Negative List**"), the property management industry is an industry that allows foreign investors to make investments.

The Foreign Investment Law of the PRC (the "**Foreign Investment Law**", 《中華人民共和國外商投資法》), adopted by the National People's Congress of the PRC (the "**NPC**") on 15 March 2019, will become effective on 1 January 2020. Under the Foreign Investment Law, the State 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 beyond the Negative List.

Qualification of Property Management Enterprises

In accordance with the Regulations on Property Management (Amended in 2018) (《物業管理條例》(2018年修訂)) (issued by the State Council on 8 June 2003, taking effect on 1 September 2003 and amended on 26 August 2007, 6 February 2016 and 19 March 2018) ("**Regulations on Property Management**"), the qualification system for enterprises engaging in property management activities has been abolished. Pursuant to these regulations, enterprises engaged in property management activities shall have independent legal person capacity.

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

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

In accordance with the Notice of the General Office of Ministry of Housing and Urban-Rural Development on Effectively Implementing the Work of Cancelling 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》) (issued on 15 December 2017 and taking effect on the same day), application, 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 in any way for property management enterprises to undertake new property management projects.

Appointment of Property Management Enterprises

In accordance with the Property Law of the PRC (《中華人民共和國物權法》) (issued by the NPC on 16 March 2007 and taking effect on 1 October 2007), property owners can either manage the buildings and ancillary facilities by themselves, or engage a property management enterprise or other management personnel to manage the buildings and ancillary facilities. As regards the property management enterprise or any other management personnel hired by the developer, property owners are entitled to alter it in accordance with law. Property management enterprises or other management personnel shall manage the buildings and ancillary facilities within the area of the building as entrusted by the property owners, and shall be subject to the supervision by them.

In accordance with the Regulations on Property Management (《物業管理條例》), a general meeting of the property owners of a community can engage or dismiss the property management enterprise with affirmative votes of owners who own exclusive area accounting for more than half of the total GFA of the community and who account for more than half of the total number of the property owners. Property owners' committee, on behalf of the property owners, can sign property management contract with property management enterprises engaged at the general meeting. Where a developer selects and engages any property management enterprise before it is selected by owners and their general meeting, such developer shall conclude a written preliminary property management contract with the property management enterprise.

The preliminary property management contract may stipulate the contract duration. If the property management contract signed by the property owners' committee and the property management enterprise comes into force within the term of the preliminary property management contract, the preliminary property management contract automatically terminates.

In accordance with the Regulations on Property Management and the Interim Measures on Administration of Bid-Invitation and Bidding for Preliminary Property Management (《前期物業管理招標投標管理暫行辦法》) (issued by the Ministry of Construction on 26 June 2003 and taking effect on 1 September 2003), developer of residential buildings and non-residential buildings in the same property management area shall engage property management enterprises by bid-invitation and bidding. In case where there are less than three bidders or for small-scale properties, the developer can hire property management enterprises by agreement with the approval of the real estate administrative department of the local government of the place where the property is located. Where the developer fails to hire the property management enterprise through a 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.

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

The Interpretation of the Supreme People's Court on Several Issues Concerning 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》) (issued by the Supreme People's Court on 15 May 2009 and taking effect on 1 October 2009) stipulates the judicial interpretation principles applied by the court when hearing relevant disputes between property owners and property management enterprises. The preliminary property management contract signed in accordance with the relevant laws and regulations by the developer and the property management enterprise, and the property management contract signed by the property owners' committee and property management enterprises hired in accordance with the relevant laws and regulations by the property owners' general meeting are legally binding on property owners. Where the property owners raise a defence that they are not parties to the contract, the court shall not support such defence. Where a property owners' committee or a property owner brings a lawsuit at the court claiming invalidity of such clauses in a property management contract that exclude the property management enterprise's liabilities, or increase the property owners' committee or property owner's liabilities, or exclude the property owners' committee or property owners' substantial rights, the court shall support such claim.

In accordance with The Regulation for Property Management of Beijing (《北京市物業管理條例》) (issued by the Standing Committee of the Beijing Municipal People's Congress on 27 March 2020, and will come into effect on 1 May 2020) which made specific rules on residential property management, Sub-district offices and township people's governments are responsible for the establishment of a temporary agency property management committee, organising owners to jointly determine property management matters, and promoting the establishment of owners' meetings and election of owners' committees in eligible property management areas. Property service charges are subject to market adjustment and timely adjustment.

Fees Charged by Property Management Enterprises

In accordance with the Measures on the Charges for Property Management Services (《物業服務收費管理辦法》) (jointly issued by the NDRC and the Ministry of Construction on 13 November 2003 and taking effect on 1 January 2004) ("**Measures on the Charges**"), property management enterprises are allowed to charge fees from property owners for repairing, maintaining and managing the houses and supporting facilities, equipment and relevant sites and maintain the sanitation and order in relevant regions in accordance with related property management contracts.

Property service charges shall be reasonable, transparent, and suitable for the level of services offered, and shall take into account the nature and characteristics of different properties and be priced under the government's guidance or on market basis respectively. The specific method of pricing shall be determined by competent price administration departments under province level government, in concert with the competent departments of real estate administration.

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.

In accordance with 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》) (the "**Decontrolling Service Price Opinions**"), which became effective on 17 December 2014, the price control on property services of non-government-supported houses was cancelled. The provincial price authorities shall, jointly with the housing and urban-rural development administrative authorities, decide to implement government guidance prices for property management fees for government-supported houses, houses under housing reform, old residence communities and preliminary property management service in light of the actual situation. The benchmark and floating range of these government guidance prices vary from region to region.

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

In accordance with the Regulations on Property Management Fees with Clear Price Tag (《物業服務收費明碼標價規定》), which was promulgated jointly by the NDRC and the Ministry of Construction on 19 July 2004 and came into effect on 1 October 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 (other than agreed in the property management contract) entrusted by property owners), shall charge service fees at expressly marked prices, and display their service items, pricing 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 at least one month prior to the implementation of the new standards.

In accordance with the Property Management Pricing Cost Supervision and Examination Approaches (Trial) (《物業服務定價成本監審辦法(試行)》) (jointly issued by the NDRC and the Ministry of Construction on 10 September 2007 and taking effect on 1 October 2007), the government's pricing authorities shall, when formulating or adjusting the charging standards for property management services that are subject to the government guidance prices, carry out the costs supervision and examination on relevant property management enterprises. Property management service pricing cost shall include staff costs, expenses for daily operation and maintenance of 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》) (issued by the NDRC on 30 October 2017 and taking effect on 1 January 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 truth, validity or completeness of the relevant information.

Property Management Service Outsourcing

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

Favourable Policies

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 the 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》) was issued and came into effect on 19 November 2015, 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 focussing on the development of the living services that are closely related to the people's livelihood with vast demand potentials and strong driving forces, promoting the standardisation developments of the real estate intermediary, house lease operation, property management, moving and cleaning, household vehicles maintenance and repair 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.

According to the Action Plan on Exerting More Efforts to Motivate Social Public Service to Fix Weakness and Improve Quality in Order to Form a Strong Domestic Market (《加大力度推動社會領域公共服務補短板強弱項提質量促進形成強大國內市場的行動方案》) (No. 0160 Fa Gai She Hui [2019]) (issued by National Development and Reform Commission and 17 other Government Agency and became effective on 23 January 2019), by 2020, the basic public service capabilities shall be fully covered, fully up to standards, subject to full implementation of standards, and be fully shouldered. By 2020, non-basic public service shall be easily available, affordable, quality-guaranteed, and supervised. The elder care service system based on home-based, community-relied, institution-supplemented, and combining medical-nursing care system should be more complete, and the proportion of nursing beds should be not less than 30.0%. The standardisation of housekeeping training should be further improved, and the industry norms should be further consolidated.

In accordance with Opinions on Accelerating the Development of Circulation and Promoting Commercial Consumption (《關於加快發展流通、促進商業消費的意見》) (No. 42 General Office of the State Council [2019]) (issued by the General Office of the State Council and became effective on 16 August 2019), 20 opinions were raised by the State Council about motivating consumer spending, including promoting night businesses and night markets, encouraging commercial centres and shopping streets blend themselves with culture, tourism and recreational activities, extending business hours properly, introducing night market zone, 24-hour convenience stores and "mid-night cafeteria".

In accordance with the Opinions of Implementation of Further Expanding Supplies on Elderly Care Service and Motivating Elderly Care Service Consuming (《關於進一步擴大養老服務供給促進養老服務消費的實施意見》) (No. 88 Min Fa [2019]) (issued by Ministry of Civil Affairs of the People's Republic of China and became effective on 20 September 2019), by 2022, every sub-district should strive to equip at least one community elderly care service institution with comprehensive functions. Townships should actively establish comprehensive community elderly care service institutions within their capacity. The coverage rate of community day care institutions should reach more than 90.0%.

Funds invested in communities by all levels should be coordinated, to optimise the expenditure structure of financial support for the development of elderly care services, to make sure related funds lean to community elderly care services. By 2022, the proportion of nursing beds in elderly service institutions shall not be less than 50.0%.

In accordance with Implementation Opinions on Promoting Consumption Expansion and Quality Improvement and Accelerating the Creation of a Strong Domestic Market (《關於促進消費擴容提質加快形成強大國內市場的實施意見》) (No. 293 the National Development and Reform Commission [2020]) (issued by the National Development and Reform Commission and 22 other Government Agency and became effective on 28 February 2020), 19 opinions on motivating consumption were raised by 23 ministries and committees, including constantly promoting the construction of metropolitan areas, continuously improving the co-construction and sharing of public services and infrastructure connectivity in metropolitan areas, accelerating the advancement of the upgrading of mature business areas and creating several regional consumption centres.

REGULATION ON OTHER MAIN BUSINESSES OF THE COMPANY

Regulation on Real Estate Brokerage Business

In accordance with the Administrative Measures on Real Estate Brokerage (《房地產經紀管理辦法》) (issued by the MOHURD, NDRC and MOHRSS on 20 January 2011, taking effect on 1 April 2011 and amended on 1 March 2016), a real estate brokerage entity or its branch shall, within 30 days upon receipt of a business licence, go through the filing formalities with the competent construction (real estate) authority. The real estate brokerage services shall be subject to a expressly marked price system. A real estate brokerage entity 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.

Regulation on Catering Services

In accordance with 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)》) (issued by the Standing Committee of the National People's Congress (the "**SCNPC**"), taking effect on 1 June 2009, and amended on 24 April 2015 and 29 December 2018) and the Administrative Measures for Food Operation Licencing (Amended in 2017) (《食品經營許可管理辦法(2017修正)》) (issued by the China Food and Drug Administration, taking effect on 1 October 2015 and most recently amended on 7 November 2017), food sales and catering business in the PRC are subject to obtaining the food operation licence in accordance with the laws. The principle of one licence for one place shall apply to the licencing for food operation, that is, a food business operator shall obtain a food operation licence 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 training 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.

LABOUR AND SOCIAL SECURITY RELATED LAWS AND REGULATIONS

In accordance with the Labour Law of the PRC (《中華人民共和國勞動法》) (issued by the SCNPC on 5 July 1994, taking effect on 1 January 1995 and most recently amended on 29 December 2018), employers shall establish and improve their rules and policies in accordance with the law so as to ensure that employees enjoy labour rights and perform their labour obligations.

In accordance with the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) (issued by the SCNPC on 29 June 2007, taking effect on 1 January 2008, and amended on 28 December 2012 and came into effect on 1 July 2013) and the Regulations on the Implementation of the Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) (issued by the State Council on 18 September 2008 and taking effect on the same day), labour contracts in written form shall be executed to establish labour relationships between employers and employees. The wage paid to employees shall not be lower than the local minimum wage standard and shall be paid to employees on time. Employers are required to provide employees with safe and sanitary work conditions satisfying State rules. Upon reaching an agreement after due negotiation with employees or under other circumstances in line with prescribed conditions, an employer may legally terminate a labour contract and dismiss an employee.

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

In accordance with the Social Insurance Law of PRC (《中華人民共和國社會保險法》) (issued by the SCNPC on 28 October 2010, taking effect on 1 July 2011, and amended on 29 December 2018), China establishes a social insurance system including basic pension insurance, basic medical insurance, work related injury insurance, unemployment insurance and maternity insurance. An employer shall pay the social insurances for its employees in full and on time in accordance with the prescribed base and ratio, and shall withhold and pay the social insurances that should be assumed by the employees. Under the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) (issued by the State Council on 3 April 1999 and recently amended on 24 March 2019), an employer shall make registration for the housing provident fund contribution with the housing provident fund management centre, complete the procedures for establishing housing provident fund accounts for its employees, pay the housing provident fund for its employees in full and on time in accordance with the prescribed base and ratio, and withhold and pay the housing provident fund that should be assumed by the employees.

INTELLECTUAL PROPERTY RIGHTS RELATED LAWS AND REGULATIONS

Trademark

In accordance with the Trademark Law of the PRC (《中華人民共和國商標法》) (issued by the SCNPC on 23 August 1982, taking effect on 1 March 1983, and recently amended on 23 April 2019 and taking effect on 1 November 2019), 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. A trademark registrant may authorise others to use its registered trademark by signing a trademark licence contract.

Domain Name

In accordance with the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) (issued by the Ministry of Industry & Information Technology on 24 August 2017, and taking effect on 1 November 2017), the principle of "first to file" is applied for domain name registration services. A domain name registration agency that provides domain name registration services shall require the applicant to provide the true, accurate and complete information about the domain name holder's identity for the registration purpose. Any organisation 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.

Patent

In accordance with the Patent Law of the PRC (《中華人民共和國專利法》) (issued by the SCNPC on 12 March 1984, taking effect on 1 April 1985, and amended on 4 September 1992, 25 August 2000 and 27 December 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

In accordance with the Copyright Law of the PRC (《中華人民共和國著作權法》) (amended in 2010) (issued by the SCNPC on 7 September 1990 and taking effect on 1 June 1991, recently amended on 26 February 2010 and taking effect on 1 April 2010), Chinese citizens, legal persons or other organisations own copyrights to their works, whether published or not. The copyright owner may licence others to exercise copyright-related rights, in return of royalties in accordance with the agreement or regulations. Unless otherwise stipulated by law, anyone who uses others' works shall enter into a licencing contract with the copyright owner.

TAX LAWS AND REGULATIONS

Income Tax

In accordance with the Law on Corporate Income Tax of the People's Republic of China (《中華人民共和國企業所得稅法》) (issued by the NPC on 16 March 2007, taking effect on 1 January 2008, and subsequently amended on 24 February 2017 and 29 December 2018, respectively) and the Regulations on Implementation of the Law on Corporate Income Tax of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》) (issued by the State Council on 6 December 2007, taking effect on 1 January 2008, and amended on 23 April 2019), taxpayers of corporate income tax include resident enterprises and 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 located in the PRC. Non-resident enterprises refer to the enterprises established under the laws of foreign countries (regions) with the actual management 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 general corporate income tax rate is 25%. The non-resident enterprises that have no establishment or place of business in the PRC, or that have establishment or place of business in the PRC but their income is not actually related to such establishment or place of business, shall pay corporate income tax at the reduced rate of 10% for their income originating from the PRC.

Withholding Tax on Dividend

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

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

Value-Added Tax

In accordance with the Interim Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例》) (issued by the State Council on 13 December 1993, taking effect on 1 January 1994 and recently amended on 19 November 2017), entities and individuals that sell goods or provide services of processing, repair or replacement, or sell services, intangible assets, or real estates or import goods within the territory of China are taxpayers of value-added tax, and shall pay value-added tax in accordance with such regulations.

According to Announcement of on Relevant Policies for Deepening the Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) (issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on 20 March 2019 and became effective on 1 April 2019), taxpayers of life services industry whose sales of amount from providing life services account for more than 50% of the total sales amount would be allowed to credit amount of input tax deductible in the current period plus 10% thereof against the amount of taxes payable.

According to Announcement of on Clarifying the Additional Value-Added Tax Credit Policy for the Life Service Industry (《關於明確生活性服務業增值稅加計抵減政策的公告》) (Announcement No. 87 [2019] of the Ministry of Finance and the State Taxation Administration) issued by the Ministry of Finance and the State Taxation Administration and became effective on 30 September 2019, taxpayers of life services industry whose sales amount from providing life services account for more than 15% of the total sales amount would be allowed to credit amount of input tax deductible in the current period plus 15% thereof against the amount of taxes payable from 1 October 2019 to 31 December 2021.

FOREIGN EXCHANGE RELATED REGULATIONS

In accordance with the Regulations of the People's Republic of China on Foreign Exchange Control (《中華人民共和國外匯管理條例》) (issued by the State Council on 29 January 1996, taking effect on 1 April 1996 and amended on 5 August 2008) and the related regulations, no restrictions are imposed on international payments and transfers under the current account. Foreign exchange receipts and payments under the current account, such as goods and service-related foreign exchange transactions and interest and dividend payments, shall be based on true and legitimate transactions and can be processed directly at a bank against authentic and valid transaction documents. Foreign exchange receipts and payments under the capital account, such as direct equity investment and loans, shall comply with the provisions of relevant laws and regulations, and shall go through approval or registration procedures provided that the relevant laws and regulations require such approval or registration by foreign exchange administration departments. The foreign exchange and settlement fund under the capital account shall be used for the purpose approved by the relevant authorities and foreign exchange administration departments.

In accordance with the Circular on the Reform and Standardisation of the Management Policy of the Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (issued by the SAFE on 9 June 2016, and taking effect on the same day), the settlement of foreign exchange receipts under the capital account (including foreign exchange capital, external debts, funds repatriated from overseas listing, etc.) entitled to discretionary settlement in accordance with relevant policies, may be conducted at a bank based on the actual operating needs of domestic entities. The discretionary settlement ratio of foreign exchange receipts under the capital account of domestic entities is tentatively set as 100.0%. The SAFE may adjust the above ratio in due time in accordance with receipt and payment balance and status.

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

OVERVIEW

Our history can be traced back to 20 May 1994, when our Company was established as a state and joint-stock jointly-owned enterprise (全民與股份制聯營企業) under the name of "北京市金融街物業發展公司" (Beijing City Financial Street Property Development Company) and started to provide property management services in Beijing, the PRC.

To reflect the various stages of development throughout our history, we changed our Chinese company name from "北京市金融街物業發展公司" (Beijing City Financial Street Property Development Company) to "北京建融物業發展公司" (Beijing Jianrong Property Development Company) on 14 October 1996, to "北京市建融物業管理公司" (Beijing City Jianrong Property Management Company) on 9 May 1997 and to "北京金融街物業管理有限責任公司" (Beijing Financial Street Property Management Co., Ltd.) on 8 July 1999. Concurrently with the change of name on 8 July 1999, our Company was converted into a limited liability company. On 19 September 2019, our Company was converted into a joint stock company with limited liability and renamed as "金融街物業股份有限公司" (Financial Street Property Co., Limited). For more details of the conversion, please refer to the subsection headed "– Change of the Shareholding Structure and the Registered Capital of our Company" in this section.

BUSINESS DEVELOPMENT AND MILESTONES

The following sets out the significant milestones in the history of our business development:

Year	Events
1994	Our Company was established and registered in Beijing and started to provide property management services in the Financial Street region of Beijing.
1999	Our Company was converted into a limited liability company.
2001	Our Company became a member of the Chinese Property Management Institute (中國物業管理協會).
2002	Our Company established Financial Street Savills, a joint venture with Savills (China) Limited.
	Our Company was first accredited ISO9001 quality management system and ISO14001 environmental management system certification.
2004	Our Company was first accredited occupational health and safety management system certification.

Year	Events
2005	Our Company was awarded Level 1 classification of the Qualification Certificate for Property Management Enterprise (物業服務企業一級資質證書) by the MOHURD.
2008	Our Group started to develop the North China market exclusive of Beijing.
2009	Our Group started to develop the Southwest China market.
2010	Our Group entered the Southwest China market and the North China market exclusive of Beijing for the first time.
2011	Our Group entered the Northeast China market for the first time.
2015	Our Group entered the South China and East China markets for the first time.
2016	Our Company was appointed as one of the designated property management service providers for governmental institutions of the Beijing municipal government.
2017	Our Company was ranked 20th in the 2017 Top 100 Property Management Companies of China (2017中國物業服務百強企業) by CIA.
	The total area of property under management by our Group exceeded approximately 13 million sq.m..
2018	Our Company was ranked 19th in the 2018 Top 100 Property Management Companies of China (2018中國物業服務百強企業) by CIA.
2019	Our brand "金融街物業" ("Financial Street Property") was recognised as one of the "2019 China Property Management Professional Operation Leading Brand Companies" (2019中國物業服務專業化運營領先品牌企業) by CIA, with a brand value of RMB2.1 billion, as assessed through a brand value study conducted by CIA using a BVA (Brand Value Added) scientific methodology.
	Our Company was ranked 17th in the 2019 Top 100 Property Management Companies of China (2019中國物業服務百強企業) by CIA.

Year	Events
	Several projects under our management, such as Tongtai Building (通泰大廈) and Financial Street • Wanke Fengke (金融街•萬科豐科), were recognised as the 2019 China Property Management Industry Demonstration Site (2019中國物業服務行業示範基地) by CIA.
2020	Our Company was ranked 16th in the 2020 Top 100 Property Management Companies (2020中國物業服務百強企業) by CIA.

CHANGE OF THE SHAREHOLDING STRUCTURE AND THE REGISTERED CAPITAL OF OUR COMPANY

The registered capital of our Company was RMB500,000 at the time of establishment in May 1994. Since the conversion of our Company in July 1999 to a limited liability company (the "**1999 Conversion**"), at which point the registered capital of our Company was RMB2,658,800, our Shareholders have undergone various equity transfers and increases in registered capital of our Company, resulting in changes in the shareholding structure of our Company as follows:

(1) On 25 December 2000, for a consideration of RMB1,382,580, our then Shareholder, Beijing Financial Street Construction and Development Company (北京市金融街建設開發有限責任公司) transferred 52% of the equity interests in our Company to Huarong Zonghe (the "**2000 Transfer**"), which, as at the date of transfer, both transferor and transferee were state-owned enterprises.

(2) On 25 June 2003, our then Shareholder Beijing Jinhuan Industrial Co., Ltd. (北京市金環實業有限責任公司) transferred 48% of the equity interests in the Company to Tiantai Real Estate, for a consideration of RMB1,920,000. On 29 December 2009, Huarong Zonghe acquired 18% of the equity interests in our Company from the then Shareholder, Beijing Rongtai Jiaye Consulting Services Co., Ltd. (北京融泰嘉業咨詢服務有限責任公司), for the consideration of RMB3,953,700 (the "**2009 Transfer**").

(3) On 23 July 2015, in order to strengthen our capital and shareholder base, the registered capital of our Company was increased from RMB30,000,000 to RMB52,500,000, and one existing Shareholder and one then new Shareholder subscribed for a total capital of RMB22,500,000 at a total consideration of RMB61,121,300 determined with reference to the appraised fair value of the net assets of our Company as at 31 December 2014. The then new Shareholder, Rongxin Hetai, is a company established on 10 July 2015 shortly before this transfer, and was established for the purpose of incentivising employees of our Group through such employees' indirect ownership interests, as Rongxin Hetai shareholders, in the Company, as the only assets that Rongxin Hetai is permitted to own are our Shares, according to the articles of association of Rongxin Hetai. Transfer of shares in

Rongxin Hetai is subject to restrictions set forth in its articles of association, which require that Rongxin Hetai shareholders are only permitted to sell their shares to Rongxin Hetai, the pricing of which shall be determined with reference to our Company's audited net asset value per share as at the latest financial year end after deducting distributed profits. Further details of the capital increase are shown in the following table:

Name	Date of capital increase	Capital increased	Shareholding upon completion	Relationship with our Company and connected persons
		(RMB)		
Huarong Zonghe	N/A	0	40%	Existing Shareholder
Tiantai Real Estate	17 July 2015	6,750,000	30%	Existing Shareholder
Rongxin Hetai	17 July 2015	15,750,000	30%	Then new Shareholder

(4) On 29 November 2018, to further strengthen our capital base, the registered capital of our Company was increased from RMB52,500,000 to RMB68,500,000 and two existing Shareholders subscribed for a total capital amount of RMB16,000,000 at a total consideration of RMB176,093,379.05 determined with reference to the valuation of net assets of the Company as at 30 June 2018. The consideration was settled on 3 January 2019. Further details of the capital increase are shown in the following table:

Name	Date of agreement	Capital increased	Settlement date of the capital	Shareholding upon completion	Relationship with our Company and connected persons
		(RMB)			
Huarong Zonghe	28 November 2018	11,550,000	3 January 2019	47.5%	Existing Shareholder
Tiantai Real Estate	28 November 2018	4,450,000	3 January 2019	29.5%	Existing Shareholder
Rongxin Hetai	N/A	0	N/A	23%	Existing Shareholder

(5) On 19 September 2019, the Company was converted into a joint stock company with limited liability and renamed as "金融街物業股份有限公司" ("Financial Street Property Co., Limited") with our then three Shareholders as promoters. Upon completion of this conversion, our registered capital was RMB270,000,000 and was divided into 270,000,000 Shares of nominal value of RMB1.00 each. The Company was established by conversion of the entire audited net assets as at 28 February 2019

and all the Shares are fully paid up by conversion of Shares from audited net assets as at 28 February 2019. Our PRC Legal Adviser has confirmed that our Company has obtained the necessary approvals for this conversion. On the same day, our Company adopted its English name "Financial Street Property Co., Limited".

As at the Latest Practicable Date, the registered capital of our Company was RMB270,000,000, and our Shareholders and their respective shareholdings are as follows:

No.	Name	Number of Domestic Shares (and percentage shareholding) immediately prior to the Global Offering	
1	Huarong Zonghe	128,299,270	(47.52%)
2	Tiantai Real Estate	79,620,438	(29.49%)
3	Rongxin Hetai	62,080,292	(22.99%)

For more details of the changes in our Company's share capital, please refer to the paragraph headed "Appendix VI – Statutory and General Information – A. Further information about our Company – 2. Changes in the share capital of our Company" in this prospectus.

As confirmed by our PRC Legal Adviser, our Company has obtained all necessary approvals from the competent authorities and complied with the applicable procedures pursuant to the requirements under the relevant PRC laws and regulations in relation to our Company's conversion into a joint stock company with limited liability.

In connection with the aforesaid historical equity transfers and changes in capital structure of our Company, we have not (i) obtained approval from the relevant labour union or its representatives in respect of the 1999 Conversion, and (ii) filed and approved the assessment result as required by the applicable rules for transfer of state-owned assets assessment in the PRC in respect of the 2000 Transfer and 2009 Transfer (the "**Procedural Defects**").

Our PRC Legal Adviser is of the view the Procedural Defects will not give rise to any material PRC legal impediments to the Listing, due to the following reasons:

(1) in respect of the 1999 Conversion, our Company has obtained a confirmation from Financial Street Group confirming that the 1999 Conversion did not involve any labour arrangement, and the assessment result in relation to the 1999 Conversion had been approved by the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality;

(2) our Company has obtained a confirmation from Financial Street Group confirming that there has not been any administrative penalties, litigation, arbitration and other legal proceedings in relation to the Procedural Defects; and

(3) the Xicheng SASAC did not raise any questions in relation to the Procedural Defects in the course of approving the increase of the registered capital of our Company in 2015 and our Company's conversion into a joint stock company with limited liability in September 2019.

PRE-IPO INVESTMENT

On 27 April 2018, Beijing Detong Tiantai Investment Co., Ltd. (北京德通天泰投資有限公司), Beijing Detai Tongda Investment Co., Ltd. (北京德泰通達投資有限公司), China Life Real Estate and Tiantai Real Estate entered into a share transfer agreement (the "**Tiantai Share Transfer Agreement**"). Under the Tiantai Share Transfer Agreement, Beijing Detong Tiantai Investment Co., Ltd. (北京德通天泰投資有限公司) and Beijing Detai Tongda Investment Co., Ltd. (北京德泰通達投資有限公司) agreed to sell 60% and 40% respectively, of the equity interests they each held in Tiantai Real Estate, and China Life Real Estate (the "**Pre-IPO Investor**") agreed to purchase the aggregate of 100% of the equity interests in Tiantai Real Estate for a consideration of RMB509,000,000 (the "**Pre-IPO Investment**"), of which the value attributable to the approximately 29.49% interests in the Company held by Tiantai Real Estate was RMB267,280,000. Tiantai Real Estate is principally engaged in property investment in the PRC with a registered capital of RMB69,000,000. To the best of the knowledge of our Directors, Tiantai Real Estate is not engaged in property management business.

China Life Real Estate, the investor in the Pre-IPO Investment, is an indirect 100% subsidiary held by China Life Insurance (Group) Company (中國人壽保險(集團)公司).

The table below sets forth details of the Pre-IPO Investment:

Name of the Pre-IPO Investor	China Life Real Estate
Date of Tiantai Share Transfer Agreement	27 April 2018
Consideration paid under Tiantai Share Transfer Agreement	RMB509,000,000, of which the value attributable to the approximately 29.49% interest in the Company held by Tiantai Real Estate was RMB267,280,000, equivalent to HK$331,266,832 based on the prevailing RMB/HKD exchange rate on 27 April 2018
Basis of determining the consideration attributable to the approximately 29.49% interests in our Company	Valuation of equity in our Company as at 31 December 2017, based on an income analysis of our Company

Payment date of the consideration	23 December 2019
Approximate cost per Domestic Share paid under the Pre-IPO Investment (HK$ per Domestic Share) [1]	4.16
Approximate discount to mid-point of the Offer Price range	43.47%
Approximate percentage of indirect shareholding in our Company upon completion of the Pre-IPO Investment	29.49%
Approximate percentage of indirect shareholding in our Company immediately following completion of the Global Offering (and assuming that the Over-allotment Option is not exercised)	22.12%
Use of proceeds from the Pre-IPO Investment	N/A[2]
Lock-up period	Nil
Special rights and obligations	Nil
Public float	N/A
Strategic benefits to our Company	Our Directors are of the view that our Group can benefit from this Pre-IPO Investment as it serves as an endorsement of our Group's performance, strength and prospects.

Notes:

1. For illustration purposes only, on the basis of Domestic Shares held through Tiantai Real Estate, and without taking into account any H Shares to be issued upon the exercise of the Over-allotment Option.

2. Proceeds from the Pre-IPO Investment were not paid to our Company.

Background of the Pre-IPO Investor

China Life Real Estate is a company established in China on 29 December 1994 and is ultimately owned by the MOF held through China Life Insurance (Group) Company (中國人壽保險(集團)公司), a Fortune Global 500 company and one of the World's Top 500 Brands. China Life Real Estate is principally engaged in commercial building rental, construction project management and real estate investment. To the best of the knowledge of our Directors, China Life Real Estate is not engaged in property management business.

The Tiantai Share Transfer Agreement was entered into on normal commercial terms and the consideration was determined after arm's length negotiations. Domestic Shares held by China Life Real Estate through Tiantai Real Estate would represent approximately 22.12% of the entire issued share capital of our Company following completion of the Global Offering (assuming the Over-allotment Option is not exercised) and not be counted as part of the public float upon completion of the Global Offering.

The registration of the change in equity interests in respect of the Pre-IPO Investment with the relevant industry and commerce authority was completed on 16 September 2019, and the payment of consideration of the Pre-IPO Investment was made on 23 December 2019. To the best of the knowledge, information and belief of our Directors and having made all reasonable enquiries, save for the Pre-IPO Investment, the Pre-IPO Investor and its ultimate beneficial owner are Independent Third Parties and have no past or present relationships with our Group and/or any connected persons.

Confirmation from the Sole Sponsor

The Sole Sponsor has confirmed that the investment by the Pre-IPO Investor is in compliance with the Guidance Letter HKEX-GL29-12 issued in January 2012 and updated in March 2017 by the Stock Exchange, Guidance Letter HKEX-GL43-12 issued in October 2012 and updated in July 2013 and in March 2017 by the Stock Exchange and Guidance Letter HKEX-GL44-12 issued in October 2012 and updated in March 2017 by the Stock Exchange.

OUR MAJOR SUBSIDIARIES

The detailed information of our major subsidiaries as at the Latest Practicable Date is set out below:

Financial Street Savills

On 17 June 2002, Financial Street Savills was established as a limited company in the PRC, with a registered capital of RMB1 million, and commenced its operations. Financial Street Savills is primarily engaged in property management. Upon the establishment of Financial Street Savills, our Company and Savills (China) Limited (第一太平戴維斯(中國)有限公司), a company limited by shares incorporated in Hong Kong and an Independent Third Party, held 55% and 45% of the equity interests, respectively in Financial Street Savills.

In June 2009, Savills (China) Limited transferred 15% of the equity interests in Financial Street Savills to our Company (the "**2009 FS Savills Transfer**"). Further, the registered capital of Financial Street Savills was increased from RMB1 million to RMB5 million by capitalising the undistributed profits of the year ended 31 December 2008 and other reserves.

On 14 May 2018, our Company entered into an equity transfer agreement with Savills (China) Limited, pursuant to which our Company agreed to acquire from Savills (China) Limited 10% of the equity interests in Financial Street Savills (the "**2018 Savills Transfer**") for a total consideration of RMB14,826,247, which was determined with reference to the appraised fair value of the net assets of Financial Street Savills. The 2018 Savills Transfer was registered with the relevant authorities on 26 September 2018. The consideration of the 2018 Savills Transfer was fully paid by our Company on 30 September 2018. Upon completion of the 2018 Savills Transfer, Financial Street Savills became an 80% subsidiary of our Company.

On 20 March 2019, our Company and Savills (China) Limited (第一太平戴維斯(中國)有限公司) entered into a joint operating agreement, pursuant to which the parties thereto confirmed their agreement to undertake limited liabilities in the indebtedness of Financial Street Savills up to the capital contribution amount subscribed by each of them respectively, and each party shall share profits, risks and losses according to the proportion of their respective capital contribution amount in the registered capital, and the total capital amount contributed by the Company and Savills (China) Limited (第一太平戴維斯(中國)有限公司) were RMB4,000,000 and RMB1,000,000, respectively.

As at the Latest Practicable Date, the registered capital of Financial Street Savills was RMB5 million, with 80% of its equity interests owned by our Company.

Xima Real Estate

On 6 May 1997, Xima Real Estate was established as a limited liability company in the PRC, with a registered capital of RMB1 million, and commenced its operations. Xima Real Estate is primarily engaged in property management. Upon the establishment of Xima Real Estate, Beijing Financial Street Construction and Development Company (北京市金融街建設開發有限責任公司) ("**Financial Street Construction**"), Beijing Hongyun Industrial Group Co., Ltd. (北京市宏運實業集團公司), Beijing Jinhuan Industrial Co., Ltd. (北京市金環實業有限責任公司) ("**Jinhuan Industrial**") and Beijing Xin Dao Yuan Commerce and Trade Co., Ltd. (北京市新道遠商貿有限責任公司) held 50%, 20%, 20% and 10% of the equity interests, respectively in Xima Real Estate. Beijing Hongyun Industrial Group Co., Ltd. (北京市宏運實業集團公司) and Beijing Xin Dao Yuan Commerce and Trade Co., Ltd. (北京市新道遠商貿有限責任公司) are both independent third parties, while Financial Street Construction and Jinhuan Industrial were both former Shareholders. On 10 November 2000, Financial Street Construction agreed to transfer to our Company its 50% interests in Xima Real Estate for RMB500,000 and Jinhuan Industrial agreed to transfer to our Company its 20% interests in Xima Real Estate for RMB200,000 (the "**2000 Xima Transfer**"). Such transfers were registered with the relevant authorities on 14 December 2000.

On 16 April 2018, our Company entered into equity transfer agreements with Beijing Hongyun Industrial Group Co., Ltd. (北京市宏運實業集團公司) and Beijing Xin Dao Yuan Commerce and Trade Co., Ltd. (北京新道遠商貿有限責任公司), pursuant to which our Company agreed to acquire from Beijing Hongyun Industrial Group Co., Ltd 20% equity interests of Xima Real Estate for a total consideration of RMB466,667, and to acquire from Beijing Xin Dao Yuan Commerce and Trade Co., Ltd. 10% equity interests of Xima Real Estate for a total consideration of RMB233,333 (the "**2018 Xima Transfer**"). The consideration of the 2018 Xima Transfer was determined with reference to the appraised fair value of the net assets of Xima Real Estate and was fully paid by the Company on 11 September 2018. The 2018 Xima Transfer was registered with the relevant authorities on 21 August 2018. Upon completion of the 2018 Xima Transfer, Xima Real Estate became a wholly-owned subsidiary of our Company.

As at the Latest Practicable Date, the registered capital of Xima Real Estate was RMB1 million, with 100% of its equity interests owned by our Company.

In connection with the aforesaid historical equity transfers of our subsidiaries, our Company has not filed or approved the assessment result as required by the applicable rules for transfer of state-owned assets assessment in the PRC in respect of the 2009 FS Savills Transfer and the 2000 Xima Transfer (the "**Subsidiaries Procedural Defects**"). Our PRC Legal Adviser is of the view that the Subsidiaries Procedural Defects will not give rise any material PRC legal impediments to the Listing, due to the following reasons:

(1) our Company has obtained a confirmation from Financial Street Group confirming that Financial Street Group has no objections to the Xima Transfer and the Listing has been approved by Financial Street Group; and

(2) Xicheng SASAC had approved the relevant valuation report for conversion in the course of approving our Company's conversion into a joint stock company with limited liability in September 2019.

As at the Latest Practicable Date, we have 11 subsidiaries in China, and details of these subsidiaries are set out in the below table:

No.	Name of subsidiary	Place of establishment	Date of establishment	Registered capital as at the Latest Practicable Date	Shareholding of the Company	Major business activities
				RMB'000		
1.	Financial Street Residential Property	PRC	29 April 2007	6,000	100%	residential property management
2.	Jinxi Lilin	PRC	10 September 2014	2,000	100%	elderly care services
3.	Jinxi Litai	PRC	10 December 2014	10,000	100%	hotel and catering management
4.	Huigu Conference Centre	PRC	1 August 2012	800	100% *(note 1)*	property management
5.	IZEE-Mitsuyado	PRC	22 April 2019	1,000	60% *(note 1)*	catering management
6.	Xima Real Estate	PRC	6 May 1997	1,000	100%	property management
7.	Xidan Dongnan Mansion	PRC	16 September 1999	1,010	100%	property management
8.	Financial Street Savills	PRC	17 June 2002	5,000	80%	property management
9.	Financial Street Jingnan	PRC	2 March 2015	5,000	51% *(note 2)*	property management
10.	Ronglutong Consulting	PRC	25 July 2000	100	100%	parking management
11.	Jintongtai Catering	PRC	6 January 2009	500	100% *(note 3)*	catering management

Notes:

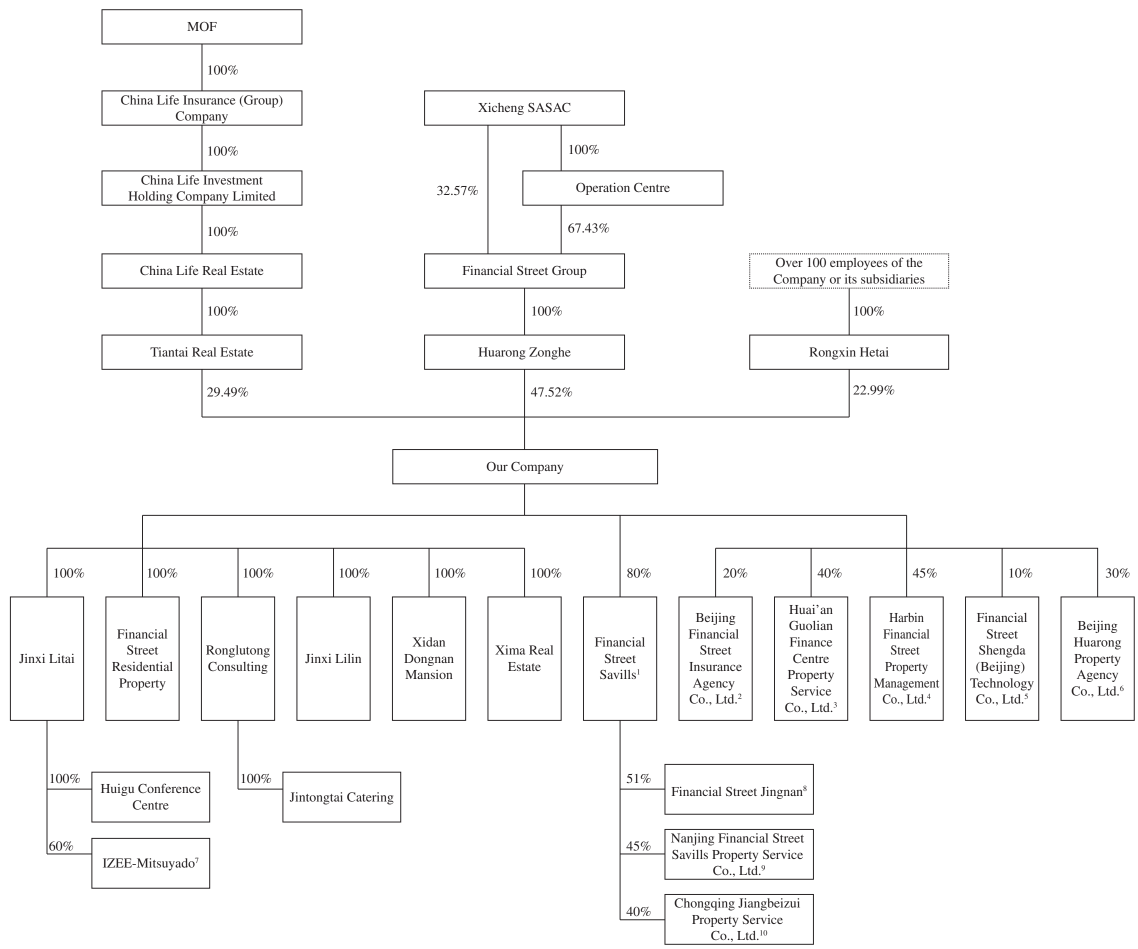
1. Indirectly held by our Company through its wholly-owned subsidiary, Jinxi Litai;

2. Indirectly held by our Company through its subsidiary, Financial Street Savills. On 15 March 2017, our Company, through Financial Street Savills, acquired 51% of the equity interests in Financial Street Jingnan. Upon completion of the acquisition, Financial Street Jingnan became an indirect non-wholly-owned subsidiary of our Company. The total cash consideration for the acquisition was RMB2,550,000, which was paid to the former shareholder of Financial Street Jingnan;

3. Indirectly held by our Company through its wholly-owned subsidiary, Ronglutong Consulting.

SHAREHOLDING STRUCTURE PRIOR TO THE GLOBAL OFFERING

The following chart sets out our Group's shareholding structure immediately prior to the Global Offering (all entities in the chart are established in the PRC):



Notes:

1. The remaining 20% equity interests in Financial Street Savills is held by Savills (China) Limited (第一太平戴維斯(中國)有限公司), which is an Independent Third Party.

2. The remaining equity interests in Beijing Financial Street Insurance Agency Co., Ltd. (北京金融街保險經紀股份有限公司) is held 51% by Great Life Insurance Co., Ltd. (長城人壽保險股份有限公司), 29% by Huarong Zonghe. Huarong Zonghe is a Controlling Shareholder, and Great Life Insurance Co., Ltd. is a subsidiary of Financial Street Group, also a Controlling Shareholder.

3. The remaining equity interests in Huai'an Guolian Finance Centre Property Service Co., Ltd. (淮安市國聯金融中心物業服務有限公司) is held 30% by Huai'an Guolian Service Industry Enterprise Management Co., Ltd. (淮安市國聯服務業企業管理有限公司) and 30% by Huai'an Finance Centre Investment and Construction Co., Ltd. (淮安市金融中心投資建設有限公司), both of which are Independent Third Parties.

4. The remaining 55% equity interests in Harbin Financial Street Property Management Co., Ltd. (哈爾濱金融街物業管理有限公司) is held by Harbin Hatou Real Estate Co., Ltd. (哈爾濱哈投物業有限責任公司), an Independent Third Party.

5. The remaining 90% equity interests in Financial Street Shengda (Beijing) Technology Co., Ltd. (金融街升達(北京)科技有限公司) is held by Beijing Financial Street Real Estate Consultants Ltd. (北京金融街房地產顧問有限公司), a wholly-owned subsidiary of Financial Street Holdings, one of our connected persons.

6. The remaining 70% equity interests in Beijing Huarong Real Estate Agency Co., Ltd. (北京華融房地產經紀有限公司) is held by Huarong Zonghe, a Controlling Shareholder.

7. The remaining 40% equity interests in IZEE-Mitsuyado is held by Mitsuyado (Shenzhen) Management Co., Ltd. (三矢堂(深圳)管理有限公司), an Independent Third Party.

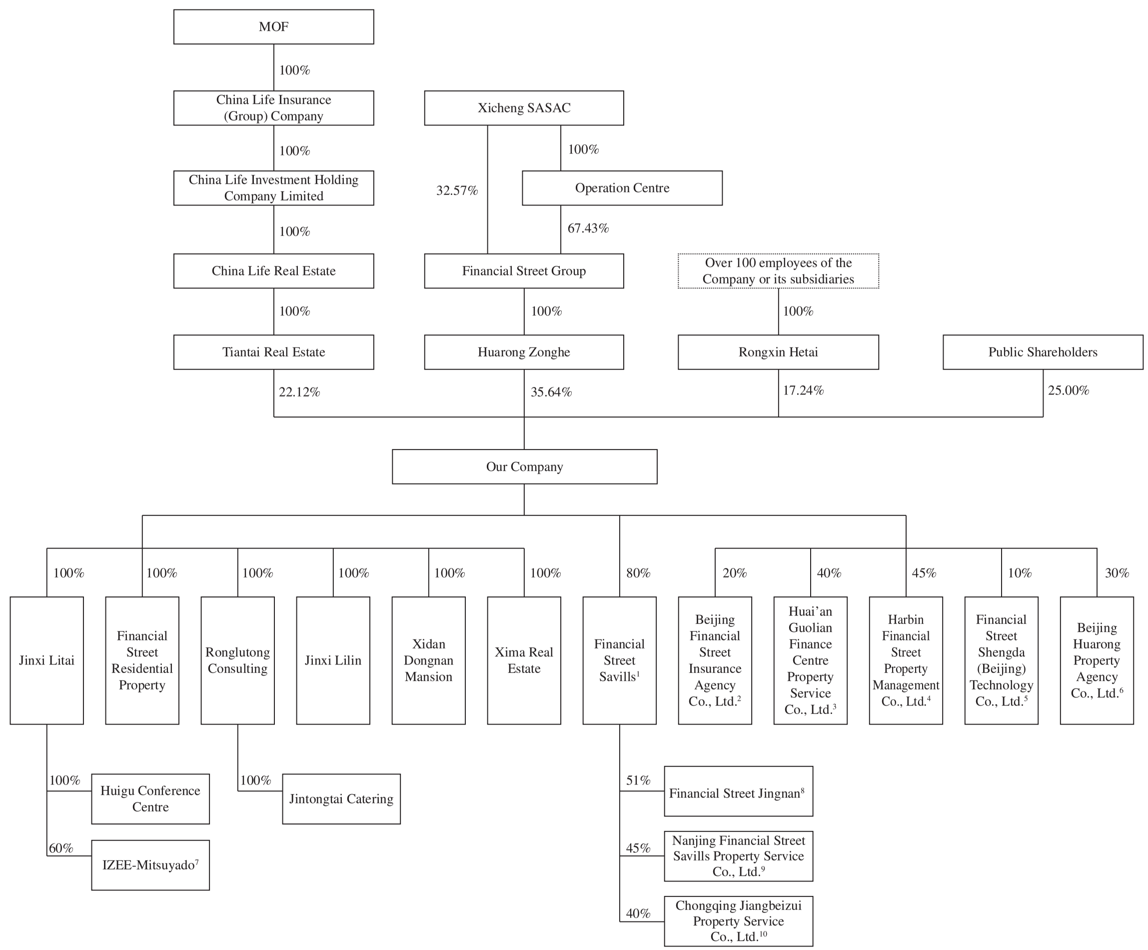
8. The remaining 49% equity interests in Financial Street Jingnan is held by Zhongzhao Investment Group Co., Ltd. (中盟投資集團有限公司), an Independent Third Party.

9. The remaining 55% equity interests of Nanjing Financial Street Savills Property Service Co., Ltd. (南京金融街第一太平戴維斯物業服務有限公司) is held 40% by Nanjing Finance City Construction and Development Co., Ltd. (南京金融城建設發展股份有限公司) and 15% by Nanjing State-owned Assets Disposal Co., Ltd. (南京國資資產處置有限責任公司), both of which are Independent Third Parties.

10. The remaining 60% equity interests in Chongqing Jiangbeizui Property Service Co., Ltd. (重慶市江北嘴物業服務有限公司) is held by Chongqing Jiangbeizui Real Estate Co., Ltd. (重慶市江北嘴置業有限公司), an Independent Third Party.

SHAREHOLDING STRUCTURE IMMEDIATELY FOLLOWING THE COMPLETION OF THE GLOBAL OFFERING

The following chart sets out our Group's shareholding structure immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option) (all entities in the chart are established in the PRC):



Notes:

1. The remaining 20% equity interests in Financial Street Savills is held by Savills (China) Limited (第一太平戴維斯(中國)有限公司), which is an Independent Third Party.

2. The remaining equity interests in Beijing Financial Street Insurance Agency Co., Ltd. (北京金融街保險經紀股份有限公司) is held 51% by Great Life Insurance Co., Ltd. (長城人壽保險股份有限公司), 29% by Huarong Zonghe. Huarong Zonghe is a Controlling Shareholder, and Great Life Insurance Co., Ltd. is a subsidiary of Financial Street Group, also a Controlling Shareholder.

3. The remaining equity interests in Huai'an Guolian Finance Centre Property Service Co., Ltd. (淮安市國聯金融中心物業服務有限公司) is held 30% by Huai'an Guolian Service Industry Enterprise Management Co., Ltd. (淮安市國聯服務業企業管理有限公司) and 30% by Huai'an Finance Centre Investment and Construction Co., Ltd. (淮安市金融中心投資建設有限公司), both of which are Independent Third Parties.

4. The remaining 55% equity interests in Harbin Financial Street Property Management Co., Ltd. (哈爾濱金融街物業管理有限公司) is held by Harbin Hatou Real Estate Co., Ltd. (哈爾濱哈投物業有限責任公司), an Independent Third Party.

5. The remaining 90% equity interests in Financial Street Shengda (Beijing) Technology Co., Ltd. (金融街升達(北京)科技有限公司) is held by Beijing Financial Street Real Estate Consultants Ltd. (北京金融街房地產顧問有限公司), a wholly-owned subsidiary of Financial Street Holdings, one of our connected persons.

6. The remaining 70% equity interests in Beijing Huarong Real Estate Agency Co., Ltd. (北京華融房地產經紀有限公司) is held by Huarong Zonghe, a Controlling Shareholder.

7. The remaining 40% equity interests in IZEE-Mitsuyado is held by Mitsuyado (Shenzhen) Management Co., Ltd. (三矢堂(深圳)管理有限公司), an Independent Third Party.

8. The remaining 49% equity interests in Financial Street Jingnan is held by Zhongzhao Investment Group Co., Ltd. (中曌投資集團有限公司), an Independent Third Party.

9. The remaining 55% equity interests of Nanjing Financial Street Savills Property Service Co., Ltd. (南京金融街第一太平戴維斯物業服務有限公司) is held 40% by Nanjing Finance City Construction and Development Co., Ltd. (南京金融城建設發展股份有限公司) and 15% by Nanjing State-owned Assets Disposal Co., Ltd. (南京國資資產處置有限責任公司), both of which are Independent Third Parties.

10. The remaining 60% equity interests in Chongqing Jiangbeizui Property Service Co., Ltd. (重慶市江北嘴物業服務有限公司) is held by Chongqing Jiangbeizui Real Estate Co., Ltd. (重慶市江北嘴置業有限公司), an Independent Third Party.

OVERVIEW

We are a state-owned comprehensive property management company in China with over 25 years' experience in the industry. We started from providing property management and related services to properties located at Beijing Financial Street Zone, and have developed into a comprehensive property management company with a focus on providing property management and related services to properties located at financial management centres at all levels nationwide. Leveraging on our extensive experience in providing property management services for commercial and business properties, we have expanded our business to the key regions in China. As at 31 December 2019, we have 11 subsidiaries and 40 branches across China. Our property management services cover a wide range of property types, primarily focussing on commercial and business properties.

According to CIA, we were ranked 16th among the 2020 Top 100 Property Management Companies in the PRC in terms of overall strength. As at 31 December 2019, we provided property management and related services to 144 property projects in China with the total GFA under management of approximately 19.9 million sq.m., 40.8% of which are located in Beijing. Our GFA under management for commercial and business properties as at 31 December 2019 was approximately 8.0 million sq.m., ranking us fourth among the 2020 Beijing-Tianjin-Hebei Top 100 Property Management Companies. Our GFA under management for office buildings as at 31 December 2019 was approximately 6.4 million sq.m., ranking us fourth among the 2020 Beijing-Tianjin-Hebei Top 100 Property Management Companies. During the Track Record Period, the total GFA under our management has increased steadily.

We provide comprehensive property management and related services, including (i) customer services, (ii) security services, (iii) cleaning and gardening services, (iv) engineering, repair and maintenance services, (v) carpark management services and (vi) other related services, to our customers including property developers, property owners, owners' associations, tenants and residents. We provide our services to the following types of properties:

- Commercial and business properties, including office buildings, complexes, retail buildings and hotel; and

- Non-commercial properties, including residential properties, public properties, hospitals, educational properties and others.

In addition to property management and related services, we also provide catering services by operating cafés, restaurants and bakeries under our proprietary "IZEE" Brand Series during the Track Record Period.

The following table sets forth a breakdown of our revenue from property management and related services and catering services for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	Revenue	%	Revenue	%	Revenue	%
	RMB'000		*RMB'000*		*RMB'000*	
Property management and related services:						
Property management services	602,700	79.7	688,815	78.7	776,915	77.9
Value-added services[1]	136,706	18.1	166,477	19.0	196,336	19.7
Rental services	4,135	0.5	5,303	0.6	5,948	0.6
Catering services	13,141	1.7	14,604	1.7	17,815	1.8
Total	756,682	100.0	875,199	100.0	997,014	100.0

Note:

(1) Revenue from value-added services comprises (i) revenue from carpark management services, which amounted to RMB42.1 million, RMB63.3 million and RMB68.1 million, representing 30.8%, 38.0% and 34.7% of our revenue from value-added services for the years ended 31 December 2017, 2018 and 2019, respectively; and (ii) revenue from a variety of other related services such as sales offices and display units management services, customised cleaning, security, repair and maintenance services for property owners/tenants, technical support services, conference services, consultancy services at initial stage of the projects, public space renting, engineering monitoring, management services in relation to construction work and interior decoration.

During the Track Record Period, we experienced continuous growth in our revenue, profit for the year and GFA under our management. Our revenue increased by 15.7% from RMB756.7 million for the year ended 31 December 2017 to RMB875.2 million for the year ended 31 December 2018, and further increased by 13.9% to RMB997.0 million for the year ended 31 December 2019. Our profit for the year increased by 10.7% from RMB82.7 million for the year ended 31 December 2017 to RMB91.5 million for the year ended 31 December 2018, and further increased by 23.9% to RMB113.4 million for the year ended 31 December 2019. Our GFA under management also increased from approximately 13.2 million sq.m. as at 31 December 2017 to approximately 16.4 million sq.m. as at 31 December 2018, and further to approximately 19.9 million sq.m. as at 31 December 2019.

OUR COMPETITIVE STRENGTHS

We believe that our success is mainly attributable to the following competitive strengths:

Pioneer in the industry with strong brand image and market leading position

Established in 1994, we have over 25 years of experience in the property management industry in China. Since our establishment, we have been focussing on providing property management and related services to properties located at Beijing Financial Street Zone. Our customers include national financial regulatory authorities, headquarters of banks, domestic and foreign financial institutions, investment groups as well as high-end luxury brands. We are one of the leading companies providing comprehensive property management services to commercial and business properties in China, especially office buildings. As at 31 December 2019, our GFA under management for commercial and business properties amounted to approximately 8.0 million sq.m., ranking us fourth among the 2020 Beijing-Tianjin-Hebei Top 100 Property Management Companies. Among commercial and business properties, our GFA under management for office buildings amounted to approximately 6.4 million sq.m. as at 31 December 2019, accounting for 32.1% of the total GFA under our management, ranking us fourth among the 2020 Beijing-Tianjin-Hebei Top 100 Property Management Companies. Attributable to our extensive experience and quality services, our brand is well-recognised in the industry. We have been awarded various honours including the 2020 China Office Buildings Management Leading Companies, the 2020 China 100 Leading Property Management Companies in Service Quality, and the 2020 China Leading Property Management Companies in terms of commercial properties management services by CIA. In addition, some of the properties under our management, including Chang'An Financial Centre, Yuetan Financial Centre, Tongtai Building and Financial Street Vanke Fengke, have been awarded the China Property Management Industry Demonstration Site by CIA.

Our market position and reputation in the property management industry have been strengthened over the years. We were awarded Level 1 classification of the Qualification Certificate for Property Management Enterprise (物業服務企業一級資質證書) by MOHURD in 2005. According to CIA, we were ranked 20th, 19th, 17th and 16th among China's Top 100 Property Management Companies in terms of overall strength for 2016, 2017, 2018 and 2019, respectively.

Leveraging on our extensive experience in providing property management and related services for commercial and business properties, we have replicated our property management model in Beijing Financial Street Zone to other financial management centres of key regions in China. We have extended our property management business to six regions, namely North China, Southwest China, East China, South China, Northeast China and Central China. As at 31 December 2019, the financial management centres that we provided property management and related services include Chongqing Jiangbeizui Financial City, Nanjing Financial City[(1)], Huai'An Financial Centre, Tianjin Global Financial Centre and Shanghai Hongkou Financial

(1) Nanjing Financial City was managed by an entity in which we hold non-controlling interests and revenue generated from this project was not consolidated in the revenue of our Group during the Track Record Period.

Street Hailun Centre. As at 31 December 2019, we have 11 subsidiaries and 40 branches across China. We focus on markets in the first-tier and second-tier cities in China, which act as drivers for the growth of surrounding areas and provide business opportunities for our future development.

We believe that our business focus, brand, reputation, management capabilities and quality services make great contribution to our competitiveness in the industry. In 2019, the annual average net profit per sq.m. for projects under our management was RMB5.7, ranking us 24th among the 2020 Top 100 Property Management Companies, according to CIA. We believe that our leading market position and strong brand image will enable us to capture the opportunities in the property management industry in China in line with the growth of the market and to expand our market share in the industry.

Leveraging on the extensive resources of our Parent Group, we are able to rapidly implement our cross-regional strategic plan for diversified portfolio of properties

Our Parent Group is one of the Top 500 Chinese Enterprises which specialises in real estate, finance, education, healthcare and other sectors nationwide. We strive to integrate these resources with our business development to achieve our cross-regional development for diversified types of properties.

Our affiliated company, Financial Street Holdings, a company listed on Shenzhen Stock Exchange (stock code: 000402), is a renowned real estate developer in the PRC. During the Track Record Period, we maintained a close cooperative relationship with Financial Street Holdings and provided property management services and value-added services to various projects developed by it (including its joint ventures and associates). Financial Street Holdings is committed to deepening its penetration in the five major urban agglomerations(1) of the PRC, and has expanded its business in 16 key cities in China. According to the 2019 annual report of Financial Street Holdings, as at 31 December 2019, it had 80 real estate projects with reserved GFA of approximately 23.7 million sq.m. and real estate projects under construction with GFA of approximately 7.2 million sq.m. (including GFA for projects commenced and projects resumed in 2019), and it has generated a total revenue of approximately RMB26.2 billion for the year ended 31 December 2019. We believe that our relationship with Financial Street Holdings will offer us the opportunities to secure new projects, including projects under construction and projects to be developed, being drivers for the continuous growth of our portfolio of commercial and business properties and non-commercial property projects. We believe that Financial Street Holdings' steady growth, including continuous increase of land reserves, will lay a solid foundation for our sustainable business development in the future.

(1) The five major urban agglomerations refer to Pearl River Delta, Yangtze River Delta, Beijing-Tianjin-Hebei Area, the midstream of the Yangtze River and Chengdu-Chongqing Urban Agglomeration.

In addition, in line with the business expansion of our Parent Group, we cooperated with a company in the education sector within our Parent Group during the Track Record Period. As at 31 December 2019, we have provided property management and related services for nine schools and kindergartens operated by this company, and had signed a strategic collaboration agreement for our future cooperation. We believe that our Parent Group will continue to develop rapidly in the education and healthcare sectors, providing us with more opportunities and resources for sustainable development.

Better positioned to achieve profitability with our management of a diversified portfolio of property types and provision of comprehensive property management and related services

Leveraging on our extensive experience and industry recognition in providing property management and related services for commercial and business properties, particularly for office buildings, we have extended our property management and related services to a diversified portfolio of property types. During the Track Record Period, the properties we managed comprise (i) commercial and business properties, including office buildings, complexes, retail buildings and hotel; and (ii) non-commercial properties, including residential properties, public buildings, hospitals, educational properties and others.

Our property management and related services primarily consist of customer services, security services, cleaning and gardening services, engineering, repair and maintenance services, as well as a series of ancillary value-added services, including carpark management services and other related services (namely resource management services, operational businesses, consultancy services, customised services, real estate operation services and other value-added services). The services we provide to property developers include initial-stage positioning and planning, post-delivery operation and management. Through participating in the initial stage of projects and providing these services, we are able to gain comprehensive understanding and extensive knowledge of the projects, which enables us to provide personalised management and other customised services to property owners, tenants and residents, and thus improve our quality of services and customer satisfaction.

In addition, we strive to broaden our scope of services under "IZEE" Brand Series to our customers in order to address their evolving needs. During the Track Record Period, we developed our "IZEE" Brand Series and have promoted our services under this brand in the properties we managed. As at the Latest Practicable Date, we had a total of 43 stores under our "IZEE" Brand Series across China. Our "IZEE" Catering Series and "IZEE" Service Series are designed to provide "zero-distance services" to tenants and visitors at Beijing Financial Street Zone, thereby improving our comprehensive service capabilities. Our first IZEECUP café was officially launched at Beijing Financial Street Zone in 2015. As at the Latest Practicable Date, we operated seven IZEECUP cafés in total. To meet the evolving market demand and for purposes of our business development, we have successively launched IZEEBAKE and IZEE-Mitsuyado under our "IZEE" Catering Series which operate bakeries and restaurants. We have recorded approximately 127,000 and 212,000 visits by our customers to our "IZEE" Catering Series stores for the years ended 31 December 2018 and 2019 respectively, according to our current systems and records. We have launched "IZEE" Service Series, which includes IZEEPOST, IZEEBOX and IZEEAUTO to meet the needs of residents and tenants in the commercial community through "last 100 metres" logistics services, vending machines and car washing and furnishing services. We have recorded approximately 100,000 and more than 699,000 times of services for the years ended 31 December 2018 and 2019 respectively, according to our current systems and records.

Experienced and stable management team with an optimised structure supported by effective personnel training system

We have an experienced management team with a proven track record in providing property management and related services. Our management team is led by Mr. Sun Jie, our executive Director, who has been serving our Parent Group since 1997 with extensive experience in property management, hotel management and asset management industries. Mr. Sun started to manage our Company's business since January 2014 and was honoured as one of the 2017-2018 Beijing Outstanding Entrepreneurs (2017-2018北京優秀企業家) jointly by Beijing Enterprise Confederation (北京企業聯合會) and Beijing Enterprise Directors Association (北京市企業家協會). Our senior management has an average experience of over 18 years in the property management industry. For more details, please refer to the section headed "Directors, Supervisors and Senior Management" in this prospectus. We believe that the extensive industry knowledge and management skills of our management team are critical to our business expansion and promotion of our corporate culture. We believe that this will help us stand out among our competitors and maintain our steady growth.

Our staff are well trained in order to provide quality services, which in turn enhance our customer satisfaction. In order to optimise our management structure, we have adopted a comprehensive human resource system which integrates our employee management system, training system and talent pool system. Our staff college cooperates with several educational institutions to attract and retain talents from the property management market, and improve the professional and technical skills of our staff. Through our internal training programme and external cooperation for recruitment, we strive to enhance our team building. We believe that an outstanding operational team with quality personnel will enable us to improve service quality, achieve long-term growth and enhance our competitiveness and market position so as to enable us to expand to new markets.

OUR STRATEGIES

With the aim of sustainable development, we provide high-quality and professional property management and related services in China. We plan to expand our business by providing an extended range of property management services and value-added services and expanding our geographic coverage by leveraging on our strong brand recognition, extensive experience and professional management expertise. We intend to implement the following strategies in order to further enhance our market position and expand our business scale.

Further expand our business scale and increase our market share in order to strengthen our position in the property management industry and enhance our competitiveness

We commit to further expand our market share in the commercial and business property management industry particularly in Beijing Financial Street Zone and other financial management centres, commercial centres and industrial parks in China with quality commercial and business property management services. Leveraging on our market position, we plan to expand our geographic coverage to new regions in commercial and business property management industry across China.

We also endeavour to improve our non-commercial property management and related services, expand our market share in residential and other non-commercial property management industry in order to enhance our overall market position in China's property management industry. We will continue to diversify our services portfolio by actively broadening our value-added services to attract more customers and business partners. We will continue to maintain our cooperative relationship with Financial Street Affiliates Group to strengthen our growth foundation. In addition, we will actively participate in the public tender and bidding process and obtain new businesses from Independent Third Parties by leveraging on our reputable brand, business focus, high-quality and diversified property management and related services and solid customer relations.

An outbreak of respiratory illness caused by a novel coronavirus (COVID-19) was first reported in Wuhan, Hubei province, China in late 2019 which continues to expand within the PRC and globally. According to CIA, the COVID-19 outbreak is expected to bring limited impacts to China's property management industry. For more details, please refer to "– Effect of the COVID-19 Outbreak" in this section.

Expand our property management and related services portfolio through merger and acquisition and establishment of joint ventures

According to CIA, the Top 100 Property Management Companies have speeded up expanding their business scale in the recent decades and the property management market has become more concentrated. Large-scale property management companies actively improve their strategic layout and accelerate their expansion in order to increase their market share and achieve better results of operations. Facing intensified market concentration, in order to solidify and continuously enhance our competitiveness and market position, leveraging on our extensive experience in provision of property management and related services, we expect to speed up our business expansion, broaden our geographic coverage and increase our market share by way of merger and acquisition and establishment of joint ventures. We plan to expand to new markets and increase our market share of existing markets in Beijing-Tianjin-Hebei Area, Yangtze River Delta, Greater Bay Area, Chengdu-Chongqing Urban Agglomeration and other first-tier and second-tier cities to complement our past strategic layout of organic growth. We target to acquire property management companies that (i) share our corporate culture and value of lawful business operation, scientific management and people-oriented leadership, and suit our development or complement our businesses; (ii) with at least HK$40.0 million revenue in the most recent financial year; (iii) with at least HK$4.0 million net profit in the most recent financial year; (iv) with GFA of at least one million sq.m. for their properties under management; and (v) with clear shareholding structure and no material legal disputes. In addition, our Directors believe that we may be subject to business uncertainties when organically expanding into a new market due to differences in regional cultures and market conditions, leading to higher expansion costs. Therefore, strategic investment as well as merger and acquisition can be alternative means of efficient expansion into new markets to save costs and time, and increase our geographical market coverage.

Based on our research and internal study, it generally takes around 12 months to expand our property management services portfolio to a new market by way of organic growth, comprising (i) around two months for inspection of geographical markets and the establishment of the branch company or subsidiary; (ii) around six months for the recruitment and training of employees; and (iii) around four months for conducting business development activities to obtain projects. On the other hand, it will normally take around eight months to complete merger and acquisition of a well-established property management company, comprising (i) around six months for the valuation, due diligence and negotiation; and (ii) around two months for execution of relevant agreements and completion. According to CIA, though approximately 80.0% of the 2020 Top 100 Property Management Companies were owned by or associated with property development companies, the property management industry in China is still highly fragmented and ripe for consolidation, and there were approximately 127,000 property management companies in the property management market in China as at the end of 2018. Therefore, our Directors expect that there are sufficient potential targets available in the property management market. In addition, according to CIA, it is not uncommon for property management companies to acquire equity interests in targets that are owned by or associated with property development companies. Therefore we may also target those companies if other criteria abovementioned are met. For more details, please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus.

Also, our Directors consider that the merger and acquisition will allow us to diversify our customer base as we will have convenient access to the existing customer base of the target companies upon acquisition. Such expansion method will also (i) enhance resource utilisation, leading to a better allocation of our resources and stronger business alliances; (ii) expand our services portfolio and business scale; and (iii) strengthen our market position. We also actively seek business opportunities to cooperate with upstream property developers, including state-owned real estate companies and large-scale listed real estate companies through establishment of joint ventures.

In addition, we may also consider suitable merger and acquisition opportunities for downstream service providers, especially providers of security services, cleaning services and gardening services. We believe such acquisitions would synergise and benefit our current business, which will (i) optimise our business structure and expand the scope of our service offerings to the direct provision of security services, cleaning services and gardening services, thereby creating additional income streams for us and increasing the scale of our revenue; (ii) allow us to diversify our customer base as we will have convenient access to the existing customer base of the target companies upon acquisition, including local property developers and local public institutions; (iii) enable us to better understand the local market and the demand of our potential customers in the market which in turn make us better positioned to expand our property management and related services into the new markets, and (iv) enhance our resource utilisation through better information sharing, resource allocation and cost sharing, better control over the quality of services and stronger business alliances.

Continue to expand our quality and diversified value-added services business

We believe that our achievements are attributable to our brand value, diversified services and high customer satisfaction. In light of the evolving needs of our customers, we will continue to diversify our services in order to achieve future growth. Leveraging on our existing services portfolio, we commit to develop new value-added services under our brand series, and enhance our brand value. Our strengths in the provision of property management and related services to commercial and business properties will enable us to participate in the early planning and decision-making processes of property developers, such as security management, selection of equipment and facilities, gardening design and surveillance layout. We will also actively promote our "IZEE" Brand Series services, and expand the business scale of "IZEE" Catering Series and "IZEE" Service Series to better serve our customers in the properties we manage. We plan to diversify the portfolio of our value-added services by entering into the market of furnishing and interior decoration as part of the future expansion plan for our "IZEE" Service Series. As part of our value-added services provided during the Track Record Period, we have been engaged in providing consultancy services and assist in monitoring the progress of the construction, furnishing and interior decoration work at initial stage of the property management projects. We believe that our management and staff have sufficient experience and expertise to operate and manage these businesses. We have an internal team of staff with educational background and working experience in construction engineering, automated industry, interior design and decoration, electrical engineering and automation, construction management and internet application and services. The person in charge of the team has 16-year experience in project management including assisting in monitoring the progress of the construction, furnishing and interior decoration work. Our management also has more than 20-year experience in property management and the relevant value-added service industry. Leveraging on our experienced management and skilled staff team, we are confident that our business expansion in furnishing and interior decoration market will succeed. We will apply for the relevant licences and permits as required to operate such business in due course.

In addition, in order to improve our service quality and support our business growth, we intend to increase our investment in research and development regarding the property management services to smart properties and technology-driven properties. We believe that our expansion at the initial stage of property management, operational services, asset management and customised services at later stages may satisfy various needs of the property owners, tenants and users of the properties under our management. Hence, we believe that diversified services can create additional value for our customers, and can strengthen our cooperation with third-party developers and other service providers along the supply chain, and diversify our sources of revenue in the long run. We also plan to integrate our services into our online platform (our WeChat official account) and offline platforms (our "IZEE" Brand Series) to facilitate effective interactions with owners, tenants and users. As advised by our PRC Legal Adviser, our business (including those which we intend to expand into as stated in the section headed "Future Plans and Use of Proceeds" in this prospectus) is not subject to the foreign ownership restrictions and during the Track Record Period and up to the Latest Practicable Date, we have obtained all the requisite licences for the operation of the our online and offline platforms and such operation has compiled with all applicable laws and regulations in the PRC.

Further enhance digitalisation and standardisation of our business to improve our service quality and cost efficiency

We will deploy the idea of "new economy, new technology and new concepts" to develop innovative property management and related services and continuously improve our quality of services to meet the evolving needs of our customers.

By providing standardised and digitalised services, we are able to reduce operating costs in terms of energy cost and labour cost and improve service quality at the same time. During the Track Record Period, we implemented a series of standardised energy management and control measures such as energy-saving programme. We continuously upgrade our technological system, devised standardised workflow plan and adopted an automatic management system in respect of labour cost control. We will further upgrade our digitalised equipment, including our centralised monitor and control platform, AI equipment such as robots to perform the functions of reception, internal mail/document circulation, cleaning and security patrol and intelligent equipment to perform functions such as intelligent access controls, to reduce reliance on human labour. We will provide cost-saving measures including: (i) encouraging employees to take on-the-job training to master professional skills and to obtain professional certificates, with the purposes of achieving "one position, multiple roles"; and (ii) supervising the services outsourced to our subcontractors such as cleaning, gardening, elevator maintenance and security services with uniform standards and with the support of digital equipment in order to ensure service quality. For more details, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus. To closely monitor and keep improving our services quality, we will engage an independent consulting company to conduct third-party satisfaction survey over our overall customer satisfaction.

Further improve human resources management and develop a professional team to support sustainable development of our business

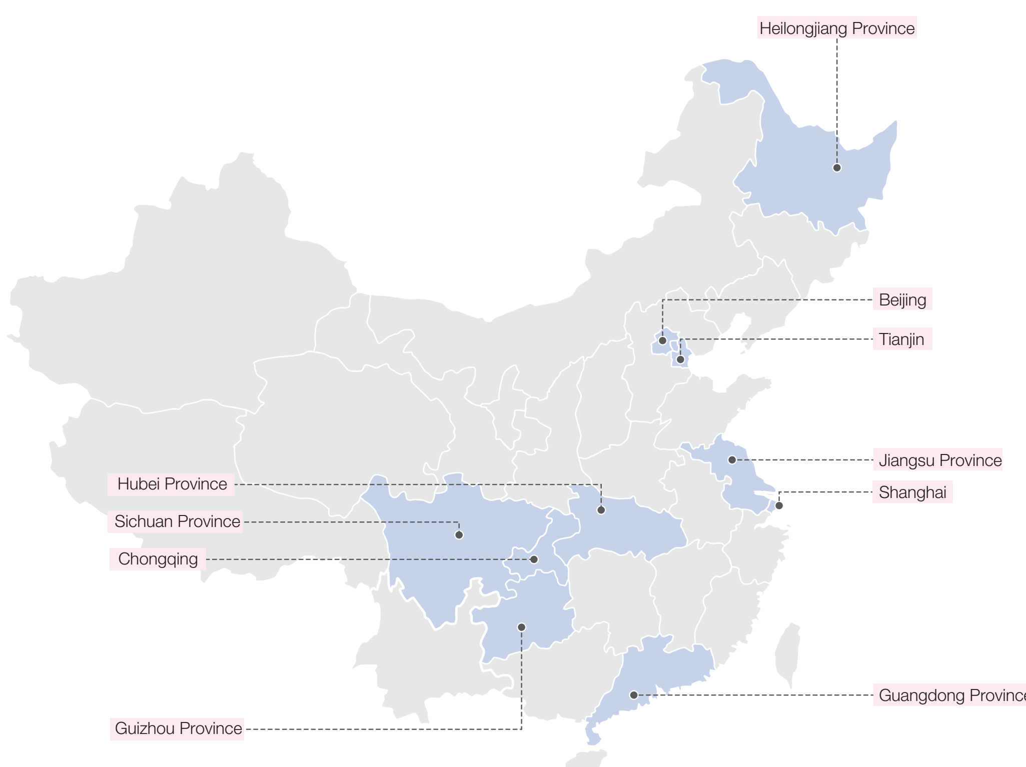
We are committed to build a highly skilled and professional team with strong and efficient execution capabilities that shares our value and corporate culture. We believe that our abilities to attract and retain talents are key to our growth and success. We will continue to recruit employees by offering opportunities through open-recruitment system, offer competitive remuneration packages, systematic training programme and constructive career development opportunities by adopting the mechanism which combines external recruitment with our internal training. We strive to build a multi-level professional team that meets the requirements of our business strategies with innovative management capability. We have established Rongze Training Centre in 2018 to provide series of courses in relation to corporate management, professional skills, mindset skills and team building skills for all our employees as well as courses that are tailored for different roles. In addition, we entered into cooperation agreement with a professional educational institution specialised in providing property management and related services training. We also established a vocational college in cooperation with a higher educational institution. We have launched the "Financial Street Property Online College", an online training platform, so that our employees can receive online training anytime and anywhere. We aim to enhance the comprehensive capabilities and professional and technical skills of our staff to support our business growth.

OUR MANAGED PROPERTIES

Geographic Coverage

We commenced our business by providing property management and related services for the office buildings located at Beijing Financial Street Zone in 1994. We first expanded our business outside Beijing by establishing our business presence in Tianjin market to provide property management and related services in 2010 and since then expanded our geographic presence to 10 provinces and municipalities as at 31 December 2019 across six regions in China, namely North China, Southwest China, East China, South China, Northeast China and Central China. As at 31 December 2019, we had 11 subsidiaries and 40 branches across China.

The map below illustrates the provinces and municipalities in which the projects were under our management[1] as at 31 December 2019:



Note:

(1) This includes the projects managed by entities in which we hold non-controlling interests.

We managed 89, 116 and 144 properties as at 31 December 2017, 2018 and 2019, respectively, including 7, 8 and 15 properties managed by entities in which we hold non-controlling interests as at the corresponding dates. As at 31 December 2017, 2018 and 2019, the GFA of properties managed by entities in which we hold non-controlling interests were approximately 1.4 million sq.m., 1.5 million sq.m. and 2.7 million sq.m., respectively. The tables below set forth breakdowns by geographic region of the number of properties and the GFA under our management as at the dates indicated and the total revenue from the property management and related services for the years indicated:

	As at 31 December								
	2017			2018			2019		
	GFA under Management[1]	%	Number of properties	GFA under Management[1]	%	Number of properties	GFA under Management[1]	%	Number of properties
	'000 sq.m.			*'000 sq.m.*			*'000 sq.m.*		
North China									
Beijing	5,434	41.2	46	6,671	40.7	57	8,099	40.8	69
Other than Beijing[2]	1,353	10.3	7	1,674	10.2	11	1,560	7.8	9
Southwest China[3]	2,914	22.1	13	3,140	19.1	18	3,494	17.6	23
East China[4]	1,409	10.7	5	2,114	12.9	10	3,070	15.5	15
South China[5]	1,853	14.0	15	2,597	15.8	18	3,349	16.9	24
Northeast China[6]	222	1.7	3	213	1.3	2	281	1.4	3
Central China[7]	–	–	0	–	–	0	4	–	1
Total	13,185	100.0	89	16,409	100.0	116	19,857	100.0	144

Notes:

(1) This includes the GFA where the property management and related services were provided by entities in which we hold non-controlling interests.

(2) It refers to GFA for projects under our management located in Tianjin and Shijiazhuang and Langfang, Hebei province.

(3) It refers to GFA for projects under our management located in Chengdu, Sichuan province, Guiyang, Guizhou province and Chongqing.

(4) It refers to GFA for projects under our management located in Shanghai, Huai'an, Taizhou, Nanjing and Suzhou, Jiangsu province and Linyi, Shandong province.

(5) It refers to GFA for projects under our management located in Guangzhou, Huizhou, Foshan and Dongguan, Guangdong province.

(6) It refers to GFA for projects under our management located in Harbin, Heilongjiang province.

(7) It refers to GFA for property under our management located in Wuhan, Hubei province.

	For the year ended 31 December					
	2017		2018		2019	
	Revenue[1]	%	Revenue[1]	%	Revenue[1]	%
	RMB'000		*RMB'000*		*RMB'000*	
North China						
Beijing	509,466	68.5	549,518	63.9	618,356	63.1
Other than Beijing[2]	65,649	8.8	85,450	9.9	94,078	9.6
Southwest China[3]	61,584	8.3	86,214	10.0	97,902	10.0
East China[4]	49,515	6.7	57,926	6.7	78,400	8.0
South China[5]	52,274	7.0	73,416	8.5	80,072	8.2
Northeast China[6]	5,053	0.7	8,071	1.0	7,786	0.8
Central China[7]	–	–	–	–	2,605	0.3
Total	743,541	100.0	860,595	100.0	979,199	100.0

Notes:

(1) This includes rental income which amounted to RMB4.1 million, RMB5.3 million and RMB5.9 million for the years ended 31 December 2017, 2018 and 2019, respectively.

(2) It refers to revenue derived from our provision of property management and related services for projects located in Tianjin and Shijiazhuang and Langfang, Hebei province.

(3) It refers to revenue derived from our provision of property management and related services for projects located in Chengdu, Sichuan province, Guiyang, Guizhou province and Chongqing.

(4) It refers to revenue derived from our provision of property management and related services for projects located in Shanghai, Huai'an, Taizhou, Nanjing and Suzhou, Jiangsu province and Linyi, Shandong province.

(5) It refers to revenue derived from our provision of property management and related services for projects located in Guangzhou, Huizhou, Foshan and Dongguan, Guangdong province.

(6) It refers to revenue derived from our provision of property management and related services for projects located in Harbin, Heilongjiang province.

(7) It refers to revenue derived from our provision of property management and related services for project located in Wuhan, Hubei province.

The table below sets forth a breakdown of our revenue from property management and related services generated for projects under our management in financial management centres and other areas in the PRC for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	Revenue[1]	%	Revenue[1]	%	Revenue[1]	%
	RMB'000		*RMB'000*		*RMB'000*	
Financial management centres:						
Beijing Financial Street Zone	216,936	29.2	229,119	26.6	238,722	24.4
Other financial management centres[2]	128,981	17.3	157,538	18.3	194,662	19.9
Subtotal	345,917	46.5	386,657	44.9	433,384	44.3
Other areas	397,624	53.5	473,938	55.1	545,815	55.7
Total	743,541	100.0	860,595	100.0	979,199	100.0

Notes:

(1) This includes rental income which amounted to RMB4.1 million, RMB5.3 million and RMB5.9 million for the years ended 31 December 2017, 2018 and 2019, respectively.

(2) During the Track Record Period, we have provided property management and related services in Tianjin Global Financial Centre, Shanghai Hongkou Financial Street Hailun Centre, Chongqing Jiangbeizui Financial City and Huai'An Financial Centre. In addition, we also managed Nanjing Financial City through an entity in which we hold non-controlling interests. Revenue generated from this project was not consolidated in the revenue of the Group during the Track Record Period.

Types of Customers

The following table sets forth a breakdown of our revenue from property management and related services by type of customers for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	Revenue(1)	%	Revenue(1)	%	Revenue(1)	%
	RMB'000		*RMB'000*		*RMB'000*	
Property developers:						
Financial Street Affiliates Group and other related parties(2)	51,181	6.9	71,399	8.3	107,441	11.0
Independent Third Parties	4,417	0.6	11,445	1.3	11,730	1.2
Subtotal	55,598	7.5	82,844	9.6	119,171	12.2
Property owners, owners associations and tenants:						
Financial Street Affiliates Group and other related parties(2)	67,095	9.0	59,766	6.9	62,796	6.4
Independent Third Parties	620,848	83.5	717,985	83.5	797,232	81.4
Subtotal	687,943	92.5	777,751	90.4	860,028	87.8
Total	743,541	100.0	860,595	100.0	979,199	100.0

Notes:

(1) This includes rental income which amounted to RMB4.1 million, RMB5.3 million and RMB5.9 million for the years ended 31 December 2017, 2018 and 2019, respectively.

(2) This includes revenue of one of our substantial shareholders and associates which amounted to RMB0.3 million and RMB4.2 million for the years ended 31 December 2018 and 2019, respectively.

Types of Properties

Leveraging on our extensive experience in providing property management and related services, we manage various types of properties, including (i) commercial and business properties and (ii) non-commercial properties. The table below sets forth a breakdown of our revenue from property management and related services by type of properties and from catering services for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	Revenue[(1)]	%	Revenue[(1)]	%	Revenue[(1)]	%
	RMB'000		*RMB'000*		*RMB'000*	
Property management and related services[(2)]:						
Commercial and business properties						
Office buildings[(3)]	398,913	52.7	459,760	52.5	509,112	51.1
Complexes[(4)]	78,903	10.4	79,023	9.0	82,329	8.2
Retail buildings & hotel[(5)]	54,023	7.1	52,495	6.0	55,403	5.5
Non-commercial properties						
Residential properties[(6)]	161,258	21.3	208,567	23.8	221,853	22.3
Public properties, hospitals, educational properties and others	50,444	6.8	60,750	7.0	110,502	11.1
Catering services	13,141	1.7	14,604	1.7	17,815	1.8
Total	756,682	100.0	875,199	100.0	997,014	100.0

Notes:

(1) This includes rental income which amounted to RMB4.1 million, RMB5.3 million and RMB5.9 million for the years ended 31 December 2017, 2018 and 2019, respectively.

(2) According to CIA, it is not an uncommon practise to categorise mixed-used properties into office buildings, retail buildings and hotel or residential properties based on the majority of the GFA under management for a particular use.

(3) For purpose of this prospectus, this refers to (i) pure office units; and (ii) mixed-used properties containing both office units and retail units/residential units with office units occupying more than 50% of the property's GFA under management.

(4) For purpose of this prospectus, this refers to properties containing units of three or more types of properties.

(5) For purpose of this prospectus, this refers to (i) pure retail units and hotel; and (ii) mixed-used properties containing both retail units and office units/residential units with retail units occupying more than 50% of the property's GFA under management.

(6) For purpose of this prospectus, this refers to (i) pure residential units; and (ii) mixed-used properties containing both residential units and office units/retail units with residential units occupying more than 50% of the property's GFA under management.

During the Track Record Period, we generated a majority of our revenue from property management and related services for commercial and business properties, among which the provision of property management and related services to office buildings accounted for over 75.0% of revenue from the provision of property management and related services to commercial and business properties and over 50.0% of our total revenue. Our revenue generated from provision of property management and related services to commercial and business properties grew from RMB531.8 million for the year ended 31 December 2017 to RMB591.3 million for the year ended 31 December 2018, and further increased to RMB646.8 million for the year ended 31 December 2019, among which the revenue from provision of property management and related services to office buildings grew from RMB398.9 million for the year ended 31 December 2017 to RMB459.8 million for the year ended 31 December 2018 and to RMB509.1 million for the year ended 31 December 2019. Our revenue from provision of property management and related services to non-commercial properties amounted to RMB211.7 million, representing 28.1% of our total revenue for the year ended 31 December 2017 and increased to RMB269.3 million, representing 30.8% of our total revenue for the year ended 31 December 2018 and further increased to RMB332.4 million, representing 33.4% of our total revenue for the year ended 31 December 2019.

The GFA under management for commercial and business properties grew from approximately 6.5 million sq.m. as at 31 December 2017 to approximately 6.8 million sq.m. as at 31 December 2018, and further to approximately 8.0 million sq.m. as at 31 December 2019. We also achieved growth in the GFA under management of non-commercial properties, especially for residential properties. The GFA under management for non-commercial properties increased from approximately 6.7 million sq.m., representing 51.1% of our GFA under managements as at 31 December 2017 to approximately 9.6 million sq.m., representing 58.4% of our GFA under management, as at 31 December 2018, and further increased to approximately 11.8 million sq.m., representing 59.7% of our GFA under management as at 31 December 2019. The increase in proportion of revenue from and GFA under management for non-commercial properties was primarily attributable to our efforts to diversify our property management portfolio to different types of properties, such as hospitals and educational properties. We expect our GFA under management for both commercial and business properties and non-commercial properties to continue to grow in line with our business growth. For more details, please refer to the subsection headed "– Our Strategies – Further expand our business scale and increase our market share in order to strengthen our position in the property management industry and enhance our competitiveness" in this section.

Our property management fees are paid to us primarily on a lump-sum basis with a small portion charged on a commission basis. For more details, please refer to the subsection headed "– Our Revenue Model" in this section.

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

	As at 31 December								
	2017			2018			2019		
	GFA under management(6)	%	Number of properties	GFA under management(6)	%	Number of properties	GFA under management(6)	%	Number of properties
	'000 sq.m.			*'000 sq.m.*			*'000 sq.m.*		
Property management and related services (1):									
Commercial and business properties									
Office buildings(2)	4,383	33.2	35	5,194	31.7	42	6,375	32.1	49
Complexes(3)	1,442	10.9	5	1,011	6.2	4	1,011	5.1	4
Retail buildings & hotel(4)	628	4.8	3	626	3.8	3	625	3.1	3
Subtotal	6,453	48.9	43	6,831	41.6	49	8,011	40.3	56
Non-commercial properties									
Residential properties(5)	5,701	43.2	32	7,221	44.0	42	8,875	44.7	49
Public properties, hospitals, educational properties and others	1,031	7.8	14	2,357	14.4	27	2,971	15.0	39
Subtotal	6,732	51.1	46	9,578	58.4	67	11,846	59.7	88
Total	13,185	100.0	89	16,409	100.0	116	19,857	100.0	144

Notes:

(1) According to CIA, it is not an uncommon practise to categorise mixed-used properties into office buildings, retail buildings and hotel or residential properties based on the majority of the GFA under management for a particular use.

(2) For purpose of this prospectus, this refers to (i) pure office units; and (ii) mixed-used properties containing both office units and retail units/residential units with office units occupying more than 50% of the property's GFA under management.

(3) For purpose of this prospectus, this refers to properties containing units of three or more types of properties.

(4) For purpose of this prospectus, this refers to (i) pure retail units and hotel; and (ii) mixed-used properties containing both retail units and office units/residential units with retail units occupying more than 50% of the property's GFA under management.

(5) For purpose of this prospectus, this refers to (i) pure residential units; and (ii) mixed-used properties containing both residential units and office units/retail units with residential units occupying more than 50% of the property's GFA under management.

(6) For purpose of this prospectus, this includes the GFA where the property management and related services were provided by entities in which we hold non-controlling interests. As at 31 December 2017, 2018 and 2019, the GFA of properties managed by entities in which we hold non-controlling interests were approximately 1.4 million sq.m., 1.5 million sq.m. and 2.7 million sq.m. respectively.

The table below sets forth certain information of representative projects under our management that are selected based on the recognition of the projects, the location, the type and nature of tenants, and the features in relation to the construction and property management during the Track Record Period.[(1)]

Type of properties	Representative projects under management	Location	Geographic region	GFA under management	For the year ended 31 December 2017 Revenue	2017 Revenue contribution to our total revenue	2018 Revenue	2018 Revenue contribution to our total revenue	2019 Revenue	2019 Revenue contribution to our total revenue	Services we provided during the Track Record Period	Reasons for being chosen as our representative projects under management
				sq.m.	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*		
Commercial and business properties												
Office buildings	Fukai Building (富凱大廈)	Beijing	North China	118,771	9,595	1.3	9,588	1.1	16,933	1.7	Core services and ancillary value-added services to assist the operation of banks, securities companies, cafés and other facilities.	Located in Beijing Financial Street Zone with a national financial regulatory authority being one of the tenants we serve in this building
	Financial Street Centre (金融街中心)	Beijing	North China	141,440	44,177	5.8	40,699	4.7	43,731	4.4	Core services, initial-stage consultancy services, equipment and facilities operation and maintenance, security services, cleaning services, conference services and green plant leasing services	Located in Beijing Financial Street Zone, the main customers of which are banks, securities companies and financial institutions

Note:

(1) "N/A" in this table means the project was not under our management for the corresponding year.

Type of properties	Representative projects under management	Location	Geographic region	GFA under management	For the year ended 31 December						Services we provided during the Track Record Period	Reasons for being chosen as our representative projects under management
					2017		2018		2019			
					Revenue	Revenue contribution to our total revenue	Revenue	Revenue contribution to our total revenue	Revenue	Revenue contribution to our total revenue		
				sq.m.	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*		
	Desheng International Centre (德勝國際中心)	Beijing	North China	229,500	52,009	6.9	51,788	5.9	52,244	5.2	Property management and related services including cleaning, security, engineering and maintenance services as well as customer services and concierge services.	Customers include national banks, major state-owned enterprises and financial institutions. It was awarded the China Property Management Industry Demonstration Site in 2018.
	Tianjin Global Financial Centre (天津環球金融中心)	Tianjin	North China	344,200	2,502	0.3	4,384	0.5	6,782	0.7	Customer services, concierge services, security services, cleaning, green plant leasing and other services.	The building is a landmark office building with a height of 337 metres. Our maintenance services provided are in line with the requirements of the high-rise office building which has high energy consumption and high level of maintenance.
Complexes	Finance Street Chang'an Centre (金融街長安中心)	Beijing	North China	368,740	6,851	0.9	5,936	0.7	5,183	0.5	Butler services aiming to resolve the residents' requirements on a timely basis and to expand our services from pure building management to comprehensive butler-style services to cater to the needs of our customers.	With a GFA of approximately 368,740 sq.m., it is an urban complex integrating office buildings, hotels and business.

Type of properties	Representative projects under management	Location	Geographic region	GFA under management	For the year ended 31 December						Services we provided during the Track Record Period	Reasons for being chosen as our representative projects under management
					2017		2018		2019			
					Revenue	Revenue contribution to our total revenue	Revenue	Revenue contribution to our total revenue	Revenue	Revenue contribution to our total revenue		
				sq.m.	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*		
Retail buildings & hotel	Financial Street Mall (金融街購物中心)	Beijing	North China	173,454	9,855	1.3	9,960	1.1	13,373	1.3	Reception and concierge services, cleaning, security services, engineering operation and maintenance, and green plant maintenance services.	It is a landmark high-end shopping mall in Beijing. Tenants of the building includes international luxury brands, fashion stores, restaurants and entertainment centres which expect quality services.
	Hotel project in Huairou (懷柔酒店項目)	Beijing	North China	31,435	25,916	3.4	25,164	2.9	25,166	2.5	Reception services, butler service, catering service, banquet and conference management, and entertainment-related services, as well as core services such as maintenance, security, cleaning and garden maintenance. We also provide security control management for the forest area of this project.	It is managed under a four-star hotel standard. It integrates teaching, hospitality, room service, catering, sports and entertainment, and data centre management.

Type of properties	Representative projects under management	Location	Geographic region	GFA under management	For the year ended 31 December 2017 Revenue	2017 Revenue contribution to our total revenue	2018 Revenue	2018 Revenue contribution to our total revenue	2019 Revenue	2019 Revenue contribution to our total revenue	Services we provided during the Track Record Period	Reasons for being chosen as our representative projects under management
				sq.m.	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*		
Non-commercial properties												
Residential properties	Tianjin Ronghu Jingyuan (天津融湖景苑)	Tianjin	North China	199,900	N/A	N/A	2,862	0.3	4,772	0.5	Initial-stage consultancy, inspection, sales offices and display units management, landscape and water system management, and operation and maintenance of the properties. We provide customers with special butler-style services, adopting a service model integrating customer services, 24-hour security control and community activity services.	Located in Tianjin, it is a high-end villa area with the unique water resources of Dongli Lake.
	The Golden Valley (金色漫香郡)	Beijing	North China	281,323	5,948	0.8	9,049	1.0	8,308	0.8	Initial-stage consultancy services, management of engineering drawings, establishment of various property management policies, repair and maintenance services and properties, supporting facilities and related sites management, sanitation maintenance and security services in the relevant areas.	Low-density residential community in Beijing

Type of properties	Representative projects under management	Location	Geographic region	GFA under management	For the year ended 31 December						Services we provided during the Track Record Period	Reasons for being chosen as our representative projects under management
					2017		2018		2019			
					Revenue	Revenue contribution to our total revenue	Revenue	Revenue contribution to our total revenue	Revenue	Revenue contribution to our total revenue		
				sq.m.	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*		
Public properties, hospitals, educational properties and others	Beijing Tianqiao Art Centre (北京天橋藝術中心)	Beijing	North China	75,000	13,990	1.8	17,800	2.0	21,072	2.1	Property management and related services including cleaning, engineering and maintenance, energy management, theatre show security control and evacuation services, assisting the centre with various daily operations during the show season.	It has a 1,600-seat modern and comprehensive large-size theatre, a 1,000-seat medium-size theatre, a 400-seat small-size theatre and a 300-seat multi-purpose hall. It is a venue for both international and Chinese art performance.
	Peking Union Medical College Hospital (West Wing) (北京協和醫院(西院區))	Beijing	North China	60,000	N/A	N/A	N/A	N/A	3,319	0.3	Reception services for the international medical department, medical logistics monitoring for the entire West Wing, including supervision of engineering and maintenance, sanitary cleaning, garbage removal, and assisting the hospital in its overall logistics operation from all aspects.	It is one of the Grade-A (三級甲等) hospitals in China that integrates medical teaching and research.
	Central Conservatory of Music (中央音樂學院)	Beijing	North China	171,000	N/A	N/A	N/A	N/A	5,393	0.5	Conference services, teaching assistance services, library management, facilities and equipment operation and maintenance, cleaning, student apartments management and management services for shows in concert halls.	One of China's top institutions of higher education in music education.

Type of properties	Representative projects under management	Location	Geographic region	GFA under management	For the year ended 31 December 2017 Revenue	2017 Revenue contribution to our total revenue	2018 Revenue	2018 Revenue contribution to our total revenue	2019 Revenue	2019 Revenue contribution to our total revenue	Services we provided during the Track Record Period	Reasons for being chosen as our representative projects under management
				sq.m.	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*		
	Shougang Winter Training Centre (首鋼冬訓中心)	Beijing	North China	38,000	N/A	N/A	N/A	N/A	1,149	0.1	Real-time control over the indoor air temperature and humidity circulation system during contests and training sessions through centralised monitor and control platform for the stadiums, professional tournament security control services and cleaning services in the centre.	One of the main training venues of the Beijing Winter Olympics. The Mascot Launch Conference of the Beijing Winter Olympics and the Paralympic Games will be held here.

Sources of Our Projects

During the Track Record Period, the properties under our management were mainly developed by Financial Street Affiliates Group with the rest from Independent Third Parties. The following tables set forth the breakdowns of the number of properties and GFA under our management as at the dates indicated and our revenue from property management and related services by source of projects for the years indicated:

	As at 31 December								
	2017			2018			2019		
	GFA under management(1)	%	Number of properties	GFA under management(1)	%	Number of properties	GFA under management(1)	%	Number of properties
	'000 Sq.m.			*'000 Sq.m.*			*'000 Sq.m.*		
Projects sourced from:									
Financial Street Affiliates Group	9,565	72.5	61	11,342	69.1	78	13,189	66.4	98
Independent Third Parties	3,620	27.5	28	5,067	30.9	38	6,668	33.6	46
Total	13,185	100.0	89	16,409	100.0	116	19,857	100.0	144

Note:

(1) This includes the GFA where the property management and related services were provided by entities in which we hold non-controlling interests. As at 31 December 2017, 2018, and 2019, the total GFA of properties managed by entities we hold non-controlling interests in were approximately 1.4 million sq.m., 1.5 million sq.m. and 2.7 million sq.m., respectively.

	For the year ended 31 December					
	2017		2018		2019	
	Revenue(1)	%	Revenue(1)	%	Revenue(1)	%
	RMB'000		*RMB'000*		*RMB'000*	
Projects sourced from:						
Financial Street Affiliates Group	621,150	83.5	717,365	83.4	794,492	81.1
Independent Third Parties	122,391	16.5	143,230	16.6	184,707	18.9
Total	743,541	100.0	860,595	100.0	979,199	100.0

Note:

(1) This includes rental income which amounted to RMB4.1 million, RMB5.3 million and RMB5.9 million for the years ended 31 December 2017, 2018 and 2019, respectively.

Revenue contribution percentage from projects sourced from Financial Street Affiliates Group decreased slightly during the Track Record Period. Based on the property management service agreements we entered into with Financial Street Affiliates Group during the Track Record Period, we are not aware of any terms under which the Financial Street Affiliates Group retains the right to choose the property management service provider after entering into the property management service agreements with us. We strive to expand our business by securing engagements from projects of Independent Third Parties. During the Track Record Period, revenue generated from projects sourced from Independent Third Parties as a percentage of our total revenue of property management and related services continued to increase. For the years ended 31 December 2017, 2018 and 2019, revenue generated from projects sourced from Independent Third Parties accounted for 16.5%, 16.6% and 18.9%, respectively, of our total revenue of property management and related services. Our GFA under management of projects sourced from Independent Third Parties increased from approximately 3.6 million sq.m. as at 31 December 2017 to approximately 5.1 million sq.m. as at 31 December 2018 and further increased to approximately 6.7 million sq.m. as at 31 December 2019, representing 27.5%, 30.9% and 33.6% of our GFA under management for the corresponding years, respectively.

OUR BUSINESS MODEL

During the Track Record Period, we generated revenue primarily from provision of property management and related services to commercial and business properties and non-commercial properties, which primarily comprise the following core services and value-added services:

Property management and related services					
Core services				Value-added services	
Customer services	Security services	Cleaning and gardening services	Engineering, repair and maintenance services	Carpark management services	Other related services
Provide services for the customer's entire occupancy/tenancy including reception services, concierge services, move-in and move-out services, deficiency reporting services, decoration services, regular collection of customer feedback and complaints and suggestions handling.	Provide comprehensive security and fire safety management services, including the establishment of a security management system, 24-hour surveillance, testing and maintenance of fire safety facilities, regular inspections, visitor management, emergency response action plans and safety promotion campaigns.	Provide cleaning and maintenance services to office area, public facilities, common area, floors and exterior walls, waste management, pest control services, gardening and greening services.	Provide engineering and maintenance services for various buildings, facilities and equipment, as well as their daily repair and maintenance, the use, replacement and management of equipment and facilities, carbon emission reduction and energy saving services.	Provide comprehensive carpark management services, including traffic monitoring, parking space management, traffic and vehicle guidance, as well as management of parking facilities and equipment.	Provide resource management services; operational businesses; consultancy services; customised services; real estate operation services and other value-added services.

In addition to property management and related services, we also provide catering services by operating cafés, restaurants and bakeries under our proprietary "IZEE" Brand Series during the Track Record Period.

Property Management and Related Services

The property management and related services we provide to property developers, property owners, owners' associations, tenants and residents primarily comprise six categories: (i) customer services; (ii) security services, (iii) cleaning and gardening services, (iv) engineering, repair and maintenance services, (v) carpark management services, and (vi) other related services.

Customer Services

We provide customer services to property owners, tenants and residents during the entire occupancy/tenancy, including concierge services, move-in and move-out services, deficiency reporting services, decoration services, regular collection of customer feedback and complaints and suggestions handling. We also provide conference services, robotic technologies and reception services to meet the individual and various needs of our customers.

Security Services

We provide comprehensive security management and fire safety management services to properties under management, including the establishment of a security management system, 24-hour surveillance, testing and maintenance of fire safety facilities, regular inspections, visitor management, emergency response action plans and safety promotion campaigns. Under some property management service agreements, we provide 24-hour fire patrols and arrange fire control and personnel evacuation drills on a regular basis as per our customers' request. During the Track Record Period, we outsourced part of our security services to subcontractors, and our own employees are mainly responsible for managing control room, supervising and monitoring of these security services. In addition to the daily security services, we work closely with our customers to identify their strategic security needs and develop tailor-made security and fire safety solutions based on their demands and needs.

Cleaning and Gardening Services

Our cleaning and gardening services generally include cleaning and maintenance services to office areas, public facilities, common area, floors and exterior walls of the properties under our management. We also provide specialised services for cleaning, stonework maintenance, exterior wall cleaning, waste management, pest control, gardening and greening services catering to the individual needs of the property owners, tenants and residents. We outsourced part of our cleaning and gardening services to subcontractors during the Track Record Period and maintained a pool of approved third-party subcontractors with reliable track records for the provision of our cleaning and gardening services.

Engineering, Repair and Maintenance Services

Our engineering, repair and maintenance services primarily include (i) the provision of engineering and management services for various buildings, facilities and equipment,

(ii) management of the daily repair and maintenance, the use, replacement and management of the buildings, facilities and equipment, and (iii) energy control management for the buildings to reduce energy consumption and carbon emission through technical renovation or management improvement. Our engineering, repair and maintenance services typically cover exterior walls, common area and public equipment and facilities which consist of water supply and drainage system, electromechanical system, fire protection system, as well as special equipment such as elevators and boilers. We outsourced part of the engineering, repair and maintenance of equipment and facilities services to subcontractors during the Track Record Period, who possess necessary qualifications or licences. For example, the repair and maintenance of equipment and facilities such as fire protection system, power distribution system and elevators as required by the PRC laws shall be conducted by subcontractors with professional qualifications or licences.

We also devise annual repair and maintenance management plan of the overall engineering services for our customers for the purposes of (i) maintaining the building equipment and facilities so that they can operate in an optimum condition and (ii) minimising the occurrence of failure or break-downs. We generally charge separate fees for tailor-made repair work and special cleaning requirements that fall outside the scope of regular property or facility management services specified in the property management service agreements.

Value-added Services

We provide a wide range of value-added services to property developers, property owners, tenants and residents which are ancillary to our core property management services to (i) cater to the diverse needs of our customers, (ii) optimise the use of common area of the properties, and (iii) further enhance the quality of our services. These include:

(A) Carpark Management Services

We provide carpark management services including (i) traffic monitoring and parking space management, (ii) traffic and vehicle guidance, (iii) management of parking facilities and equipment. We also collect fees for temporary parking at the carparks managed by us, some of which are leased from the Financial Street Group and its associates.

(B) Other Related Services

(a) Resources management services

We provide resources management services to our customers by renting public space such as lobbies, receptions and the interior of elevators for advertisement purposes. We also provide trash removal services and safety inspection services on demand from our customers.

We also provide sales offices and display units management services including cleaning, visitors' parking, reception, security and gardening and assist the property developers in their pre-sale activities.

(b) Operational business

Our operational businesses include household moving services, air cleaning services, home decoration services and also IZEEPOST (postage collection services), IZEEBOX (vending services) and IZEEAUTO (car cleaning and maintenance services) services under our proprietary "IZEE" Service Series. For more details, please refer to the subsection headed "– Our Branding" in this section.

(c) Consultancy services

We provide consultancy services to property developers on the planning, design of the building facilities and system, selection of equipment, facilities and system maintenance plan, and energy-saving and resource sustainability plan during the initial stage of the commercial and business property development. We also give advice to other property management companies in relation to construction work, deficiencies in the property management services, property management plans and human resources management. We prepare rectification plans, operating standards of facilities and equipment, relevant standards for maintenance and energy saving plans. We also take part in the supervision of construction quality upon completion and testing of various equipment.

(d) Customised services

We provide customised technical support services, environmental protection services, security services, conference services, concierge services and engineering project monitoring services.

We provide etiquette services including venue setting services, especially for listing ceremony and signing ceremony. We also provide facilities preparation to meet diverse needs for different kinds of conferences.

(e) Real estate operation services

We provide real estate operation services to property owners by providing daily cleaning, maintenance and other services to properties that we are entrusted to look after. We generally assist in managing the visitors' parking, providing property management services to ground-floor stores and property agency services for sales and lease of properties.

Catering Services

As at the Latest Practicable Date, we operated cafés, restaurants and bakeries under our "IZEE" Catering Series, namely IZEECUP, IZEE-Mitsuyado, IZEECHEF and IZEEBAKE. Seven IZEECUP cafés, two IZEE-Mitsuyado restaurants, one IZEECHEF restaurant and one IZEEBAKE bakery were under our operation as at the Latest Practicable Date. For more details of the catering services, please refer to subsection headed "– Our Branding" in this section.

Our Revenue Model

During the Track Record Period, the fees for our provision of property management and related services was primarily charged either on a lump-sum basis or on a commission basis. Our revenue generated from our provision of property management and related services with fees charged on (i) a lump-sum basis accounted for 98.7%, 98.8% and 98.7%; and (ii) a commission basis accounted for 1.3%, 1.2% and 1.3%, of our revenue from property management and related services (which excludes rental income) for the years ended 31 December 2017, 2018 and 2019, respectively.

The table below sets forth a breakdown of our revenue from property management and related services by our revenue model for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	Revenue[1]	%	Revenue[1]	%	Revenue[1]	%
	RMB'000		*RMB'000*		*RMB'000*	
Property management and related services:						
Lump-sum basis	729,597	98.7	845,071	98.8	960,626	98.7
Commission basis	9,809	1.3	10,221	1.2	12,625	1.3
Total	739,406	100.0	855,292	100.0	973,251	100.0

Note:

(1) Rental income in the amount of RMB4.1 million, RMB5.3 million and RMB5.9 million for the years ended 31 December 2017, 2018 and 2019, respectively, is excluded from revenue from property management and related services for purpose of this table.

During the Track Record Period, fees charged for property management and related services for over 80.0% of our GFA under management was charged on a lump-sum basis with the rest being charged on a commission basis. The following table sets forth a breakdown of our GFA under management by revenue model as at the dates indicated:

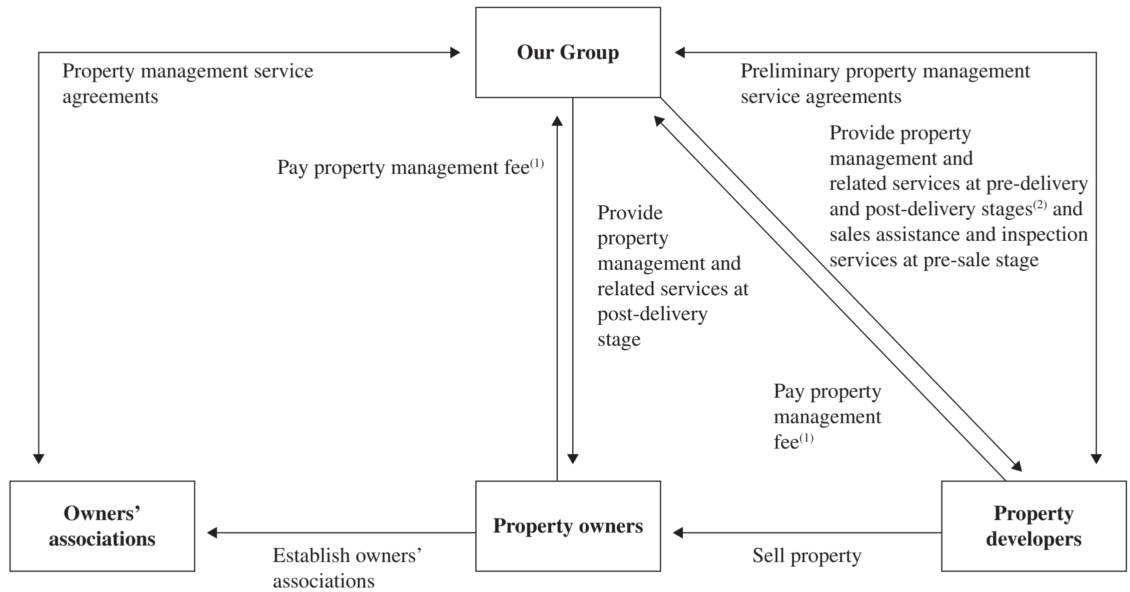
	As at 31 December					
	2017		2018		2019	
	GFA under management[(1)]	%	GFA under management[(1)]	%	GFA under management[(1)]	%
	'000 sq.m.		*'000 sq.m.*		*'000 sq.m.*	
Property management and related services:						
Lump-sum basis	10,768	81.7	14,081	85.8	16,434	82.8
Commission basis	2,417	18.3	2,328	14.2	3,423	17.2
Total	13,185	100.0	16,409	100.0	19,857	100.0

Note:

(1) This includes the GFA where the property management and related services were provided by entities in which we hold non-controlling interests. As at 31 December 2017, 2018 and 2019, the GFA of properties managed by entities we hold non-controlling interests in were approximately 1.4 million sq.m., 1.5 million sq.m. and 2.7 million sq.m. respectively.

On a case by case basis, we take into account a number of factors in determining whether to charge fees for property management and related services on a lump-sum or commission basis, including local regulations, customised requirements specified by our customers, local market conditions and the nature and characteristics of individual properties. We assess prospective customers by evaluating key factors such as estimated costs incurred in property management projects, historical fee collection rates, projected profitability as well as whether the fee for provision of property management and related services was previously charged on a lump-sum or commission basis.

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



(1) On a lump-sum basis: all contracted fees are recognised as revenue and expenses are borne by our Group.

On a commission basis: pre-determined percentage of fees or fixed fees are recognised as revenue by our Group and the remainder belongs to property owners and residents and used as working capital, and expenses are borne by property owners and residents.

(2) At post-delivery stage, we provide the property developers with property management services in relation to the units that are yet to be sold.

Property Management Fees Charged on a Lump-Sum Basis

According to CIA, the lump-sum basis revenue model is the dominant method for the collection of property management fees in China. Under the lump-sum basis revenue model, we charge a monthly, fixed and all-inclusive fee for our property management services, which we provide through our own employees and third-party subcontractors. We are entitled to retain the full amount of property management fees collected from property developers, owners' associations and residents as revenue, and bear the costs incurred in providing our property management services and recognise such costs as our cost of sales and services.

Prior to negotiating and entering into our property management service agreements, we conduct market research and feasibility study to estimate our cost of services as accurate as possible. Our cost includes, among others, labour costs, cleaning and gardening expenses, utility expenses and maintenance costs. As we bear these costs ourselves, our profit margins are affected by our ability to estimate costs accurately and control our cost of services. In the event that our cost of sales and services are higher than anticipated, we would not be able to collect additional amounts from our customers to sustain our profit margins. For more details relating to the risks arising from the lump-sum basis revenue model, please refer to the section headed "Risk Factors – Risks Relating To Our Business and Industry – We may be subject to losses and our profit margins may decrease if we fail to control our costs in providing property management and related services under a lump-sum basis" in this prospectus. As at 31 December 2017, 2018 and 2019, we incurred losses on 14, 17 and 19 properties for which we charged on a lump-sum basis, respectively. Our total losses generated from the management of the aforesaid loss-making properties amounted to RMB13.5 million, RMB13.0 million and RMB10.8 million for the years ended 31 December 2017, 2018 and 2019, respectively. The following table sets forth a breakdown of the number of loss-making projects under a lump-sum basis and amount of losses by source of projects during the Track Record Period:

	For the year ended 31 December					
	2017		2018		2019	
	Number of projects	Amount of loss	Number of projects	Amount of loss	Number of projects	Amount of loss
		RMB'000		*RMB' 000*		*RMB'000*
Project sourced from:						
Financial Street Affiliates Group	12	12,037	14	8,422	18	10,103
Independent Third Party	2	1,436	3	4,579	1	653
Total	14	13,473	17	13,001	19	10,756

The loss incurred in the abovementioned loss-making projects are mostly residential properties. The loss was primarily due to the relatively higher costs incurred immediately after the commencement of new projects in relation to (i) staff hiring, (ii) one-off costs for renovation of the properties and procurement of equipment, and (iii) upgrade of system to improve the overall conditions of these projects to meet our service standard. As at 31 December 2019, seven out of 14 and 12 out of 17 projects, which were loss-making as at 31 December 2017 and 2018 respectively, turned to profit-making as a result of our implementation of various cost control measures, including, among others, making budget plans, optimising our staffing structure to resolve labour shortage issues and control labour costs, adopting bulk purchase to reduce raw material costs and undertaking energy-saving measures. We constantly look for better bargains with subcontractors who can provide quality services at competitive prices. We have established enhanced internal measures to avoid engaging loss-making projects. Before taking over a new project, we will conduct due diligence work on potential projects and assess various factors, including but not limited to the risks, costs, and estimated turnover in connection with the potential projects. After entering into the property management service agreement, we will set budget on annual and monthly basis and review the overall performance regularly. In the event that we experience unexpected increases in our cost of sales and services, we may negotiate with our customers to increase the property management fees. We intend to gradually improve the profitability of these loss-making projects in the future through (i) various cost-saving measures including automation and hardware upgrade to improve our operational efficiency and lower our operational cost and (ii) provisions of value-added services which complement the revenue from property management services.

Property Management Fees Charged on a Commission Basis

Under the commission basis, we (i) collect a fixed percentage of the total amount of property management fees that our customers pay on a monthly basis, which generally ranged from 5.0% to 8.0% during the Track Record Period, or (ii) charge a pre-determined fixed amount, which we recognise as revenue (the "Commission"), while the remainder of such property management fees is used as working capital to cover the costs we incur in providing our property management services. The relevant costs associated with the provision of property management such as onsite staff and subcontracting arrangements are typically borne by our customers, and we essentially act as an agent of our customers in this regard. As such, we do not recognise any costs for property management projects under the commission basis revenue model in general. We are not entitled to any excess of the property management fees paid by our customers, after deducting the Commission, over the costs and expenses associated with the provision of property management and related services. In the event of a surplus of working capital after deducting the relevant property management expenses, the surplus is generally rolled over to the next annual period, and the balance is added to receipts on behalf of property owners, tenants and property developers on our balance sheets.

In the event of a shortfall of working capital to pay for the relevant property management costs, we may need to pay on behalf of our customers first and then seek reimbursement and recover the amount of shortfall from the residents or property owners subsequently. To assess the recoverability of the shortfall, we take into account various factors, including but not limited to (i) the stage of the project, (ii) the probability of the increase of future property management fee as a result of the increase of collection rate or property management fee level, (iii) the cost control measures that we anticipate to implement in the future, (iv) credibility and historical payment record of our customers. Based on the above, if it is probable that the shortfall could be recovered, we would recognise the shortfall as "receivables" as it meets the definition of an asset in accordance with HKAS 38. Otherwise, the shortfall would be recognised as "costs". As at 31 December 2017, 2018 and 2019, we have recorded shortfalls from three, three and one property management projects, respectively. After our assessment of the recoverability of such shortfalls, we recognised all such shortfalls as costs for the corresponding years. Despite we have recorded the shortfall as costs, we continue to assess the recoverability of such shortfall and make reversal only when the shortfall is received and the prior accounting estimates are changed and the change should reflect in the current year's profit or loss in accordance with HKAS 8. During the Track Record Period, all the shortfalls recorded as at 31 December 2017 and 2018 had been subsequently received and recovered during 2019 and the shortfall recorded as at 31 December 2019 had been subsequently received and recovered as at the Latest Practicable Date, the costs associated with which were reversed at the end of the corresponding periods, respectively. As at the Latest Practicable Date, no shortfall was recorded for the property management projects under our management. For related risks, please refer to the section headed "Risk Factors – Risks Relating To Our Business And Industry – We may fail to recover all payments on behalf of property owners and property developers, tenants and residents of the properties under our management managed on a commission basis" in this prospectus.

Some of our property management service agreements require joint account for working capital in relation to our property management and related services to be maintained. If the property management service agreements are silent in this regard, pursuant to our internal control policies, we will maintain a separate bank account or keep a separate account ledger for each property management project. Pursuant to our internal control policies, we are restricted to use the property management fees paid by our customers for purposes other than those specified in the property management service agreements, and we are restricted to apply those funds for investment or treasury purposes.

The table below sets forth the material differences between our property management services fees charged on a lump-sum basis and commission basis:

	Lump-Sum Basis	**Commission Basis**
Our revenue	We recognise the full amount of our property management fees paid by property developers, property owners and residents as revenue.	We recognise a pre-determined generally percentage (which generally ranged from 5.0% to 8.0% during the Track Record Period) of the property management fees paid or a pre-determined fixed amount as revenue.
Costs incurred in our provision of property management services	We bear the costs incurred in providing our property management services.	The remainder of the property management fees is used as working capital to cover the costs we incurred in providing our property management services and we generally do not bear the costs in providing our property management services.
Shortfall or surplus between the property management service fees and costs incurred in our provision of property management services	If the amount of property management fees received is not sufficient to cover all costs incurred, we are not entitled to request the property developers, property owners and residents to pay us the shortfall.	In the event of any shortfall, we would assess the recoverability thereof in future periods and recognise the shortfall as costs or receivables accordingly. In the event of a surplus of working capital after deducting the relevant property management expenses, the surplus is generally rolled over to the next annual period, and the balance is added to receipts on behalf of property owners, tenants and property developers on our balance sheets.

Fees Charged for Catering Services

In addition to providing property management and related services, we also provide catering services. We directly charge our customers who use such services with fees that actually occur on each occasion. Our revenue generated from the provision of catering services amounted to RMB13.1 million, RMB14.6 million and RMB17.8 million for the years ended 31 December 2017, 2018 and 2019, which accounted for 1.7%, 1.7% and 1.8% of our total revenue, respectively.

Our Pricing Policy

Property Management Services

We generally price our property management services by taking into account factors including (i) local pricing regulations; (ii) management fees charged in nearby and comparable communities; (iii) quality, facilities and software system implemented in the property; (iv) our profit margin target after taking into account the estimated costs for a particular project; (v) the requirements of scope and quality of our services. We regularly evaluate our financial position to ensure that we are collecting sufficient property management fees to sustain our profitability. During negotiation for renewal of our property management service agreements, we may propose to raise our property management fee in order to maintain or improve our profitability.

Property management fees shall be charged at market prevailing price. Property management companies shall, upon the request of property owners, estimate property management fees under the commercial operation model and determine final property management fees with property owners through tender process/negotiation and other methods.

The price administration and construction administration departments of the PRC are jointly responsible for supervision over and administration of fees charged for property management services, and we are also subject to pricing controls over residential properties issued by the PRC government. In December 2014, the NDRC issued the Circular of the NDRC on the Opinions of Relaxing Price Controls in Certain Services(國家發展改革委關於放開部分服務價格意見的通知) (the "Circular"), which required provincial-level price administration authorities to abolish all price control or guidance policies on residential properties, with certain exceptions. For more details, please refer to the section headed "Regulatory Overview – Legal Supervision Over Property Management Services" in this prospectus. We expect that pricing control over residential properties will relax over time as relevant local authorities pass regulations to implement the Circular. For related risks, please refer to the section headed "Risk Factors – Risks Relating To Our Business And Industry – We are subject to the regulatory environment and measures affecting the PRC property management industry" in this prospectus.

We generally charge the same property management fee to property developers and property owners under the preliminary property management service agreements. We may offer the property developers a discount to the property management fees stated in the relevant preliminary property management service agreements on a case-by-case basis after taking into account (i) the occupancy rate of a particular property project, (ii) the resources required for us to provide our property management services, and (iii) our commercial negotiation with the property developers. As at 31 December 2017, 2018 and 2019, we offered a discount to property management fees for 22, 26 and 30 projects, respectively, including 17, 22 and 26 projects sourced from Financial Street Affiliates Group and 5, 4, and 4 projects sourced from Independent Third Parties, respectively. We offered discount to more projects sourced from Financial Street Affiliates Group than to projects sourced from Independent Third Parties because a higher proportion of our projects under management were sourced from Financial Street Affiliates Group than from Independent Third Parties. For these projects, we offered discounts that generally ranged from 15.0% to 100.0%, from 15.0% to 80.0% and from 15.0% to 80.0%, for the years ended 31 December 2017, 2018 and 2019, respectively. The following table sets forth a breakdown of the discount to property management fees provided by our Group to property developers as at the dates indicated below:

	As at 31 December		
Discount percentage (%)	**2017**	**2018**	**2019**
	Number of projects		
Projects sourced from:			
Financial Street Affiliates Group			
0 to 30	1	4	8
>30 to 50	8	10	9
>50 to <80	6	7	8
80 to 100	2	1	1
Independent Third Parties			
0 to 30	1	1	1
>30 to 50	1	1	1
>50 to <80	2	2	2
80 to 100	1	–	–
Total	22	26	30

For the years ended 31 December 2017, 2018 and 2019, our overall average monthly property management fee charged on a lump-sum basis was RMB5.54 per sq.m., RMB5.11 per sq.m. and RMB4.94 per sq.m. respectively and for the corresponding years our average monthly property management fee charged on a lump-sum basis for (i) commercial and business properties were RMB10.91 per sq.m., RMB10.53 per sq.m. and RMB12.66 per sq.m., respectively; and (ii) non-commercial properties were RMB2.30 per sq.m., RMB2.30 per sq.m. and RMB2.11 per sq.m., respectively. According to CIA, the overall average monthly property management fee charged on a lump-sum basis for the 2020 Top 100 Property Management Companies in the PRC was RMB3.26 per sq.m. for the year 2019. Therefore, our overall average monthly property management fee charged on lump-sum basis, being RMB4.94 per sq.m. for the year 2019, was above the average among the 2020 Top 100 Property Management Companies in the PRC. As further advised by CIA, the average monthly property management fee charged on a lump-sum basis for the 2020 Top 100 Property Management Companies in the PRC for office buildings, retail buildings and hotels, residential properties and public properties, hospitals, educational properties and others were RMB6.71 per sq.m., RMB6.26 per sq.m., RMB2.10 per sq.m. and RMB3.53 per sq.m. for the year 2019, respectively, while our average monthly property management fee charged on a lump-sum basis in 2019 were RMB14.91 per sq.m., RMB7.00 per sq.m., RMB1.93 per sq.m. and RMB2.78 per sq.m., for these types of properties respectively.

Value-added Services

We generally charge a fee for the provision of value-added services to our customers on a transaction basis, which is either based on our actual cost or at a fixed lump sum amount, taking into account 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. As the value-added services are customised in nature, we do not have standard terms for the contracts for value-added services and the term of our contracts for value-added services is generally set to expire pursuant to the terms in the relevant agreements.

Payment and Credit Terms

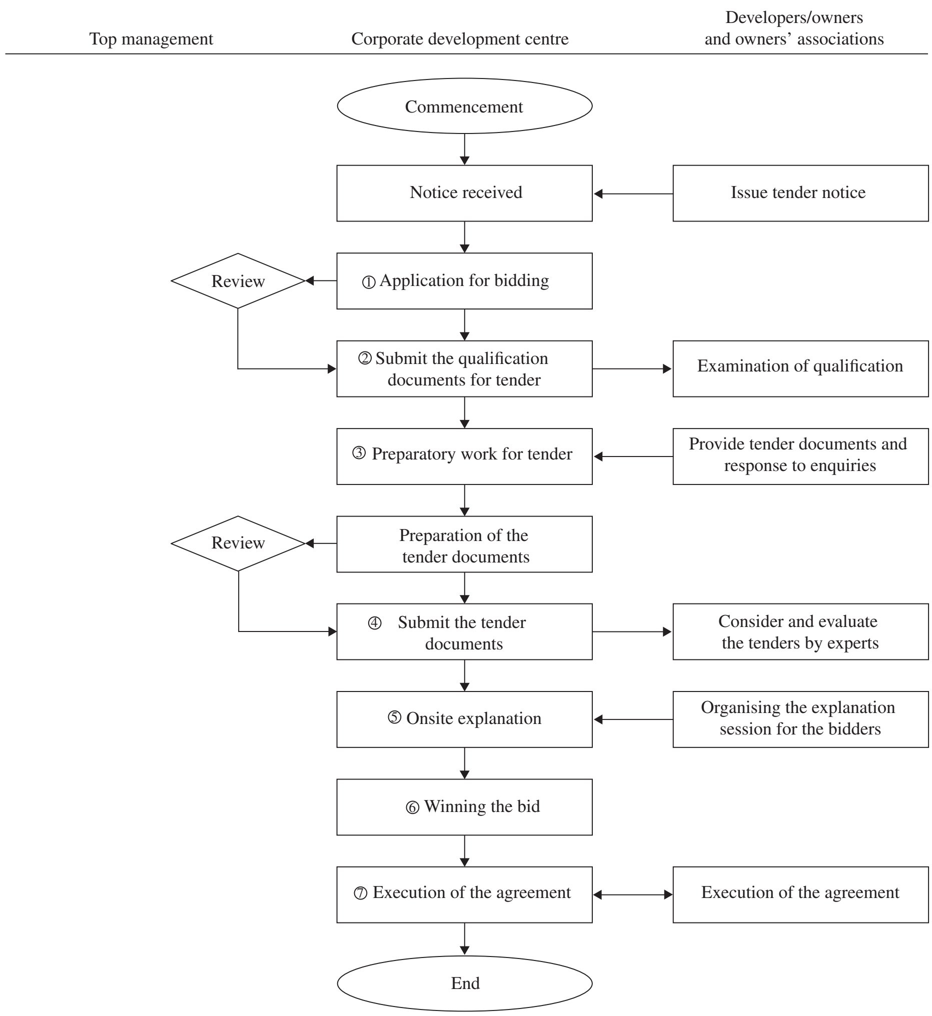
We may charge property management fees on annual, quarterly or monthly basis, depending on the terms of our property management service agreements. Our customers are due to pay property management fees once we issued a demand note on an annual, quarterly or monthly basis. For more details about our accounting policies regarding trade receivables, please refer to the section headed "Financial Information – Critical Accounting Policies, Estimates And Judgements" in this prospectus. We charge property owners and residents for utility fees in relation to water and electricity consumed in common areas, in proportion to the GFA under management that they occupy and in addition to the agreed-upon property management fees in accordance with the relevant PRC laws and regulations.

We primarily accept payments for property management fees through bank transfers and third-party platforms such as WeChat Pay and Alipay. To facilitate the timely collection of property management fees and other payments, we may regularly remind property developers, property owners and residents through channels such as text messages and written notices. In relation to the collection of outstanding property management fees, we will remind our customers of the outstanding amount verbally and/or in writing. For customers who default in payment frequently, we will increase the frequency of our reminders. In order to ensure that we meet the requirements under PRC statutes of limitations, we issue a demand notice annually, and may recover the outstanding amounts through litigation.

Tender, Competitive Bidding and Negotiation Process

We obtain property management service agreements from property developers, property owners and owners' associations through tenders, competitive bidding or negotiation process. Invitations to tender are usually issued by property developers, property owners and owners' associations, and selection shall be made after their evaluation of various property managers.

The following flow chart gives a brief illustration of our typical tender process for obtaining property management service agreements:



For the years ended 31 December 2017, 2018 and 2019, we participated in 13, 25 and 24 tender and bidding process for properties developed/owned by Independent Third Parties, with tender success rates of 61.5%, 44.0% and 37.5% for the corresponding years, respectively. The decrease of tender success rates for property management projects from Independent Third Parties is mainly due to (i) our effort to explore more business opportunities from Independent Third Parties by participating in an increasing number of tender and bidding process; and (ii) our effort to diversify our property management portfolio to different types of properties by participation in the tender and bidding process for properties such as data centre and theme park. For the years ended 31 December 2017, 2018 and 2019, the tender success rates of our tender bids for properties developed by Financial Street Affiliates Group were 100.0%, 100.0% and 92.3%, respectively. The decrease in the tender success rate for the year ended 31 December 2019 was attributable to our failure to win one tender for a property developed by Financial Street Affiliates Group as the selection criteria were more favourable to local property management service providers. As such, a local service provider was awarded the property management service agreement for such project. For more details, please refer to the section headed "Relationship with Controlling Shareholders – Our Business Relationship with Financial Street Affiliates Group" in this prospectus.

During the Track Record Period, (i) we have secured the preliminary property management service agreements from property developers through tender procedures pursuant to appropriate provisions of the PRC laws, and (ii) we have also obtained the property management service agreements from property developers, property owners and owners' association through tender procedures according to the requirements of relevant local authorities. For property management services with no compulsory requirements of tender procedures by the relevant laws or local authorities, we usually secure contracts for those property management services through business negotiation. As at 31 December 2019, we had 25(1) preliminary property management service agreements from property developers which did not completely go through the procedures of the tender and bidding process in accordance with the Tendering and Bidding Law of the PRC (《中華人民共和國招標投標法》), including filing the tender results with the local authority. Revenue generated from these preliminary property management service agreements amounted to RMB61.2 million, RMB71.2 million and RMB84.9 million, respectively, for the year ended 31 December 2017, 2018 and 2019, representing 8.1%, 8.1% and 8.5% of our total revenue for the corresponding years.

The following table sets forth breakdowns of the number of agreements, GFA under management and revenue generated in relation to the said 25(1) preliminary property management service agreements from property developer by source of projects during the Track Record Period:

	As at 31 December/For the year ended 31 December								
	2017			2018			2019		
	Number of agreements	GFA under management	Revenue	Number of agreements	GFA under management	Revenue	Number of agreements	GFA under management	Revenue
		'000 sq.m.	*RMB'000*		*'000 sq.m.*	*RMB'000*		*'000 sq.m.*	*RMB'000*
Project sourced from:									
Financial Street Affiliates Group	14	1,931	61,245	17	2,108	68,632	23	2,798	76,944
Independent Third Party	–	–	–	1	84	2,535	1	84	7,945
Total	14	1,931	61,245	18	2,192	71,167	24	2,882	84,889

Our Directors confirm that the lack of a tender and bidding process for the selection of property management service providers for the relevant property management projects was not caused by us but the relevant property developers. As advised by our PRC Legal Adviser, there are no specific laws and regulations in the PRC which set out administrative penalties upon property management companies for failing to entering into preliminary property management service agreements through a tender and bidding process. As further advised by our PRC Legal Adviser, the lack of tender and bidding process for entering into the preliminary property management service agreements of the relevant property management projects shall not affect

(1) One of the preliminary property management service agreements secured from Financial Street Affiliates Group in 2018, with a contracted GFA of approximately 130 thousand sq.m., was still under development and not under our management as at 31 December 2019.

the validity of these agreements as stipulated under the PRC Contract Law (《中華人民共和國合同法》). Our Directors also confirm that, based on the opinion given by our PRC Legal Adviser and the limited contracted GFA contribution of the projects under the abovementioned preliminary property management service agreements, the fact that these projects did not go through the required tender and bidding process will not have any material and adverse impact on our business, financial position or results of operations. Please refer to the section headed "Risk Factors – Risks relating to our Business and Industry – Our property management service agreements may be obtained without going through the required tender and bidding process".

When we negotiate with customers directly for renewal of existing agreements, we will procure projects through the tender procedures as required under the relevant PRC laws and local regulations, if any.

PROPERTY MANAGEMENT SERVICE AGREEMENTS

Key Terms of Our Property Management Service Agreements

Our property management service agreements consist of preliminary property management service agreements with property developers and property management service agreements with property owners or owners' associations and typically include the following key terms:

Term of services	The term is generally either a fixed period of three years or one year, or of unlimited period until the formation of the owners' association. Most of our fixed-term agreements specify that they will automatically terminate when a new property management service agreement entered into between the owners' association and us becomes effective;
Termination	The agreement will usually automatically terminate upon expiration. For preliminary property management service agreement with a property developer, it generally does not provide the parties thereto with a right to terminate it in the absence of default and we shall enter into a termination agreement with the relevant property developer after commercial negotiation. For property management service agreement with a single property owner, if the current property owner sells the property to a new owner, the agreement shall be terminated by a 2-month prior notice and the new owner shall enter into new property management service agreement with us.

Our obligations	We are generally responsible for providing the core property management services with the scope and standards prescribed in the agreement. In some property management service agreements, we are also required to provide other value-added services as specifically arranged between us and our customers. We are flexible to accommodate our customers' needs and requirements in this respect.
Services scope and standards	The agreement sets forth the areas and GFA to be managed by us, which include the common area of the properties (including the roof-top, corridors and easements, lobbies, restrooms and carparks) and the common facilities (generally including water pipes, elevators, escalators, water plumbing systems, lightings, electricity power systems, air conditioning systems and fire protection systems). The agreement also sets forth the expected standards for our property management services such as the frequency of services including the cleaning of the public areas and the inspection of public facilities.
Service fees	The agreement sets forth the amount of property management fees, payable either on a lump-sum basis or a commission basis by property developers, property owners, owners' associations, tenants or residents. The property developer is responsible for paying the property management fees for units that remain unsold.
Risk allocation	We are responsible for damage caused to the managed property or persons caused by our faults during the course of providing property management services. We may claim for indemnification from any third party that directly caused such damage and may claim insurance after paying such damage.
Subcontracting	We are allowed to outsource part of the professional property management services to our subcontractors but we have to be primarily responsible for the performance of property management and be responsible for the performance of our subcontractors.
Dispute resolutions	Both parties are typically required to resolve any contractual disputes through negotiations first before commencing litigation.

We generally enter into property management service agreements with customers such as property developers, property owners and owners' associations. For property developers, we generally enter into preliminary property management service agreements with property developers prior to the pre-sale or sale of property development projects. Preliminary property management service agreements usually remain effective until the date when such agreement expires/terminates and/or the property management service agreement with owners' association becomes effective.

After delivery of the properties by property developers to the property owners, property owners may form and authorise owners' associations to act on behalf of the property owners. The Property Law of the PRC (《中華人民共和國物權法》), the Regulations on Property Management (《物業管理條例》) and the Guidance Rules of the Owners' Meeting and the Property Owner's Association (《業主大會和業主委員會指導規則》) stipulate that owners' associations may be established at property owner meetings with affirmative votes of property owners who own exclusive area accounting for more than half of the total GFA of the community and who account for more than half of the total number of the property owners. As advised by our PRC Legal Adviser, in accordance with the Regulations on Property Management (《物業管理條例》), for the properties located in the same property management area, an owners' association should be formed under the guidance of the local governmental authorities, but there is no specific clause thereunder to make it compulsory to form such owners' association. In addition, there is also no legal requirement on the specific time limit for such owners' association to be formed for both residential and commercial and business properties.

The owners' associations are independent from us. In order to secure and continue to secure property management service agreements, we must consistently provide quality services at competitive prices. Property owners, through an owners' association, may either hire a new property management service provider through the tender process or select one based on specific standards regarding terms and conditions of service, quality and price. According to the Regulations on Property Management (《物業管理條例》), property owners may engage or dismiss the property management enterprise with affirmative votes of property owners who own exclusive area accounting for more than half of the total GFA of the community and who account for more than half of the total number of the property owners. In the event that we are selected by property owners through an owners' association, we would then enter into a new property management service agreement with the owners' associations.

In the event that no owners' association is formed after delivery of the properties, the preliminary property management service agreement we entered into with the property developers would remain effective and oblige property owners and residents to pay property management fees directly to us. If the initial term of the preliminary property management service agreement expires, and no owners' association is formed, then (i) the preliminary property management service agreement will be automatically renewed until we enter into a property management service agreement with an owners' association, if there is an appropriate term to that effect; or (ii) the parties to the preliminary property management service agreement may negotiate to extend the services absent any automatic renewal provision in the contract. Occasionally, we also enter into property management service agreements with property owners directly or through owners' associations through tendering (including public tenders and tenders by invitation) or commercial negotiation. Furthermore, according to the Regulations on Property Management (《物業管理條例》), property owners may engage or dismiss the property management enterprise with affirmative votes of owners who own exclusive area accounting for more than half of the total GFA of the community and who account for more than half of the total number of the property owners in the absence of an owners' association.

Growth of Our Property Management and Related Services

We had been expanding our property management business during the Track Record Period primarily through obtaining new service engagements from property developers or owners' associations. The table below indicates the movement of our (i) contracted GFA and (ii) GFA under management during the Track Record Period:

	For the year ended 31 December					
	2017		2018		2019	
	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.*
As at the beginning of the period	10,944(1)	10,366	14,145(2)	13,185	17,473(4)	16,409
New engagements	3,201	2,819	4,038	3,698	3,976	3,641
Terminations	–	–	710(3)	474	80(5)	193
As at the end of the year	14,145	13,185	17,473	16,409	21,369(6)	19,857

Note:

(1) As at the beginning of 2017, there were 240 property management service agreements comprising 46 preliminary property management service agreements and 194 property management service agreements at the owners' association/property owner stage. 17 out of the said 240 property management service agreements were subject to renewal in 2017, 17 of which were successfully renewed. Therefore, the renewal rate (calculated based on the number of renewed property management service agreements in 2017 divided by the number of property management service agreements which were subject to renewal in the same year) was 100.0%.

(2) As at the beginning of 2018, there were 307 property management service agreements comprising 62 preliminary property management service agreements and 245 property management service agreements at the owners' association/property owner stage. 98 out of the said 307 property management service agreements were subject to renewal in 2018, of which 82 were successfully renewed. Therefore, the renewal rate (calculated based on the number of renewed property management service agreements in 2018 divided by the number of property management service agreements which were subject to renewal in the same year) was approximately 83.7%.

(3) During 2018, 16 property management service agreements ceased to have effect, among which two were preliminary property management service agreements. The two preliminary property management service agreements, both with Independent Third Parties, were terminated based on mutual agreement between our Group and the relevant property developers. Since the relevant preliminary property management service agreements did not provide the parties thereto with a right to terminate such agreements in the absence of default, we entered into termination agreements with the relevant property developers after commercial negotiation. As such, we were able to reallocate our resources to more profitable engagements and optimise our property management portfolio. Among the 14 property management service agreements at the owners' association/property owner stage, (i) two of them were terminated prior to the expiration of the relevant agreements because the parties to such agreements moved out of the properties and we subsequently entered into property management service agreements with the new occupiers of such properties; and (ii) 12 of them expired pursuant to the relevant property management service agreements.

(4) As at the beginning of 2019, there were 340 property management service agreements comprising 79 preliminary property management service agreements and 261 property management service agreements at the owners' association/property owner stage. 93 out of the said 340 property management service agreements were subject to renewal in 2019, of which 79 were successfully renewed. Therefore, the renewal rate (calculated based on the number of renewed property management service agreements in 2019 divided by the number of property management service agreements which were subject to renewal in the same year) was approximately 84.9%.

(5) During 2019, 14 property management service agreements expired pursuant to the relevant property management service agreements, among which one was a preliminary property management service agreement.

(6) As at the end of 2019, there were 368 property management service agreements comprising 92 preliminary property management service agreements and 276 property management service agreements at the owners' association/property owner stage.

The table below sets forth the expiration schedule of our property management service agreements for properties we contracted to manage as at 31 December 2019:

	Contracted GFA	Number of Property Management Service Agreements
	'000 sq.m.	
Property management service agreements without fixed terms	9,822	180
Property management service agreements with fixed terms expiring in		
Year ending 31 December 2020	6,388	129
Year ending 31 December 2021	2,358	36
Year ending 31 December 2022	2,564	19
Year ending 31 December 2023	235	3
Year ending 31 December 2024	2	1
Property management service agreements which expired	–	–
Total	21,369	368

As advised by our PRC Legal Adviser, in accordance with the Regulations on Property Management (《物業管理條例》), for the properties located in the same property management area, an owners' association should be formed under the guidance of the local governmental authorities, but there is no specific clause thereunder to make it compulsory to form such owners' association. In addition, there is also no legal requirement on the specific time limit for such owners' association to be formed for both residential and commercial and business properties. As at 31 December 2019, eight properties under our management had established property owners' associations (comprising seven residential properties and one office building), accounting for approximately 5.5% of the total number of properties under our management as at the same date. The success rate of entering into property management service agreements with owners' associations upon the expiry of the preliminary property management service agreements for provision of these property management and related services during the Track Record Period was 100.0%.

OUR BRANDING

We provide our core property management services primarily under the brands "金融街" and "Financial Street" pursuant to the Brand Licencing Agreements with our Parent Group.

In addition to our property management services, we established our proprietary "IZEE" Brand Series, including "IZEE" Service Series (including IZEEPOST, IZEEBOX and IZEEAUTO) and "IZEE" Catering Series (including IZEECUP, IZEE-Mitsuyado, IZEECHEF, IZEEBAKE and IZEECUP-Steak House), to meet the needs of our properties' owners and tenants. We provide catering services and various value-added services such as courier services and vending machine sales. We develop supporting services in light of different needs and conditions of the buildings to offer differentiated services for customers with different needs. We provide ancillary services in order to provide our customers in the office buildings with convenient services so that they can make good use of their time and resources while gaining better experience and enhance customers satisfaction. As at the Latest Practicable Date, we were operating 43 stores under our "IZEE" Brand Series in total, including 11[(1)] "IZEE" Catering Series stores and 32 "IZEE" Service Series stores. We opened nil, 17 and 15 stores under our "IZEE" Services Series for the years ended 31 December 2017, 2018 and 2019, respectively. The table below indicates the movement of stores operated under "IZEE" Catering Series by type of services at the end of each year during the Track Record Period:

(1) In addition to the ten stores listed in the table above, in January 2020, we expanded our "IZEE" Catering Series by opening up one IZEECHEF restaurant which provides cooked meals to enterprise canteens located in Beijing Financial Street Zone. In April 2020, we commenced the operation of another IZEE-Mitsuyado restaurant in Shanghai and we closed our IZEECUP-Steak House restaurant.

	"IZEE" Catering Series	IZEECUP (怡己咖啡)	IZEE-Mitsuyado (怡己三矢堂)	IZEEBAKE (怡己烘坊)	IZEECUP-Steak House (怡己咖啡+九刻牛排)
2017	Existing	3	–	–	–
	Newly opened	1	–	–	–
	Closed	–	–	–	–
		4	–	–	–
2018	Existing	4	–	–	–
	Newly opened	4	–	–	1
	Closed	1	–	–	–
		7	–	–	1
2019	Existing	7	–	–	1
	Newly opened	2	1	1	–
	Closed	2	–	–	–
		7	1	1	1

- IZEEPOST (怡己收發): IZEEPOST intends to provide expedited services to our customers. We cooperate with a number of courier providers to provide courier collection and delivery services and temporary custody service by establishing courier collection/delivery stations in the properties. Apart from courier services, IZEEPOST has developed its business to various segments. It also cooperate with moving companies to provide moving and logistics services for cooperations and individuals.

- IZEEBOX (怡己舖仔): IZEEBOX has developed into a platform that intends to provide diverse lifestyle supporting services. Leveraging on the spare space resources, IZEEBOX has acquired various brands and categories of quality services provided by a number of operators, and has developed itself into a 24x7 vending machine. IZEEBOX caters to the needs of customers for delights with diverse refreshments, diary products, fruits, fresh meats, packaged snacks at affordable prices. Customers can make payments through self-service functions such as face-scanning system or bar-code scanner at all IZEEBOX stores.

- IZEEAUTO (怡己車坊): IZEEAUTO provides standardised automobile beauty and cleaning services to owners and tenants of the properties under our management.

- IZEECUP (怡己咖啡): starting as a coffee chain store, IZEECUP has been adopting a market-oriented model in its operation to capture a broader market. IZEECUP is principally engaged in the provision of quality coffee and refreshments to customers in commercial buildings and commercial complex, while serving as a community social platform.

- IZEE-Mitsuyado (怡己三矢堂): IZEE-Mitsuyado provides different types of Japanese style dishes such as tsukemen, donburi, snacks and fresh Japanese-style spirits, as part of our initiatives to bring in quality overseas dining experience.

- IZEEBAKE (怡己烘坊): IZEEBAKE strives to provide various types of baked breads, cakes and sandwiches in Chinese and western styles to customers in office buildings.

- IZEECUP-Steak House (怡己咖啡+九刻牛排): IZEECUP-Steak House is a brand that was established at the end of 2018 which combined café with restaurant serving beef steak. The store was located in Capitaland Shopping Mall at Daxing District.

OUR WECHAT OFFICIAL ACCOUNT

To better serve our customers, we operated a WeChat official account "96018 Financial Street Life Online" which offer our customers an integrated online platform with multifunctions free of charge to increase our customer loyalty. We provide comprehensive information to our customers, including, among others, weather report, express delivery information and traffic penalty information. We also publish news, information and tips on health advice and the upcoming social activities to attract customers such as property owners, tenants and residents as well as service providers. It also serves as a platform where our customers can submit complaints or suggestions in relation to our property management services. During the operation of our WeChat official account, we may passively receive customers' information such as WeChat account name and other information voluntarily disclosed by our customers on WeChat, with customers' awareness of our receipt of such information. As advised by our PRC Legal Adviser, since we neither retain nor use such information during our operation, our operation had complied with the relevant PRC laws and regulations. To improve our online services, we analyse the frequency of our customers' visits to our WeChat official account and the click-through rate of each type of our online services. Our information technology centre is in charge of the protection of such information we received in the daily operation under the supervision of our safety management committee. To avoid any internal data leakage, we enforce security by applying multiple levels of access control based on our employees' levels and functions to limit access to the data. According to our internal policies, only authorised administrators with requisite qualification can access the data and we have implemented a digitalised data management system, such as firewalls and antivirus software, to ensure its safety and confidentiality. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any data leakage which would cause adverse and material impact on our operations. Our PRC Legal Adviser confirms that our business is not subject to any foreign ownership restrictions, and during the Track Record Period and up to the Latest Practicable Date, we have obtained all the requisite licences for the operation of our WeChat official account and such operation has complied with all applicable laws and regulations in the PRC.

SUPPLIERS AND SUBCONTRACTORS

Major Suppliers during the Track Record Period

During the Track Record Period, our major suppliers include utility providers and our subcontractors providing cleaning services and security services to our customers. We also engage subcontractors to provide professional repair and maintenance services and procure consumables for our employees to use in the course of providing property management and related services.

The following tables set forth the profiles of our top five suppliers during the Track Record Period:

For the year ended 31 December 2017:

Name of supplier	Business nature of the supplier	Purchase amount	Approximate percentage to our total purchase for the year	Principal services provided	The calendar year in which the supplier started to have business relationship with our Group for the first time	Credit period[(1)]
		RMB'000	*%*			
Supplier A	Service provider	14,447	3.8	Cleaning services	2005	10-15 days
Supplier B	Utility provider	10,353	2.8	Heat	2003	30 days
Supplier C	Utility provider	6,660	1.8	Electricity	2003	N/A
Supplier D	Service provider	5,250	1.4	Cleaning services	2013	20 business days of the next month, on a quarterly basis
Supplier E	Service provider	4,872	1.3	Cleaning services	2012	Before the 10th day of the next month upon receiving the invoice
	Total	41,582	11.1			

Note:

(1) "N/A" means no credit period is specified in the agreement.

For the year ended 31 December 2018:

Name of supplier	Business nature of the supplier	Purchase amount	Approximate percentage to our total purchase for the year	Principal services provided	The calendar year in which the supplier started to have business relationship with our Group for the first time	Credit period(1)
		RMB'000	%			
Supplier A	Service provider	15,088	3.5	Cleaning services	2005	10-15 days
Supplier B	Utility provider	14,033	3.2	Heat	2003	30 days
Supplier C	Utility provider	13,696	3.2	Electricity	2003	N/A
Supplier F	Service provider	8,025	1.9	Security services	2016	Before the 10th day of the next month
Supplier G	Service provider	7,132	1.7	Security services	2015	Within 7 days after receiving the invoice
	Total	57,974	13.5			

Note:

(1) "N/A" means no credit period is specified in the agreement.

For the year ended 31 December 2019:

Name of supplier	Business nature of the supplier	Purchase amount	Approximate percentage to our total purchase for the year	Principal services provided	The calendar year in which the supplier started to have business relationship with our Group for the first time	Credit period(1)
		RMB'000	%			
Supplier C	Utility provider	21,496	4.4	Electricity	2003	N/A
Supplier H	Service provider	19,519	4.0	Cleaning services	2019	10 days
Supplier B	Utility provider	12,868	2.6	Heat	2003	30 days
Supplier F	Service provider	10,659	2.2	Security services	2016	Before the 10th day of the next month
Supplier I	Service provider	10,362	2.1	Security services	2017	10 days
	Total	74,904	15.3			

Note:

(1) "N/A" means no credit period is specified in the agreement.

Our cost of sales and services amounted to RMB611.1 million, RMB713.6 million and RMB805.6 million for the years ended 31 December 2017, 2018 and 2019, respectively, mainly comprising subcontracting costs, employee benefit expenses, utilities and raw materials and spare parts for property management and related services.

Procurement from our top five suppliers collectively amounted to RMB41.6 million, RMB58.0 million and RMB74.9 million, accounting for 11.1%, 13.5% and 15.3% of our total purchase for the years ended 31 December 2017, 2018 and 2019, respectively, and procurement from the largest supplier amounted to RMB14.4 million, RMB15.1 million and RMB21.5 million, representing 3.8%, 3.5% and 4.4% of our total purchase for the corresponding years, respectively. We had maintained stable business relationship with our top five suppliers during the Track Record Period. We generally do not enter into any long-term agreements with our top five suppliers.

None of our Directors, Supervisors, their respective close associates or any Shareholders who, to the best knowledge and belief of our Directors, owned more than 5% of our share capital as at the Latest Practicable Date, had any interest in any of our top five suppliers during the Track Record Period.

Management of Subcontractors

We maintain a list of qualified subcontractors. We typically engage our subcontractors through a competitive bidding process, which is administered by our internal assessment committee. The assessment committee members are selected from management team, finance department, administration and human resources department, and project management personnel. The internal assessment committee assesses the submitted bids and considers following factors, such as the prices, professional qualifications, industry reputation and credentials, financial strength and price competitiveness.

Once a selected subcontractor commences providing the subcontracted services, we regularly monitor and evaluate their performance. The subcontractor's record of performance will also be updated from time to time. In the event of repeated sub-standard performances, the service of the relevant subcontractor will be terminated.

We work with our subcontractors to deliver property management and related services to customers. We have been outsourcing, and will continue to outsource certain labour-intensive services, primarily security, cleaning and gardening, and certain repair and maintenance services to subcontractors. As required by the relevant PRC laws and regulations, we hire specialised subcontractors for the maintenance of certain facilities where the repair and maintenance works have to be performed by subcontractors with requisite qualifications.

On the other hand, we monitor, assess and manage our subcontractors, as well as coordinate and administer the performance of different subcontractors. Our subcontractors specialise in the services they perform and can, therefore, operate in an efficient manner. We believe such subcontracting arrangements would allow us to leverage the human resources and technical expertise of our subcontractors, reduce our staff costs and enhance the overall profitability of our operations. We can also dedicate more resources to improve our service quality.

Subcontracting costs, including fees we paid for the services outsourced to subcontractors, amounted to RMB249.6 million, RMB303.6 million and RMB367.8 million for the years ended 31 December 2017, 2018 and 2019, accounting for 40.8%, 42.5% and 45.7% of our cost of sales and services for the corresponding period, respectively.

Key Terms of our Subcontracting Agreements

We enter into subcontracting agreements with individual subcontractors with commercial terms on arms-length basis. The key terms of our typical subcontracting agreements include the following:

Term of services	The term of the subcontracting agreements is generally one year. Upon termination, we settle the outstanding services fees with our subcontractor based on the actual services provided.
Our obligations	We are generally responsible for supervising the services provided by our subcontractors and providing the necessary equipment to on-site staff.

Obligations of subcontractors	The subcontractors are responsible for providing services in accordance with the scope and standard prescribed in the subcontracting agreements and in compliance with all applicable laws and regulations. In the event their performance fails to meet the required standards, they are required to take necessary rectification measures within the certain period decided by us. If they fail to do so, we have the right to unilaterally terminate the subcontracting agreement. Our subcontractors are required to manage their staff providing the subcontracted services and there is no employment relationship between our Group and the staff of our subcontractors.
Risk allocation	The subcontractors are responsible for any damage to property or injury to any person due to the fault of the subcontractors in the course of providing the subcontracted services. The subcontractors are also required to pay social insurance contributions for their staff in accordance with PRC laws and regulations and are held liable for any non-compliance with applicable PRC laws or industry standards. We typically require the subcontractors to indemnify us for any damages that they have caused to our managed properties, tenants and residents in these properties, and our Group.
Procurement of raw materials	Raw materials may be procured by the subcontractors or by us, depending on the terms of subcontracting agreements. If subcontractors are responsible for procuring raw materials, the costs are usually added on top of the subcontracting fees.
Subcontracting fees	Subcontracting fees are typically determined with reference to costs in connection with the procurement of raw materials, labour costs and other costs incurred by the subcontractors.

CUSTOMERS

We have a large customer base. During the Track Record Period, our major customers were property developers, property owners, owners' associations, tenants and residents, including banking and financial institutions and government bureau.

The following tables set out the revenue from our top five customers during the Track Record Period:

For the year ended 31 December 2017:

Name of customer	Business nature of the customer	Revenue	Approximate percentage to the revenue of our Group for the year	Principal services provided to the customer	The calendar year in which the customer started to have business relationship with our Group for the first time	Credit period[1]
		RMB'000	*%*			
Financial Street Affiliates Group[2]	Property developer	118,276	15.6	Property management and related services	1994	Primarily within 180 days, determined on a case-by-case basis
Customer A	Banking and financial institution	27,976	3.7	Property management and related services	2009	Before the 25th day of each month
Customer B	Banking and financial institution	25,916	3.4	Property management and related services	2011	N/A
Customer C	Banking and financial institution	24,816	3.3	Property management and related services	2014	N/A
Customer D	Government Bureau	15,218	2.0	Property management and related services	2014	N/A
	Total	212,202	28.0			

Notes:

(1) "N/A" means no credit period is specified in the agreement.

(2) The revenue excludes the revenue from one of our substantial shareholders and associates in the amount of nil, RMB0.3 million and RMB4.2 million for the years ended 31 December 2017, 2018 and 2019, respectively.

For the year ended 31 December 2018:

Name of customer	Business nature of the customer	Revenue	Approximate percentage to the revenue of our Group for the year	Principal services provided to the customer	The calendar year in which the customer started to have business relationship with our Group for the first time	Credit period[1]
		RMB'000	*%*			
Financial Street Affiliates Group[3]	Property developer	130,864	15.0	Property management and related services	1994	Primarily within 180 days, determined on a case-by-case basis
Customer A	Banking and financial institution	29,494	3.4	Property management and related services	2009	Before the 25th day of each month
Customer B	Banking and financial institution	25,164	2.9	Property management and related services	2011	N/A
Customer E[2]	Property developer	16,981	1.9	Property management and related services	2015	5-10 days
Customer D	Government Bureau	15,218	1.7	Property management and related services	2014	N/A
	Total	217,721	24.9			

Notes:

(1) "N/A" means no credit period is specified in the agreement.

(2) Customer E is indirectly held as to approximately 60.0% by the Operation Centre and approximately 40.0% by Financial Street Group.

(3) The revenue excludes the revenue from one of our substantial shareholders and associates in the amount of nil, RMB0.3 million and RMB4.2 million for the years ended 31 December 2017, 2018 and 2019.

For the year ended 31 December 2019:

Name of customer	Business nature of the customer	Revenue	Approximate percentage to the revenue of our Group for the year	Principal services provided to the customer	The calendar year in which the customer started to have business relationship with our Group for the first time	Credit [1]
		RMB'000	*%*			
Financial Street Affiliates Group[3]	Property developer	165,992	16.6	Property management and related services	1994	Primarily within 180 days, determined on a case-by-case basis
Customer A	Banking and financial institution	31,444	3.2	Property management and related services	2009	Before the 25th day of each month
Customer B	Banking and financial institution	25,166	2.5	Property management and related services	2011	N/A
Customer E[2]	Property developer	18,575	1.9	Property management and related services	2015	5-10 days
Customer F	Banking and financial institution	16,032	1.6	Property management and related services	2015	N/A
	Total	257,209	25.8			

Notes:

(1) "N/A" means no credit period is specified in the agreement.

(2) Customer E is indirectly held as to approximately 60.0% by the Operation Centre and approximately 40.0% by Financial Street Group.

(3) The revenue excludes the revenue from one of our substantial shareholders and associates in the amount of nil, RMB0.3 million and RMB4.2 million for the years ended 31 December 2017, 2018 and 2019.

Revenue from our top five customers amounted to RMB212.2 million, RMB217.7 million and RMB257.2 million, which accounted for 28.0%, 24.9% and 25.8%, respectively, of our total revenue for 2017, 2018 and 2019. Financial Street Affiliates Group had been our largest customer during the Track Record Period. Revenue from Financial Street Affiliates Group amounted to RMB118.3 million, RMB130.9 million and RMB166.0 million for 2017, 2018 and 2019, representing 15.6%, 15.0% and 16.6% of our total revenue respectively during the corresponding year. During the Track Record Period, we had maintained a stable business relationship with our top five customers.

Except for Financial Street Affiliates Group and Customer E, none of our Directors, Supervisors, their respective close associates or any Shareholders, to the best knowledge and belief of our Directors, who owned more than 5.0% of our share capital as at the Latest Practicable Date, had any interest in any of our top five customers during the Track Record Period.

SALES AND MARKETING

We have a sales and marketing team responsible for planning and developing our overall marketing strategy, conducting market research, launching marketing activities to acquire new customers and maintain and strengthen our relationships with existing customers. While our headquarters are responsible for making overall sales and marketing strategies and supervising the implementation of such strategies. Our regional subsidiaries and branches are responsible for conducting sales and marketing activities in accordance with such strategies.

We have taken sales and marketing measures that are tailored for different categories of customers:

Property Developers

Our Parent Group

During the Track Record Period, most of our revenue from property management and related services was derived from properties developed by our Parent Group. We expect our property management projects developed by our Parent Group will continue to be our main source of revenue in the foreseeable future. We plan to enhance our cooperation with our Parent Group in the education and healthcare sectors, in particular.

Independent Third Party

Leveraging on our brand value and our capabilities to provide quality comprehensive services, we endeavour to develop Independent Third Party customers. During the Track Record Period, the sales and marketing activities we implemented include (i) maintaining cooperation and good communication with existing independent property developers and expand our existing service scope by providing customised and quality value-added services to them; (ii) carrying out research, obtaining customer information from various channels, approaching our target independent property developers with customised proposals and participating actively in bidding procedure; (iii) advertising on our official websites and via media to sponsor activities in the property management industry in order to improve our brand recognition; (iv) cooperating with independent property developers through equity investment with an aim to providing property management and related services to projects developed by them. In 2017, we acquired 51% of the equity interests in Financial Street Jingnan, a limited liability company, with a total investment of RMB2.55 million. For the years ended 31 December 2017, 2018 and 2019, revenue of nil, RMB2.5 million and RMB7.9 million were generated from the project managed by Financial Street Jingnan and the total GFA under management of that project was approximately 0.06 million sq.m., 0.14 million sq.m. and 0.14 million sq.m., respectively, as at the end of each of the corresponding years. The increase in the revenue generated from this project from 2018 to 2019 in spite of the same GFA under management was associated with the additional property management and related services provided to the customer in 2019; and (v) participating in public tenders and becoming a designated supplier for property management and related services of government projects.

Property Owners, Residents and Tenants

We provide our services to property owners, residents and tenants for properties under our management, including office buildings, complexes, retail buildings and hotel, residential properties, public properties, hospitals and educational properties. Our headquarters formulate annual marketing plan while our regional offices launch various marketing activities based on the local needs. We carry out regular customer on-site visits and design service improvement programme based on the findings to improve the quality of our services. We also actively share our experience with other companies within the industry and take part in social activities to enhance our reputation and market acceptance.

QUALITY CONTROL

We value the quality of our services as first priority and believe that quality control is the key to maintaining success of our business in the long-run. We have established a standard management committee, which is responsible to stipulate the service standard and monitor service standards that have been formulated in line with industry professional standards. We have also formed a quality inspection team, which is responsible for conducting examinations of the services to all of our projects under management on quarterly basis to ensure the quality of services and the consistent applications of these standards in all aspects of our property management and related services.

Quality Control over our Services

We are in compliance with the “three-in-one” management system, which includes the ISO9001 quality standards, the ISO14001 environmental standards and the OHSAS18001 occupational health and safety standards. We obtained the ISO9001:2015 certification in 2016 in recognition of our service quality. To ensure delivery of high-quality services, we have established a set of policies to monitor the quality of our services with the aim to improve our services across all properties under our management. We adopt standardised internal policies and service procedures to all properties under our management. We generally require our property management staff to complete inspection checklists after each round of regularly-scheduled inspections to monitor and record conditions of the properties on a timely manner. The checklists are specifically designed for different types of devices, equipment and services. We have also adopted a "dual evaluation" system comprising our internal supervision and external feedback, which enables us to effectively manage the quality of our services and enhance our customer experience.

Quality Control over Subcontractors

We typically include in our contracts with subcontractors detailed quality standards for the services to be provided. We regularly monitor and evaluate the performance of our subcontractors and may require the subcontractors to take necessary rectification measures or pay relevant penalty when their services do not meet the agreed standards. We also conduct annual surveys regarding the quality of services provided by our subcontractors. We have the contractual right to adjust the subcontracting fees and decide whether to continue our subcontracting contract or not based on the outcomes of such surveys. For more details, please refer to the subsection headed "– Suppliers and Subcontractors – Management of Subcontractors" in this section.

Feedback and Complaint Management

During the ordinary course of our business, we receive inquiries, suggestions and complaints from our customers from time to time regarding our services. We have established comprehensive internal procedures for handling complaints. Moreover, we record, process and respond to the complaints and suggestions from our customers through our customer relationship management (CRM) system. In order to improve our customer experience and enhance our customer service, we offer a service hotline and a WeChat official account for properties under our management. Through the hotline and WeChat official account, our customers can make their complaints and feedback as well as keep updated of our latest service developments. All complaints are dealt with on the principle of acting promptly upon receiving, which requires that all requests and complaints be responded to immediately and be resolved within a specified timeline. When necessary, we make on-site visits to understand the nature of the complaints. All complaints received and the progress of resolving such complaints will be reviewed at the end of the day to avoid delay in resolving them. We will revisit our customers and review the cases through the service hotline after their problems are resolved so as to ensure that the results are satisfactory to our customers and their confidence in our services is restored.

During the Track Record Period and up to the Latest Practicable Date, we had not experience any customer complaints about our services or products that would have a material adverse impact on our operations or financial results.

AWARDS

The following tables set forth some of our awards received during the Track Record Period and up to the Latest Practicable Date:

Year of award or recognition:	Name of award or recognition	Awarding entity
2020	Ranked 16th out of the 2020 Top 100 Property Management Companies of China (2020中國物業服務百強企業第16名)	CIA
2020	One of the China Leading Property Management Companies in terms of Commercial Properties Management Services (中國特色物業服務領先企業-商務物業服務)	CIA
2020	One of the 2020 Top 100 Leading Property Management Companies in Service Quality in China (2020中國物業服務百強服務質量領先企業)	CIA
2020	One of the China Office Buildings Management Leading Companies (中國辦公物業管理領先企業)	CIA
2020	One of the Top 10 Leading Property Management Companies in Major Cities of China – Beijing (中國主要城市物業服務優秀企業-北京TOP10)	CIA
2019	Ranked 17th out of the 2019 Top 100 Property Management Companies of China (2019中國物業服務百強企業第17名)	CIA
2019	One of the China Leading Property Management Companies in terms of Commercial Properties Management Services (中國特色物業服務領先企業-商務物業服務)	CIA
2019	One of the 2019 Top 100 Leading Property Management Companies in Service Quality in China (2019中國物業服務百強服務質量領先企業)	CIA
2019	One of the Top 10 Leading Property Management Companies in Major Cities of China – Beijing (中國主要城市物業服務優秀企業 – 北京TOP10)	CIA
2019	One of the China Office Buildings Management Leading Companies (中國辦公物業管理領先企業)	CIA
2019	One of the 2019 China Property Management Professional Operation Leading Brand Companies (2019中國物業服務專業化運營領先品牌企業) with the brand value of RMB2.1 billion	CIA

Year of award or recognition:	Name of award or recognition	Awarding entity
2019	China Property Management Industry Demonstration Site – Tongtai Building (中國物業服務行業示範基地-通泰大廈)	CIA
2019	China Property Management Industry Demonstration Site – Financial Street • Wanke Fengke (中國物業服務行業示範基地-金融街 • 萬科豐科)	CIA
2018	Ranked 19th out of the 2018 Top 100 Property Management Companies of China (2018中國物業百強企業第19名)	CIA
2018	One of the 2018 China Property Management Professional Operation Leading Brand Companies (2018中國物業服務專業化運營領先品牌企業) with the brand value of RMB1.7 billion	CIA
2018	China Property Management Industry Demonstration Site (Desheng International Centre) (中國物業服務行業示範基地-德勝國際中心)	CIA
2018	China Property Management Industry Demonstration Site (Shanghai Hailun Centre) (中國物業服務行業示範基地-上海海倫中心)	CIA
2018	Second Class of Safety Production Standardisation for Beijing (Tianqiao Art Building, Xinsheng Building, Financial Street Centre) (北京市安全生產標準化二級達標項目天橋藝術大廈、新盛大廈、金融街中心)	Beijing Housing and Urban Development Committee, Beijing Emergency Management Office & Beijing Property Management Service Guidance Centre (北京市住建委、北京市應急辦公室及北京市物業管理服務指導中心)
2017	Ranked 20th out of the 2017 Top 100 Property Management Companies of China (2017中國物業服務百強企業第20名)	CIA
2017	China Property Management Industry Demonstration Site (Chang'an Financial Centre) (中國物業服務行業示範基地-金融街(長安)中心)	CIA

Year of award or recognition:	Name of award or recognition	Awarding entity
2017	Second Class of Safety Production Standardisation for Beijing (Desheng Shangcheng) (北京市安全生產標準化二級達標項目德勝尚城)	Beijing Municipal Commission of Housing and Urban-Rural Development, Beijing Safe Production Supervision and Administration Bureau, Beijing Property Service Guidance Centre (北京市住房和城鄉建設委員會、北京市安全生產監督管理局、北京市物業服務指導中心)

COMPETITION

According to CIA, the property management industry in the PRC is highly competitive with a large number of market participants and the industry is becoming increasingly concentrated year by year. According to CIA, the market share of the 2020 Top 100 Property Management Companies in the PRC was approximately 43.6% in terms of GFA under management in 2019.

We were ranked 16th among the 2020 Top 100 Property Management Companies in the PRC in terms of overall strength according to CIA. We believe that the principal competitive factors include, among others, operation scale, price and quality of services, brand recognition and financial resources.

For more details relating to the industry and markets in which we operate, please refer to the section headed "Industry Overview" in this prospectus.

EFFECT OF THE COVID-19 OUTBREAK

An outbreak of respiratory illness caused by a novel coronavirus (COVID-19) was first reported in Wuhan, Hubei province, China in late 2019 and continues to expand within the PRC and globally. The new strain of coronavirus is considered highly contagious and may pose a serious public health threat. On 23 January 2020, the PRC government announced the lock-down of Wuhan in an attempt to quarantine the city. Since then, tough measures including travel restrictions have been imposed in other major cities in the PRC, as well as other countries and territories, in an effort to contain the COVID-19 outbreak. The WHO is closely monitoring and evaluating the situation. On 30 January 2020, the WHO declared the COVID-19 outbreak a Public Health Emergency of International Concern. As at the Latest Practicable Date, the virus had spread across China and to other countries and territories globally and death toll and number of infected cases continued to rise.

In response to the COVID-19 outbreak, we have implemented a contingency plan and have adopted enhanced hygiene and precautionary measures across our managed properties. These measures include (i) regularly cleaning and disinfecting the common areas in our managed properties; (ii) monitoring the medical symptoms of visitors at our managed properties by measuring their body temperature; (iii) requiring our staff to wear suitable protective gear such as gloves and face masks; and (iv) promoting personal hygiene among our employees as well as property owners, residents and tenants of the properties we manage. We hold a frontline role amid social distancing and self-isolation during the COVID-19 outbreak, and we have accordingly implemented necessary measures in this regard, including among others: (i) separating entrances and exits for crowd control; (ii) setting up security cordon and waiting area at the entrances to ensure that people maintain sufficient distance from one another; (iii) laying disinfectant floor mats at the entrances for shoe sanitising. We do not expect our costs will increase significantly in this regard. Our Directors confirm that the additional costs associated with the enhanced measures would have no significant impact on our Group's financial position for the year ending 31 December 2020. To the best of our Directors' knowledge, as at the Latest Practicable Date, there was no confirmed or suspected cases of COVID-19 within the properties under our management across the PRC.

The outbreak, which has resulted in a high number of fatalities, is likely to have an adverse impact on the livelihood of the people in and the economy of the PRC, particularly Wuhan and Hubei province. The property market in the PRC, particularly Wuhan and Hubei province, may also be adversely impacted. Meanwhile, the COVID-19 outbreak may result in an increase in unemployment rate as a result of the tough measures designed to mitigate the further spread of COVID-19, which could have a significant social and economic impact. According to the National Bureau of Statistics, since the COVID-19 outbreak, the urban unemployment rate had risen to 5.3%, 6.2% and 5.9% in January, February and March 2020, respectively while the urban unemployment rate was 5.2% as at the end of 2019. In the circumstances of increase in unemployment rate in the PRC, property management and value-added services could be regarded as redundant and residents might be reluctant and delay in paying for property management and value-added services. The outlook of the property market, economy slowdown and/or negative business sentiment could potentially have direct impacts on the property management market such as default or delay in settlement of property management fee by our customers and our business operation and financial position may be adversely affected. According to the National Bureau of Statistics, China's GDP in the first quarter of 2020 was RMB20,650.4 billion, which decreased by 6.8% compared with the first quarter of 2019. The investment on property development decreased by 3.3% for April 2020, 7.7% for March 2020, 9.7% for February 2020 and 11.2% for January 2020, as compared with the corresponding month of 2019, respectively. The GFA for property development projects commenced decreased by 18.4% for April 2020, 27.2% for March 2020 and 44.9% for February 2020, as compared with the corresponding month of 2019, respectively. Such decreases may have potential negative impacts on the demand for the property management services. However, with the gradual resumption of the economic activities in China since March 2020, the demands of real estate purchase and property management services have begun to resume gradually. The investment on property development for the four months ended 30 April 2020 and the GFA for property development projects commenced during the first four months in

2020 gradually resumed, which was reflected in the narrowing rates of decrease compared with the first four months in 2019, being 3.3% and 18.4%, respectively. In addition, CIA is of the view that the COVID-19 outbreak is expected to bring limited impacts to China's property management industry in the long run, taking into consideration:

(i) with the supportive policies from the government, the property management industry is relatively more risk resistant and countercyclical. Since the first quarter of 2020, a number of policies with respect to reduction and/or exemption in taxes and postponement/suspension of social insurance have been promulgated by the government to expedite resumption of economic activities. Also, China has adopted more flexible monetary policies with a view to reducing the impact of COVID-19 outbreak, including bank reserve requirement ratio cuts, interest rate cuts and loan prime rate cuts, are also expected to benefit the property management market;

(ii) during the COVID-19 outbreak, property management companies had a frontline role amid social distancing and self-isolation for both residential properties and commercial and business properties, and properties' owners, residents and tenants became more dependent on property management services. The staff of property management companies generally had more interaction with the owners, residents and tenants during the period for strict quarantine and social distancing, through which the property management companies could communicate with the owners, residents and tenants more frequently and better understand their needs in order to improve the quality of services and promote value-added services, and given the gradual resumption of the economic activities in China since March 2020 and property management companies' continuous efforts on collecting fees, the collection rate of property management fees would not be adversely impacted; and

(iii) the outbreak occurred in January-February 2020, 31 provinces, autonomous regions and municipalities across China have announced first-level response to major public health emergencies since 23 January 2020 and the Lunar New Year holiday has been extended in China. The PRC authorities began to adjust the response level to second-level since 22 February 2020, and the national economic activities has been gradually resumed. As at February 2020, the accumulated saleable GFA of commodity properties in China was 84.7 million sq.m., which decreased by 39.9% comparing to February 2019. Attributable to that (i) the COVID-19 outbreak was gradually contained in March 2020; (ii) favourable policies were promulgated by China government; (iii) the economic activities in China has gradually resumed since March 2020; and (iv) the historical boom season for real estate market in China usually started after March to the end of the year, the accumulated saleable GFA of commodity properties in China as at March 2020 reached 219.8 million sq.m.. As such, the demands of real estate purchase and property management services have begun to recover gradually since March 2020, and the property management market will gradually resume thereafter.

Subsequent to the Track Record Period and up to the Latest Practicable Date, we have encountered the following adverse impact on our business operation:

(i) **Our business operation in Wuhan:** As at the Latest Practicable Date, we managed one sales office and display unit for a residential property project in Wuhan, Hubei province with a GFA under management of approximately 3,600 sq.m. as at 31 December 2019, representing approximately 0.02% of our total GFA under management as at 31 December 2019. We started to manage this project since May 2019 and generated revenue of RMB2.6 million for the year ended 31 December 2019, representing 0.3% of our total revenue for the year ended 31 December 2019. As revenue from the aforesaid project in Wuhan does not contribute significantly to our overall business, our Directors are of the view that the lock-down of Wuhan and the temporary suspension of the aforesaid project will not have a significant impact on our overall business operation and results of operations.

(ii) **Our overall property management and related services:** The outbreak did not and is not expected to bring a material impact on the current GFA under our management and the property management fees charged by us. Likewise, for our services provided to property developers, our fees for such services are usually fixed under contract, and therefore our revenue generated from such services will unlikely be affected. In relation to the delivery schedules of properties for our property management services in the near future, we were informed by Financial Street Affiliates Group that while it anticipated certain delay in its overall property development progress as a result of the extended business suspension imposed by the PRC government in curbing the COVID-19 outbreak, Financial Street Affiliates Group expected that it has sufficient resources, capability and capacity to catch up with the process of developments and did not anticipate significant delay in completing the developments of the aforesaid properties. As such, we do not anticipate that there will be any material delay in the delivery of those properties by Financial Street Affiliates Group for our management in 2020 as scheduled. As at the Latest Practicable Date, we had been informed by Financial Street Affiliates Group that delivery of one project for a sales office and display unit in Shanghai which was expected to be in April 2020 was delayed to June 2020. The estimated revenue to be generated from this project for the year ending 31 December 2020 would be approximately RMB0.6 million less than expected accordingly. Our Directors believe that such slight delay would not have material adverse impact on our financial condition. Save as the aforesaid project, as at the Latest Practicable Date, our Directors were not aware of any potential material delay in the delivery of properties from our customers. 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 due to 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. Due to the impact of the COVID-19 outbreak, we experienced a delay in the settlement of property management fee resulting in longer average trade receivables turnover days for the three months ended 31 March 2020 of approximately 67.2 days (annualised) based on our unaudited consolidated financial statements, compared to 35.4 days, 42.6 days and 44.5 days for the years ended 31 December 2017, 2018 and 2019, respectively. However, our average trade receivables turnover days was improved and shortened to approximately 63.2 days (annualised) for the four months ended 30 April 2020 based on our unaudited consolidated financial statements. In addition, we did not experience a significant increase in overdue payment of our property management fees during the first four months of 2020 in spite of the COVID-19 outbreak. The trade receivables that were past due for one to 90 days accounted for approximately 9.6% of our total trade receivables as at 30 April 2020.

(iii) **Our catering services:** During certain period of January to February of 2020, our "IZEE" Catering Series were temporarily suspended as part of the measures to contain the COVID-19 outbreak. We have resumed such operation since February 2020. In the future, our operation of "IZEE" Catering Series may also be temporarily suspended due to the COVID-19 outbreak. As revenue from our "IZEE" Catering Series does not contribute significantly to our overall business, our Directors are of the view that the aforesaid temporary suspension of our catering services will not have a significant impact on our overall business operation and results of operations.

(iv) **Impact on our customers and suppliers/subcontractors:** Due to the COVID-19 outbreak, although we continued to receive property management fees from our customers, our customers settled the payment for property management fee in a longer period which resulted in longer average receivables turnover days for the first quarter of 2020 as compared to the Track Record Period as mentioned above. However, given the gradual resumption of economic activities in China since March 2020, our collection rate of property management fee from our customers gradually improved since April 2020. In addition, there was a slight delay of approximately two months in the delivery schedule of a project for a sales office and display unit in Shanghai, which was sourced from the Financial Street Affiliates Group. Save as the aforesaid project, as at the Latest Practicable Date, our Directors were not aware of any potential material delay in the delivery of properties from our customers.

Our Directors confirm that, since the COVID-19 outbreak and up to the Latest Practicable Date, none of our suppliers/subcontractors had suspended or terminated their cooperation with us, and we had not encountered any major delay or disruption in the provision of services from our subcontractors. In addition, we have maintained a pool of approved third-party subcontractors with reliable track records, and we therefore will be able to find suitable replacement suppliers/subcontractors in a timely manner with limited or no additional costs. Therefore, our Directors believe that the COVID-19 outbreak would not have a material adverse impact on our suppliers/subcontractors in terms of their provision of downstream services for our property management services.

(v) **Our future expansion:** Due to the COVID-19 outbreak, we anticipate that our expansion in Hubei province will slow down. Nevertheless, our business strategy to expand our geographic presence and business to first-tier and second-tier cities in the PRC will continue. We believe that our expansion plan as discussed in "– Our strategies" in this section is feasible, and our intended use of the proceeds from the Global Offering as described in the section headed "Future Plans and Use of Proceeds" in this prospectus will remain unchanged in light of the drop in the number of COVID-19 cases in China and the gradual resumption of economic activities in China since March 2020. For more details, please refer to the section headed "Industry Overview – COVID-19 Outbreak and Its Impact on the PRC Property Management Industry" in this prospectus. Our Directors believe that the outbreak of COVID-19 would have limited impact on our business strategies and expansion plan.

Based on the above, our Directors are of the view that no material adverse effect on our operations and financial performance is expected to result from the recent COVID-19 outbreak.

ENVIRONMENTAL MATTERS

We are committed to operating our business in compliance with applicable environmental protection laws and regulations and have implemented relevant environmental protection measures in compliance with the required standards under applicable PRC laws and regulations. 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, we had not been subject to any material administrative penalties for non-compliance of PRC environmental laws in the PRC.

SOCIAL RESPONSIBILITIES AND CONTRIBUTIONS TO THE SOCIETY

We care about the welfare of the society and value our social responsibility. Beijing Xicheng District Yuetan Rongze Elderly Care and Nursing Centre is a non-profit and public institution. We started to provide elderly care services at the centre since 2015. Based on the actual health condition and the need of the elderly, we provide day care services, with recreational activities, spiritual comfort, rehabilitation exercises, health education and other activities held at the centre. We also provide home-based services and regular visit to elderly who live alone in the residential communities in Xicheng District. The centre has received various award banners from the elderly and their families in recognition of our contribution to the society.

EMPLOYEES

We place strong emphasis on recruiting quality personnel. We recruit talents from universities and other companies and provide on-going training and development opportunities to our employees.

We enter into individual employment contracts with our employees on terms and conditions including the term, work location, scope of work, work hours, wages, employee benefits, safety and sanitary conditions at the workplace, confidentiality obligations and grounds for termination. We contribute to social insurance (including pension, medical, unemployment, maternity and occupational injury insurance) and housing provident funds for our employees in the PRC in accordance with the applicable PRC laws and regulations.

During the Track Record Period, our Company and some of its PRC subsidiaries did not make contribution to the social insurance fund and housing provident fund in full as required under PRC laws. According to our PRC Legal Adviser, we had no material non-compliance incidents during the Track Record Period and we have not been subject to any significant litigation or material administrative penalties in relation to the contribution of social insurance fund or housing provident fund during the Track Record Period.

As at 31 December 2019, we had a total of 4,048 full-time employees in the PRC. The following table sets forth a breakdown of our employees by function as at 31 December 2019:

	Number of employees	**% of total**
Office of the Board of Directors	15	0.4
Human resources and administration	109	2.7
Finance	111	2.7
Information technology, company development and other functional departments	75	1.9
Property management services staff	173	4.3
Property operational services staff	3,565	88.1
Total	4,048	100.0

The following table sets forth a breakdown of our full-time employees by geographic location as at 31 December 2019:

	Number of employees	**% of total**
Headquarters	73	1.8
North China	2,786	68.8
Northeast China	6	0.1
East China	199	4.9
Southwest China	573	14.2
South China	396	9.8
Central China	15	0.4
Total	4,048	100.0

During the Track Record Period, we also employed a number of dispatched workers to provide of property management and related services. According to our PRC Legal Adviser, we do not have any material administrative penalty in relation to labour dispatch during the Track Record Period.

As at the Latest Practicable Date, our employees have formed a labour union. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any material strikes or labour disputes with our employees, received any material complaints, notices or orders from relevant government authorities or third parties, nor been involved in any material claims relating to social insurance or housing provident funds.

Recruiting and training

We endeavour to recruit talented employees in the market, through external recruitment such as headhunting, website recruitment, government non-profit job referral networks and job fairs, as well as internal referrals. We also cooperate with colleges and universities as a valuable source of talents.

We provide comprehensive training programme to our new employees with the requisite skills and knowledge about their positions, as well as continuous regular training to our existing employees to strengthen their skill sets. Our employee training programme primarily cover key areas in our business operations, including but not limited to our corporate culture, policies, technical knowledge required for certain positions, leadership skills and general knowledge about the nature of our service. We also engage external experts to provide training sessions to our employees on a regular basis.

CASH MANAGEMENT POLICY

Our financial management department at our headquarters in Beijing has made a set of policies for managing cash inflows and outflows, and these policies apply to all our subsidiaries and branches. Our headquarters are responsible for monitoring the cash movement of our subsidiaries and branches and approve their bank account opening in the regional branches. According to our cash payment policies, payments can only be made in cash under the following conditions: (i) payments below the minimum threshold for bank transfers; (ii) when bank transfers are not accepted for services provided or goods delivered by our suppliers; (iii) temporary labour costs or reimbursements paid to the employees; (iv) any other payments that must be paid in cash in accordance with the policies of People’s Bank of China.

To enhance the safety of funds management, our chief financial officer and financial manager carry out different duties in relation to the management of cash inflows and cash outflows. All payments in cash must be approved by various officers, including the chief financial officer. In general, our headquarters have set a daily cap on the amount of cash to be kept at the management offices. If the cash at premises exceeds this amount, it must be deposited in a bank account on the same day.

INSURANCE

We believe that our insurance coverage is in line with the industry practise 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 damage or personal injury suffered by our employees and third parties arising out of or related to our business operations, (ii) property insurance for damages to both movable and immovable property owned by us or in our custody, and (iii) group life accident insurance, commercial complementary medical insurance and supplementary pension insurance for some of our employees. We require our subcontractors to purchase accident insurance for their employees who provide services to our Group. And in accordance with our agreements with subcontractors, the subcontractors are responsible for all workplace injuries to their employees, except for the injuries directly attributable to us.

We believe we have maintain property and liability insurance with coverage in line with the practise of similar companies in the PRC. However, our insurance coverage may not adequately protect us against certain operating risks and other hazards, which may have adverse effects on our business. For more details, please refer to the section headed "Risk Factors – Risks Relating to Our Business and Industry – Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter" in this prospectus.

CERTIFICATES, LICENCES AND PERMITS

As advised by our PRC Legal Adviser, our Directors confirm that, during the Track Record Period and as at the Latest Practicable Date, we had obtained all material licences, approvals and permits from relevant PRC authorities for our business operations in the PRC. We had not experienced any material difficulty in renewing such licences, permits or certificates 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, if applicable.

PROPERTIES

We occupy certain properties in the PRC in connection with our business operations. These properties are not used for property activities as defined under Rule 5.01(2) of the Listing Rules.

According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all of our Group's interests in land or buildings, for the reason that, as at 31 December 2019, none of the properties interests has a carrying amount of 15% or more of our total assets. Pursuant to Chapter 5 of the Listing Rules, this prospectus is also not required to include valuations of our properties.

Owned Properties

As at the Latest Practicable Date, we owned one property with a floor area of approximately 256.3 sq.m. in the PRC for investment purposes, which we have obtained the building ownership certificate. The particulars of this owned property are as follows:

Address	Approximate floor area	Term of use
	sq.m.	
420/3 Qiluyuan Square, North City New Zone, Lanshan District, Linyi, Shandong	256.3	Until 2 August 2052

Our PRC Legal Adviser is of the view that we have the legal ownership of the above property and thus have the right to occupy, use, transfer, lease, mortgage or otherwise dispose of the property in accordance with applicable PRC laws and regulations.

Leased Properties

As at 31 December 2019, we have entered into 89 lease agreements in China, the majority of which are used as our offices, staff quarters and shops for operation of our "IZEE" Brand Series. Among the lease agreements,

- for 67 lease agreements, the lessors have obtained relevant title certificates, including the building ownership certificates. As advised by our PRC Legal Adviser, the lease agreements entered into by the lessors and us in relation to such properties are legal and valid. Our rights under such lease contracts are protected by the PRC laws.

- for 22 lease agreements, the lessors as stated in the lease agreements are unable to provide relevant title certificates such as building ownership certificates or the permission issued by competent authority to lease the properties by lessors. We are unable to confirm that (i) such lessors are the proper contracting parties to such lease agreements, (ii) such lease agreements are legal and valid, or (iii) our interests under such lease agreements are protected by the PRC laws. However, the lessors of such properties have generally represented or guaranteed in the relevant lease agreements that they are the legal owners of the leased premises.

For more details, please refer to the section headed "Risk Factors – Risks Relating to Our Business and Industry – Our rights to use our leased properties could be challenged by third parties, or we may be forced to relocate due to title defects, or we may be liable for failure to register our lease agreements, which may result in a disruption of our operations and subject us to penalties" in this prospectus.

Our Directors confirm that, in the event that we are unable to enforce the lease agreements and are required to relocate due to the defective titles of the leased properties or the invalidity of the lease agreements, we will be able to find suitable substitutes. Our Directors confirmed that although we may incur additional relocation costs therefrom, there would be no material impact on our business or financial position or this Global Offering. Our Directors are of the view that the defective titles will not individually or collectively have a material and adverse effect on our business because (i) among the abovementioned 22 lease agreements for which the lessors have not obtained relevant title certificates including building ownership certificates or the permission issued by competent authority to lease the properties by lessors, the lessors have generally represented or guaranteed in the relevant lease agreements that they are the legal owners of the leased premises; (ii) we do not consider that these 22 properties are crucial to our core business given their small size; and (iii) we believe we will be able to relocate in a timely manner at minimum expense and this would not materially affect our business or financial position.

In addition, our Directors are of the view that the rental costs for the properties under the abovementioned 22 lease agreements with defective title would not be materially different should the lessors obtain the relevant title certificates.

INTELLECTUAL PROPERTY RIGHTS

Our intellectual property is key to our strong brand recognition and is an integral part of our business. We are the registered owner of 85 trademarks which we consider to be material to our business in the PRC and are in the process of applying for the registration of another 5 trademarks in the PRC which we consider to be material to our business. In addition, we consider our three websites to be an additional channel acting as our service platforms. Further details of our intellectual property rights are set out in the paragraph headed "Statutory and General Information – B. Further Information About Our Business – 2. Our Intellectual Property Rights" in Appendix VI to this prospectus.

Our Group has entered into the Brand Licencing Agreements with Financial Street Group, pursuant to which Financial Street Group agreed to grant to each of our Company, Financial Street Residential Property and Financial Street Savills, as licensees, separate non-exclusive, non-sublicenseable and non-transferable licences to use the brands "金融街" and "Financial Street" as set out in the paragraph headed "Statutory and General Information – B. Further Information About Our Business – 2. Our Intellectual Property Rights" in Appendix VI to this prospectus. For more details, please refer the section headed "Connected Transactions – (A) Continuing Connected Transactions Fully Exempt from the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements – 1. Brand Licencing Agreements" in this prospectus.

As at the Latest Practicable Date, we were not aware of any material infringement (i) by us in relation of any intellectual property rights owned by third parties, or (ii) by any third parties in relation of any intellectual property rights owned by us.

LEGAL PROCEEDINGS AND COMPLIANCES

Legal Proceedings and Regulatory Matters

As advised by our PRC Legal Adviser, during the Track Record Period and up to the Latest Practicable Date, save for the relevant circumstances which have been disclosed in this section, we have obtained all material approvals, permits, licences and certificates (all of which are valid and current) from relevant government authorities for our operations, and we have been in compliance with all material aspects with the applicable PRC laws and regulations.

As advised by our PRC Legal Adviser, during the Track Record Period, we have not been subject to any significant litigations or material administrative penalties in relation to non-compliance with any PRC laws or regulations relating to our business.

We may from time to time be involved in legal proceedings or disputes during the ordinary course of business, such as contract disputes with our customers and suppliers.

As at the Latest Practicable Date, there were no pending or potential litigation or arbitration proceedings or administrative proceedings against us or any of our Directors which would have material adverse effect on our financial position or results of operations.

RISK MANAGEMENT AND INTERNAL CONTROL

In preparation for the Listing, we have engaged an independent internal control consultant (the "Internal Control Consultant") to perform a review over selected areas of our internal control over financial reporting in August 2019 (the "Internal Control Review"). The scope of the Internal Control Review performed by the Internal Control Consultant was agreed between us, the Sole Sponsor and the Internal Control Consultant. The selected areas of our internal control over financial reporting that were reviewed by the Internal Control Consultant included entity level control and business process level control, including sales and revenue management, procurement management, HR management, asset management, treasury management, financial reporting management, tax management, insurance management, and general control of information technology. During the course of the Internal Control Review, the Internal Control Consultant provided its findings and recommendations. We have accordingly taken the enhanced internal control measures to make improvements. The Internal Control Consultant performed follow-up reviews in December 2019 to review the status of the management actions taken by us to address the findings of the Internal Control Review (the "Follow-up Review"). The Internal Control Consultant did not have any further recommendation in the Follow up Review. The Internal Control Review and the Follow-up Review were conducted based on information provided by us and no assurance or opinion on internal control was expressed by the Internal Control Consultant. After considering the implementation of the enhancement measures and the result of such Follow-up Review, our Directors are satisfied that our internal control system is adequate and effective for our current operational environment.

We have implemented various risk management policies and measures to identify, assess and manage risks arising from our operations. Detailed risk categories identified by our management, internal and external reporting mechanism, remedial measures and contingency management have been codified in our policies. For more details on the major risks identified by our management, please refer to the section headed "Risk Factors – Risks Relating to Our Business and Industry" in this prospectus.

In addition, we face various financial risks, including interest rate, credit and liquidity risks that arise during our ordinary course of business. Please refer to the section headed "Financial Information – Qualitative and Quantitative Disclosure about Market Risk" in this prospectus for a discussion of these financial risks.

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 other things, 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. For more details, please refer to the section headed "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 implementation of policies to ensure compliance with the Listing Rules, including those in relation to risk management, continuing connected transactions and information disclosure;

- the establishment of whistleblowing policy for corporate accountability, which sets forth guidelines on matters such as anti-corruption, anti-bribery, anti-money laundering and whistleblower protection. Violation of whistleblowing policy will be disciplined accordingly;

- code of conduct applicable to all of our employees which set forth standardised business practise and expected ethical standards;

- the quality control and supervision measures and procedures over our services and over subcontractors to prevent risks. For more details, please refer to the subsection headed "– Quality Control" in this section; and

- internal procedures for handling complaints from customers.

Views of our Directors and the Sole Sponsor

Based on the implementation of the enhanced internal policies, the remedial actions, our Group's business nature and operation scale, our Directors are of the view that (i) our Group's internal control measures are adequate and effective to prevent the non-compliance incidents; and (ii) our Group has adequate and effective internal control procedures in place. Taking into consideration of the above enhanced internal policies and remedial actions, when adopted effectively and implemented, the Sole Sponsor concurs with our Directors' view in such respect.

OVERVIEW

Immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), Financial Street Group will own approximately 35.64% of the issued share capital in our Company through its wholly-owned subsidiary Huarong Zonghe. Financial Street Group and Huarong Zonghe will each be regarded as Controlling Shareholders of our Company under Rule 1.01 of the Listing Rules.

The Operation Centre is a whole people-owned enterprise (全民所有制企業) held as to 100% by the Xicheng SASAC. The Operation Centre is the state-owned assets integration, financing, investment and management centre of Xicheng District People's Government of Beijing Municipality and constitutes a PRC Governmental Body under the Listing Rules.

As set out in the articles of association of the Operation Centre, its business scope includes, but is not limited to, the following activities: management of athletic events; hotel management; organisational of culture and artistic exchange activities (excluding performances); property management; investment in projects; investment management; investment consulting; asset management; financial data consulting; real estate development, operation and sale of real property in the Xidan district. While its articles of association do not restrict the Operation Centre from engaging in any commercial activities, the Operation Centre is an investment holding platform established by Xicheng SASAC and it is not involved in the operations and management of its investee companies.

As the state-owned assets capital operation platform of Xicheng SASAC, the Operation Centre acts merely as a passive investor of equity investment and a shareholding company on behalf of Xicheng SASAC. Pursuant to the relevant rules and regulations for state-owned assets in the PRC, it is one of the general obligations for each level of State-owned Assets Supervision and Administration Commission, state-owned operation platform and state-owned enterprises to preserve and improve the value of state-owned assets. Preservation and improvement of the value of state-owned assets could be achieved through various ways without necessarily being involved in the business operation of a company, including, among others, promotion of new industries, corporate reorganisation and securitisation of state-owned assets. In this connection, each of Xicheng SASAC, the Operation Centre and the investee companies has the obligation to preserve and improve the value of the state-owned assets. All major decisions in respect of any change to the value of state-owned assets shall be approved by Xicheng SASAC and implemented by the relevant investee companies accordingly.

As advised by the PRC Legal Adviser, as a whole people-owned enterprise (全民所有制企業), the Operation Centre was established pursuant to the Law of the People's Republic of China on State-owned Assets in Enterprises (中華人民共和國企業國有資產法). According to the Law of the People's Republic of China on Industrial Enterprises Owned by the Whole People (中華人民共和國全民所有制工業企業法), the Operation Centre does not have any directors nor supervisors. The Operation Centre is managed by a manager, which is appointed by Xicheng SASAC and the manager reports to Xicheng SASAC directly.

Xicheng SASAC is responsible for the nomination of directors and supervisors of the Operation Centre's investee companies and all major decisions of the investee companies have to be made with the consent of and at the direction of Xicheng SASAC. According to the articles of association of the Operation Centre, while the manager has the discretion to (i) approve the management structure of the Operation Centre, (ii) hire and dismiss the staff of the Operation Centre, and (iii) oversee the daily management of the Operation Centre, all other major decisions have to be reported, filed and approved by Xicheng SASAC.

As advised by the PRC Legal Adviser, according to the Xicheng District State-owned Assets Management Plan of Major Importance (北京市西城區國有資產重大事項管理暫行辦法), the following activities involving the Operation Centre or its major subsidiaries, among others, have either to be approved by, filed with or reported to Xicheng SASAC:

(i) merger, spin-off, reincorporation, dissolution or public offering of any securities;

(ii) increase or decrease in share capital;

(iii) offering of debt securities;

(iv) amendment of its articles of association;

(v) strategic planning and annual investment plans;

(vi) amendment of constitution documents of major subsidiaries;

(vii) the plan of income allocation of the Operation Centre and the major subsidiaries;

(viii) significant investment or financing by the Operation Centre and major subsidiaries;

(ix) any change of the accounting policies of the Operation Centre and major subsidiaries;

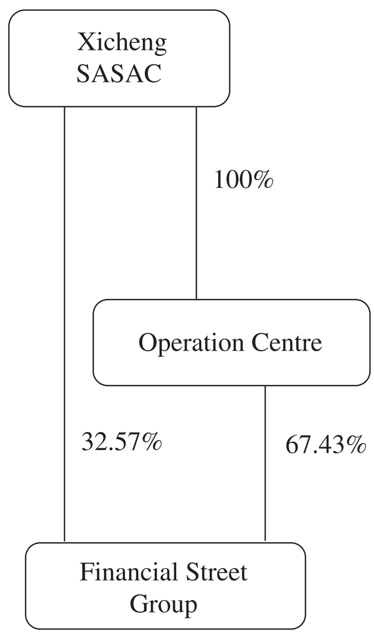
(x) performance review of the managers of the Operation Centre and the major subsidiaries, and their remuneration control plan and annual bonus;

(xi) incorporation of new enterprises by the Operation Centre; and

(xii) involvement in significant litigation, safety infractions, or involvement of senior management in criminal activities.

In light of the above, the Operation Centre is not engaged in any commercial operation, and as an "institution," it fits under the definition of limb (c) of the definition of "PRC Governmental Body" in Rule 19A.04 of the Listing Rules. Further, if there is any change in circumstances that would affect the information about the Operation Centre disclosed above or there is any change to the relevant PRC laws and regulations, the Stock Exchange will assess whether the definition of "PRC Governmental Body" in Rule 19A.04 of the Listing Rules shall continue to apply to the Operation Centre as and when appropriate.

As at the Latest Practicable Date, Financial Street Group was held as to 67.43% of the equity interests by the Operation Centre. The Xicheng SASAC is the de facto controller and direct administrator of Financial Street Group. The shareholding structure described above is set forth in the chart below:



Our Business Relationship with Financial Street Affiliates Group

While a significant portion of our property management projects during the Track Record Period was related to the management of properties developed by Financial Street Affiliates Group, our reliance on Financial Street Affiliates Group has been decreasing. During each year of the Track Record Period, 72.5%, 69.1% and 66.4% of the total GFA managed by our Group were attributed to the properties developed by Financial Street Affiliates Group, respectively, and 83.5%, 83.4% and 81.1% of the revenue was contributed from the provision of property management and related services to properties developed by Financial Street Affiliates Group, respectively. Such decreasing trend is largely due to (i) our Group's successful attempt in exploring and establishing new business relationships with independent customers; and (ii) our Group's success in diversifying our property management portfolio with wider source of revenue from independent developers.

During the Track Record Period, we diversified our property management portfolio to non-commercial properties, including public properties, hospitals and educational properties, and a majority of such projects were sourced from independent customers. We strive to participate in more tenders for properties developed by Independent Third Parties to diversify our property management portfolio. For the years ended 31 December 2017, 2018 and 2019, we participated in 13, 25 and 24 tenders for properties of Independent Third Parties, respectively. Our total GFA under management sourced from Independent Third Parties increased from approximately 3.6 million sq.m. as at 31 December 2017 to approximately 6.7 million sq.m. as at 31 December 2019, recording a CAGR of 23.0%. The growth of such records indicates the Company's capability in market expansion with third-party property developers, property owners' associations and individual property owners.

Based on the information provided by Financial Street Group and public information available, Financial Street Affiliates Group had commenced to select property management service providers for 13, 14 and 14 projects during each year of the Track Record Period: (i) Financial Street Affiliates Group invited tenders for the provision of property management services for 13, 13 and 14 projects during each year of the Track Record Period, respectively, among which we participated in nine, 11 and 13 tenders organised by Financial Street Affiliates Group. The success rate of our tender bids for properties developed by Financial Street Affiliates Group was 100.0%, 100.0% and 92.3% during each year of the Track Record Period respectively. The decrease in the tender success rate for the year ended 31 December 2019 was attributable to our failure to win one tender for a property developed by Financial Street Affiliates Group as the selection criteria were more favourable to local property management service providers. As such, a local service provider was awarded the property management service agreement for such project; and (ii) Financial Street Affiliates Group had one project in 2018 which it selected the property management services provider by way of appointment through commercial negotiation, and that project was awarded to us.[1] While property management service providers, including our Group mainly obtain new property management services contracts via tender processes, and the success of which depends on a number of factors including but not limited to service quality, pricing and the operation history of the tenderers, historical figures collected and analysed by CIA show that property management service providers which are affiliates of property developers tend to have a higher rate of success on tenders organised by such property developers based on a long-term cooperative

Note 1: As advised by Financial Street Affiliates Group, Financial Street Affiliates Group developed 15, 9 and 10 projects during each year of the three years ended 31 December 2016: (i) Financial Street Affiliates Group invited tenders for the provision of property management services for seven, four and eight projects during each year of the three years ended 31 December 2016, respectively, among which our Group participated in seven, four and eight tenders organised by Financial Street Affiliates Group. The success rate of our tender bids for properties developed by Financial Street Affiliates Group was 100.0%, 100.0% and 100.0% during each year of the three years ended 31 December 2016, respectively; and (ii) our Group was also awarded four, three and one projects by Financial Street Affiliates Group by way of appointment through commercial negotiation during each of the corresponding years. As such, we obtained 11, seven and nine projects out of 15, nine and 10 projects developed by Financial Street Affiliates Group during each of the three years ended 31 December 2016, respectively, and the remaining four, two and one projects out of 15, nine and 10 projects developed by Financial Street Affiliates Group during each of the corresponding years, respectively, were awarded by way of appointment through commercial negotiation by Financial Street Affiliates Group to other parties.

relationship with mutual trust. Such mutual trust and win-win cooperation relationship are important to both the property developers and property management service providers, since it (i) ensures that stable, consistent and reliable property management services are provided to the properties developed by the property developers, and (ii) provides sustainable income for property management service providers. In particular, we believe the engagement of a reputable property management service provider such as our Group is one important factor to be taken into consideration by the property owners as this is critical for the value preservation of the properties.

In addition to the property management services, we also provide to Financial Street Affiliates Group value-added services which include sales offices and display units management service to enhance the visiting experience of potential property owners. Further, we provide to Financial Street Affiliates Group consultancy services throughout the whole process of property development, including planning, design of building facilities and systems, and selection of equipment at the initial stage of development, and advising on property deficiencies and construction quality upon completion. We believe that these services are significant to the overall property development and sales process of Financial Street Affiliates Group, which contributed to the success and reputation of Financial Street Affiliates Group.

Taking into account the above, and given that (i) we have been providing property management and related services to the Financial Street Affiliates Group since 1994; (ii) we had been invited to participate in, and been awarded a majority of tenders organised by Financial Street Affiliates Group during the Track Record Period; (iii) benefiting from such a long standing relationship, we are familiar with the strategies, standards and requirements of Financial Street Affiliates Group and are therefore able to provide value-added services (including sales offices and display units management services, consultancy services throughout the whole process of property development, including planning, design of building facilities and systems, and selection of equipment at the initial stage of development, and advising on property deficiencies and construction quality upon completion) to them in order to meet their specific needs; and (iv) Financial Street Affiliates Group has been benefiting from the quality and reliability of our services, our Directors are of the view that our relationship with Financial Street Affiliates Group has become mutually beneficial and complementary, and in turn, it is unlikely that the relationship between our Group and Financial Street Affiliates Group will materially adversely change or be terminated.

To further reduce our reliance on Financial Street Affiliates Group, we will continue to (i) participate in tenders for projects of property developers other than Financial Street Affiliates Group; (ii) strengthen our relationship with existing independent customers; (iii) explore and establish new relationship with independent customers; and (iv) as set out in the section headed "Business – Our Strategies", if appropriate targets could be identified, consider expanding our business through merger and acquisitions.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having taken into account of the following factors, our Directors believe that our Group is capable of carrying on our business independently of our Parent Group after the Listing.

Operational independence

Independent business operations

Our business operations are delineated from and independent of those of our Controlling Shareholders and their respective close associates. Save for certain continuing connected transactions conducted in the ordinary course of business of our Group as set out in the section headed "Connected Transactions" in this prospectus, our Directors do not expect that there will be any other continuing connected transactions between our Group and our Controlling Shareholders or their respective close associates upon or shortly after completion of the Listing. The continuing connected transactions will be conducted on normal commercial terms in accordance with the pricing policy of our Group, our Controlling Shareholders and their respective close associates, and are not prejudicial to the interests of any of the parties.

Connected transactions with Controlling Shareholders

The continuing connected transactions between our Group and our Controlling Shareholders or their respective close associates set out in the section headed "Connected Transactions" in this prospectus will continue upon completion of the Global Offering and all such transactions were entered into on normal commercial terms after arm's length negotiations. When determining the service fees between our Group and our Controlling Shareholders or their respective associates, factors such as project location and condition, scope of services, labour and other costs (where appropriate) were taken into account. Such fees were determined with reference to the prevailing market rate. The total amounts of the continuing connected transactions between us and our Controlling Shareholders or their respective close associates will, as a portion of our Company's total revenue upon Listing remain in line with historical trends. Therefore, such continuing connected transactions are not expected to have an impact on our overall operational independence.

Method of obtaining preliminary property management business

Approximately 66.4% of the total GFA under management and approximately 81.1% by revenue generated from the property management and related services provided by our Group for the year ended 31 December 2019 were derived from properties developed by Financial Street Affiliates Group. Our Group conforms to industry norms in property management service business through (i) tendering (including public tenders and tenders by invitation); and (ii) commercial negotiation. However, the specific method adopted for selecting the provider of preliminary property management services is usually decided by the developer. Our pricing for property management services conforms with industry norms.

Based on our experience in participating in the tendering and bidding process organised by Financial Street Affiliates Group, to the best of the knowledge of our Directors, Financial Street Affiliates Group will generally take into account various factors when evaluating tenders including but not limited to: (i) staff experience in managing similar types of projects, (ii) pricing, (iii) quality of service, and (iv) branding. We consider our brand, scale and experience in property management, as evidenced by our ranking of 16th among the 2020 Top 100 Property Management Companies, to be our competitive advantages enabling us to secure projects developed by Financial Street Affiliates Group. This has been illustrated by the success rate of our tender bids for properties developed by Financial Street Affiliates Group for the years ended 31 December 2017, 2018 and 2019, being 100.0%, 100.0% and 92.3%, respectively.

Trending toward greater operational independence

Historical trends indicate a decreasing reliance on properties developed by Financial Street Affiliates Group for our source of revenue, evidencing progressively greater operational independence from our Parent Group. For the years ended 31 December 2017, 2018 and 2019, revenue from property management projects sourced from Financial Street Affiliates Group amounted to RMB621.2 million, RMB717.4 million and RMB794.5 million, representing 83.5%, 83.4% and 81.1%, respectively, of our revenue derived from property management and related services in the same periods. We strive to expand our business by seeking more opportunities to provide property management services to Independent Third Parties. Our revenue and revenue contribution from providing property management services to Independent Third Parties continued to increase which amounted to RMB122.4 million, RMB143.2 million and RMB184.7 million, representing 16.5%, 16.6% and 18.9%, of our revenue derived from property management and related services respectively, for the years ended 31 December 2017, 2018 and 2019.

Licences required for operations

We hold all the relevant licences and permits that are material to our business operations, and enjoy the benefits brought by them.

Operational facilities

As at the Latest Practicable Date and save as disclosed in the section headed "Connected Transactions" in this prospectus, all necessary properties and facilities required for our business operations were independent of our Controlling Shareholders and their respective close associates.

Employees

As at the Latest Practicable Date, all of our full-time employees were recruited primarily through independent recruitment methods, such as recruitment websites, campus recruitment programme, newspaper advertisements and recruitment agencies.

Accordingly, our Directors consider our Group's business operation to be independent from our Controlling Shareholders and their respective close associates.

Financial independence

Our Group will be able to maintain financial independence from our Controlling Shareholders and their respective close associates for the reasons set out below:

No financial reliance on our Controlling Shareholders and their respective close associates

As at the Latest Practicable Date, there has been no borrowings owed by us to our Controlling Shareholders, nor has there been any share pledge or guarantee provided by our Controlling Shareholders or their respective close associates for our borrowings. In addition, we have in place independent internal control, accounting and finance departments, independent system and standard for cash collection and payment, and independent funding channels.

Independent financial team

Although we share the same financial and accounting system with Financial Street Group, we estimate that only RMB2,460,000 is needed to replicate a financial and accounting system with the same functions, which cost already includes historical data migration, and the annual maintenance cost of the system is estimated not to exceed RMB200,000. The Directors consider that such replacement cost being immaterial, there would be no practical difficulties in replicating an independent financial and accounting system.

We have our own financial and accounting team, which is independent from that of our Controlling Shareholders and their respective close associates. Our Group will independently perform its accounting functions and make financial decisions according to its own business needs and financial position. Based on the above, we will be able to finance our own business and operations independently without reliance on our Controlling Shareholders and their respective close associates.

Management independence

Board composition

The Board comprises nine Directors with two executive Directors, four non-executive Directors and three independent non-executive Directors.

The following table sets forth the positions held by our Directors and Supervisors in our Controlling Shareholders or their respective close associates as at the Latest Practicable Date:

		Position held in our Controlling Shareholder and their subsidiaries		
Name of Director/Supervisor	**Position held in our Company**	**Name of Company**	**Relationship with Controlling Shareholders**	**Position**
Sun Jie (孫杰)	Executive Director, Chairman and general manager	Beijing Huarong Real Estate Agency Co., Ltd. (北京華融房地產經紀有限公司)	70% subsidiary of Huarong Zonghe, with the remaining 30% interests held by the Company, therefore Beijing Huarong Real Estate Agency Co., Ltd. (北京華融房地產經紀有限公司) is an affiliated company of the Company	Chairman
		Beijing Jinhao Real Estate Development Co., Ltd. (北京金昊房地產開發有限公司)	Indirect 100% subsidiary of Financial Street Group	Executive director and general manager
Zhou Peng (周鵬)	Non-executive Director	Beijing Huali Jiahe Industry Co., Ltd. (北京華利佳合實業有限公司)	85% subsidiary of Financial Street Group	Director and general manager
Liang Jianping (梁建平)	Non-executive Director	Financial Street Group	–	Director of general office (辦公室主任)
Jiang Rui (姜鋭)	Non-executive Director	Financial Street Group	–	Deputy manager of strategic development department (戰略發展部副總經理)
		Beijing Huarong Infrastructure Investment Co., Ltd. (北京華融基礎設施投資有限責任公司)	Wholly-owned subsidiary of Financial Street Group	Director
Liu Anpeng (劉安鵬)	Chairman of the Supervisory Committee	Financial Street Group	–	Manager of legal department (法律事務部總經理)

Mr. Sun Jie, our executive Director, chairman and general manager, is also the chairman of Beijing Huarong Real Estate Agency Co., Ltd. (北京華融房地產經紀有限公司) and the executive director and general manager of Beijing Jinhao Real Estate Development Co., Ltd. (北京金昊房地產開發有限公司), and will remain in his existing roles in the aforesaid companies after the Listing. Beijing Huarong Real Estate Agency Co., Ltd. (北京華融房地產經紀有限公司), which principal business is as a real estate agency, is a subsidiary of Huarong Zonghe, one of our Controlling Shareholders and Beijing Jinhao Real Estate Development Co., Ltd. (北京金昊房地產開發有限公司), which principal business is real estate development, is a wholly-owned subsidiary of Financial Street Group, one of our Controlling Shareholders.

Our Directors confirm that our Company is the only employer with whom Mr. Sun Jie has signed an employment contract. As a full-time employee of our Company, Mr. Sun holds positions as a Director and general manager at our Company and shall devote most of his working hours at our office premises handling matters relating to the management of our Group's business and his positions in Beijing Huarong Real Estate Agency Co., Ltd. (北京華融房地產經紀有限公司) and Beijing Jinhao Real Estate Development Co., Ltd. (北京金昊房地產開發有限公司) are not expected to affect Mr. Sun Jie's commitment to oversee and manage our business operations.

While Directors Mr. Zhou Peng, Mr. Liang Jianping and Mr. Jiang Rui hold positions in the aforesaid companies, they are non-executive Directors and have not been and will not be involved in the daily management of the Company after the Listing.

Save as the above, none of our Directors holds any other directorship or senior management positions in our Controlling Shareholders or their respective close associates.

Roles of the Board members

Our executive Directors, one of whom also holds the role of general manager, both of whom will report to the Board, will have dedicated responsibilities in our Group and will be responsible for overseeing the day-to-day operation and management of our Group. It is expected that our non-executive Directors will take up a strategic role in advising us on the formulation of our development plans and in particular, the development of possible further synergies between our Group and our Controlling Shareholder and their respective close associates.

Abstention from participation

In the event of any actual or potential conflict of interest between our Controlling Shareholders, and/or their respective close associates and our Group, our Director(s) holding directorship and/or senior management position(s) in our Controlling Shareholders or their respective close associates will abstain from participating in Board discussions and the voting on the relevant Board resolution, and other Directors will vote and decide on the relevant matter. In addition, when Directors serve for the Controlling Shareholders or their subsidiaries, our Nomination Committee will review the independence of each such Director in exercising their duties as Directors to ensure effective management of conflict of interests.

The structure of the Nomination Committee lends itself to effective management of conflict of interests. The Nomination Committee consists of three members, including Mr. Sun Jie as the chairman, and two other members who are independent non-executive Directors, namely Mr. Song Baocheng and Ms. Tong Yan, both of whom are independent of, and are not directors, supervisors or employees of Financial Street Affiliates Group. Pursuant to the terms of reference of the Nomination Committee which will become effective upon Listing, any member of the Nomination Committee who is interested in any matter to be discussed is required to abstain from attending and voting in such relevant meeting. The aforesaid terms of reference also provide that a majority of its members shall be independent non-executive Directors and that quorum for a meeting of the Nomination Committee shall be at least two-thirds of its members, which should provide an effective check and balance of power in the Nomination Committee. In light of the above, the Directors are of the view, and the Sole Sponsor concurs, that the Group's potential conflict of interest with Financial Street Affiliates Group as well as with our Controlling Shareholders can be effectively managed.

Given the arrangement mentioned above, our Directors believe that: (i) each of our Controlling Shareholders, their respective close associates and our Group is managed and operates independently of each other and this accords with the interests of their respective shareholders as a whole; and (ii) our Company has its own management team and that it is capable of maintaining independence from Financial Street Affiliates Group and our Controlling Shareholders.

DELINEATION OF BUSINESS FROM OUR CONTROLLING SHAREHOLDERS

Our Group is principally engaged in property management service in the PRC ("**Our Principal Business**"), which contributes over 98.3%, 98.3%, and 98.2% of our Group's revenue for the years ended 31 December 2017, 2018 and 2019, respectively. For more details of Our Principal Business, please refer to the section headed "Business" in this prospectus.

Save for certain separate and distinct businesses as stated below, the business conducted by our Controlling Shareholders and their respective close associates do not overlap with the Principal Business of our Group:

Principal business of our Parent Group

Our Parent Group mainly operates in real estate development, investment holding, finance, education and medical and wellness (the "**Parent Group Business**").

As at the Latest Practicable Date, Financial Street Group owned direct or indirect interests as a substantial shareholder in over 160 companies. Currently, our Parent Group does not engage in property management services that are available to the open market. To the extent our Parent Group engaged in property management during the Track Record Period, the Parent Group managed their self-owned and/or self-used buildings and properties. Of the members of our Parent Group, only Beijing Huarong Bingbao Plaza Athletic and Cultural Development Company Ltd. (北京華融冰寶廣場體育文化發展有限公司) ("**Huarong Bingbao**") currently has concrete plans to engage in property management services in the future, specifically the sole purpose of its establishment will be for the investment, construction and operations of Xiwai Athletic Centre (西外體育中心) in conjunction with Beijing municipal government plans for the 2022 Winter Olympics, which will be for the Xiwai Athletic Centre to act as an integrated athletic, cultural and entertainment centre. The delineation of Our Principal Business from that of Huarong Bingbao is clear and unmistakeable. Aside from the stark contrast in the type of property to be managed by Huarong Bingbao from those typically managed by our Group, public infrastructure as opposed to office buildings, there is no possibility of Huarong Bingbao competing for our customers, because Huarong Bingbao is a single-purpose entity with Xiwai Athletic Centre as its only property to be managed. Huarong Bingbao will begin operations in 2022 and as at the Latest Practicable Date, has not entered into any property management service agreements, performed any property management services, nor generated any revenues in relation to property management. Given the difference between our respective principal business operations, our Directors are of the view that there is clear delineation between Our Principal Business and Parent Group Business, and none of the Parent Group Business would compete or is expected to compete, directly or indirectly, with Our Principal Business.

To diminish the potential competition that might emerge in the future, Financial Street Group has issued the Non-competition Undertaking Letter in favour of our Company whereby Financial Street Group made several undertakings in favour of our Group in relation to competing business or activities. For more details, please refer to the subsection headed "– Non-competition Undertaking Letter" in this section below.

NON-COMPETITION UNDERTAKING LETTER

On 9 June 2020, Financial Street Group (the "**Covenantor**") issued the Non-competition Undertaking Letter to our Company, pursuant to which the Covenantor and the entities directly or indirectly held by it as to 10% or more (the "**Affiliate(s)**") will not, directly or indirectly, engage in or participate in, or assist to engage in or participate in, any businesses or activities which compete or may compete with Our Principal Business.

Option for New Business Opportunities

Pursuant to the Non-competition Undertaking Letter, the Covenantor has undertaken that, during the validity of the Non-Competition Undertaking Letter, if the Covenantor is aware of any new business opportunity available to the Covenantor or any Affiliate which directly or indirectly competes or may compete with Our Principal Business, it shall immediately notify our Group in writing with sufficient information for considering whether to engage in the aforesaid new business opportunity, and use its best efforts to procure such business opportunities to be provided to our Group on reasonable and fair terms and conditions. If our Group decides to accept such new business opportunities, it shall notify the Covenantor in writing within the period specified by the Covenantor, or within 30 days if the Covenantor has not specified such period. Our Group is required to reply in writing to the Covenantor whether or not it will engage in such new business opportunities within the period specified by the Covenantor, or within 30 days if the Covenantor has not specified such period.

Upon receipt of our Group's written confirmation of non-acceptance of such new business opportunities, or in the event that our Group fails to reply in writing within the specified period, the Covenantor is entitled to engage in such new business opportunities. Coverage of the relevant undertakings also include Affiliates of the Covenantor.

The Board (including our independent non-executive Directors) or the authorised Board committees shall be responsible for reviewing and determining whether to accept such new business opportunities provided by the Covenantor or its Affiliates by taking into consideration factors such as commercial terms, estimated costs of service, location and the compatibility from a commercial aspect of such new business opportunities with our Group's strategy and prospects. Should the Covenantor or their Affiliates send us any notice of new business opportunities, we shall immediately report to our independent non-executive Directors, who may reply to the Covenantor or its associates (if applicable) within the specified deadline.

Our Company will publish an announcement on our decision on acceptance or rejection of any new business opportunity with basis, and make adequate disclosures in our annual reports.

Right of First Refusal

According to the Non-Competition Undertaking Letter, during the validity of the Non-Competition Undertaking Letter, in the event that the Covenantor or any Affiliate intends to assign, sell, lease, licence the use of, or otherwise transfer or permit the use of, to a third party any of its equity interests, assets or other interests in a competing business ("**Transfer**") which constitute or may constitute a new business directly or indirectly competing with Our Principal Business, then the Covenantor shall deliver a written notice to our Company (the "**Transfer Notice**").

Upon receipt of the Transfer Notice from the Covenantor, our Group shall provide a written reply to the Covenantor within the period specified by the Transfer Notice, or within 30 days if the Transfer Notice has not specified such period. In the event that our Group declines to accept the Transfer of the new competing business or any interests thereof as per terms of the Transfer Notice or fails to reply to the Covenantor within the specified period, then the Covenantor is entitled to Transfer such new competing business or any interests thereof to a third party based on the terms no more favourable than those set out in the Transfer Notice.

The Covenantor has undertaken that, prior to the receipt of our Group's written reply of declining to accept the Transfer of such new competing business or any interests thereof, the Covenantor shall not issue any Transfer Notice or intent of the Transfer to any third parties. Coverage of the relevant undertakings also include the Affiliates of the Covenantor.

The Board (including our independent non-executive Directors) or the authorised Board committees shall be responsible for reviewing and considering whether to exercise the aforesaid right of first refusal, taking into consideration factors including but not limited to commercial terms, estimated costs of service, location and the compatibility from a commercial aspect with our Group's development strategy and prospects. The exercise of any option and/or the right of first refusal that constitutes connected transactions in accordance with the Listing Rules shall comply with the applicable disclosure requirements and the approval by independent shareholders (where applicable) under the Listing Rules.

Our Directors believe that our independent non-executive Directors have extensive experience evaluating new business opportunities and considering whether to exercise any option and/or the right of first refusal. In addition, our independent non-executive Directors may consult professional financial advisors or other experts who can provide advice on the matters to be considered for exercising any option and/or the right of first refusal under the Non-competition Undertaking Letter.

The Non-competition Undertaking Letter shall come into effect on the Listing Date and will remain in full force until and when the following events (whichever is earlier) occur:

(a) The Covenantor is no longer a controlling shareholder of the Company; or

(b) the H shares of our Company are no longer listed on the Stock Exchange (except for the tentative trading suspension or halt of our Company's shares for any reason).

CORPORATE GOVERNANCE MEASURES

Our Company has adopted the following measures to manage the conflict of interests arising from potential competition, if any, between our Group and our Controlling Shareholders and their close associates:

(a) our independent non-executive Directors will review the Non-competition Undertaking Letter (including the Transfer Notice and option for new business opportunities described in the subsection headed "– Non-competition Undertaking Letter – Option for New Business Opportunities" in this section) on an annual basis;

(b) Financial Street Group has undertaken to provide all information necessary to our Company for the annual review by our independent non-executive Directors on the enforcement of and compliance with the Non-competition Undertaking Letter;

(c) if our Board is required to make a decision on whether to accept a business opportunity pursuant to the Transfer Notice and option for new business opportunity under the Non-competition Undertaking Letter, such decision shall be made by those Directors who do not have any material interest in such business opportunity and/or who do not assume any ongoing managerial or directorship role in Financial Street Group (as the case may be);

(d) Financial Street Group will provide a confirmation on compliance pursuant to their undertakings under the Non-competition Undertaking Letter in our annual report;

(e) our Company will disclose the decision made and/or matter reviewed by our independent non-executive Directors relating to compliance and enforcement of the Non-competition Undertaking Letter (including any decision made by our Board on whether to accept a business opportunity pursuant to the Transfer Notice and option for new business opportunity under the Non-competition Undertaking Letter) in our annual reports and/or by way of an announcement;

(f) our Directors will comply with the Articles of Association which require the interested Directors not to vote (nor be counted in the quorum) on any Board resolution approving any contract or arrangement or other proposal in which he/she/they or any of his/her/their close associates is materially interested;

(g) our Directors, including our independent non-executive Directors, will be entitled to seek independent professional advice from external parties in appropriate circumstances at our Company's expense;

(h) our Directors will (i) report any conflict or potential conflict of interest involving Controlling Shareholders and their close associates to our independent non-executive Directors as soon as practicable upon becoming aware of such conflict; (ii) convene a Board meeting to review and evaluate the implications and risk exposure of such conflict; and (iii) monitor any material irregular business activities. The conflicted Directors will be required to abstain from participating in the Board meetings where resolutions with material potential conflicts of interest are discussed;

(i) our Company will monitor potential or proposed transaction between our Group and our connected persons, and ensure compliance with Chapter 14A of the Listing Rules including, where applicable, the announcement, reporting, annual review and independent Shareholders' approval requirements;

(j) our Company has appointed Guotai Junan Capital Limited as its compliance adviser to provide advice and guidance to our Group in respect of compliance with the applicable laws and Listing Rules including various requirements relating to directors' duties and internal control; and

(k) our Audit Committee will conduct a review on the effectiveness of the above internal control measures on an annual basis.

Pursuant to Chapter 14A of the Listing Rules, our Directors, Supervisors, substantial shareholders and general manager or those of our subsidiaries, any person who was a Director or a director of any of our subsidiaries within 12 months prior to the Listing Date, and any of the associates of the aforesaid persons will become a connected person of our Company upon the Listing. Upon the Listing, our transactions with such connected persons will constitute connected transactions under Chapter 14A of the Listing Rules. We have entered into a number of agreements with such 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 TRANSACTIONS FULLY EXEMPT FROM THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1. Brand Licencing Agreements

On 19 June 2017, Financial Street Group, as licensor, entered into separate brand licencing agreements with each of our Company, Financial Street Residential Property, and Financial Street Savills as supplemented by their respective supplemental agreements dated 21 May 2020, (together the "**Brand Licencing Agreements**") pursuant to which Financial Street Group agreed, so long as Financial Street Group remains the Controlling Shareholder of, and exercises de facto control over, the Company and so long as the Company remains the controlling shareholder of, and exercises de facto control over, Financial Street Residential Property and Financial Street Savills (as applicable), to grant to each of our Company, Financial Street Residential Property and Financial Street Savills, as licensees, separate non-exclusive, non-sublicenseable and non-transferable licences to properly use the brands "金融街" and "Financial Street" (the "**Brands**"), subject to usage guidelines and restrictions, in property management and related business at licence fees of RMB10,000 per year, RMB10,000 per year and RMB30,000 per year, respectively, for terms of one year which are automatically renewable annually and shall remain valid until otherwise terminated by mutual agreement between the contracting parties. The Brands are registered trademarks in the PRC. As at the Latest Practicable Date, the Brand Licencing Agreements remained subsisting.

Our Directors believe that as the Group needs to continuously use the brands related to "金融街" and/or "Financial Street" during its ordinary course of business, entering into the Brand Licencing Agreements with a term of over three years is highly essential to our Group's operations and is beneficial to the interests of our Shareholders as a whole. Our Directors are of the view that it is normal business practise for agreements of this type to be of over three years.

Financial Street Group is one of our Controlling Shareholders and therefore is a connected person of our Company under the Listing Rules. Accordingly, the transactions under the Brand Licencing Agreements will constitute *de minimis* transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

As the applicable percentage ratios under Chapter 14 of the Listing Rules for the transactions under the Brand Licencing Agreements (on an annual basis) are less than 0.1%, by virtue of Rule 14A.76(1)(a) of the Listing Rules, such transactions constitute *de minimis* connected transactions and continuing connected transactions fully exempt from Shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

2. China Life Property Management Agreement

On 31 October 2019, our Company renewed a property management service agreement (the "**China Life Property Management Agreement**") with China Life Real Estate, pursuant to which our Company agreed to provide property management services at an office building in Beijing owned by China Life Real Estate for the term from 1 April 2019 to 31 March 2022. Under the terms of the China Life Property Management Agreement, China Life Real Estate paid the Company a monthly fee of RMB107,278.50 (inclusive of tax) from 1 April 2019 to 31 July 2019. Starting from 1 August 2019 and for the remainder of the term of the China Life Property Management Agreement, the monthly fee would be RMB112,014.99 (inclusive of tax). Our Directors confirm that the China Life Property Management Agreement has been entered into in the ordinary and usual course of business of our Group, is on normal commercial terms and is fair and reasonable and in the interest of our Company and our Shareholders as a whole.

China Life Real Estate is one of our substantial shareholders and therefore is a connected person of our Company under the Listing Rules. Accordingly, the transactions under the China Life Property Management Agreement will constitute *de minimis* transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

As the applicable percentage ratios under Chapter 14 of the Listing Rules for the transactions under the China Life Property Management Agreement (on an annual basis) are less than 5% and the consideration is less than HK$3 million, by virtue of Rule 14A.76(1)(c) of the Listing Rules, such transactions constitute *de minimis* connected transactions and continuing connected transactions fully exempt from Shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

(B) PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTION

Leasing Framework Agreement

(a) Transaction Description

On 10 February 2020, a leasing framework agreement was entered into between our Company and Financial Street Group (the "**Leasing Framework Agreement**") for a term from the Listing to 31 December 2022, pursuant to which, we may lease the real property (currently consisting of office properties, retail properties and carparks) held by Financial Street Group and its associates. Pursuant to the Leasing Framework Agreement, the related subsidiaries and associates of both parties shall enter into separate leasing agreements, and such agreements shall contain specific terms and conditions.

The rent payable by us under the Leasing Framework Agreement will be determined after arm's length negotiation by reference to the historical transaction amounts during the Track Record Period and the prevailing market rentals of properties of similar nature located in similar areas, and shall be not worse than those offered by Independent Third Parties.

(b) Historical Transaction Amounts

For the years ended 31 December 2017, 2018 and 2019, the historical total rent for the lease of properties payable by our Group to Financial Street Group and its associates were approximately RMB7,553,600, RMB13,493,300 and RMB17,155,800, respectively, with details shown in the table below:

	For the year ended		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Office properties	313.6	2,352.7	4,977.8
Retail properties	3,240.0	3,504.2	4,241.7
Carparks	4,000.0	7,636.4	7,936.4
Total	**7,553.6**	**13,493.3**	**17,155.8**

(c) Annual Caps on Future Transaction Amounts

Our Directors estimate that our Group's annual caps on rent for each of the three years ending 31 December 2022 under the Leasing Framework Agreement will not exceed RMB30,000,000, RMB35,000,000 and RMB42,000,000, respectively.

The above annual caps are determined after taking into account (i) the leases signed in the third quarter of 2019 with Financial Street Group and its associates contributing full year rental payment in 2020; (ii) number of projects by Financial Street Group and its associates is expected to maintain its historical pace of increase; (iii) our projections of the total rental expense to be payable to Financial Street Group and its associates for the year ending 31 December 2020 being contingent on the signing of a lease for a carpark at an annual rental expense of approximately RMB7,000,000, and on the signing of leases for several retail shops at an annual rental expense of approximately RMB1,600,000, which based on our current discussions with Financial Street Group and its associates, are reasonably expected to be signed; and (iv) rental payment to Financial Street Group and its associates for the year ending 31 December 2021 and 2022 anticipated to increase year-on-year by approximately 16% and 12% respectively, taking into consideration historical rental payment based on the existing lease agreements with Financial Street Group and its associates and the expected rising market rent of similar properties in the vicinity of the leased properties considered with historical rental payment based on the existing lease agreements with Financial Street Group and its associates.

(d) Listing Rules Implications

Leases under a framework agreement will be treated as continuing connected transactions under HKFRS/IFRS 16. As mentioned above, Financial Street Group is a connected person of our Company as defined in the Listing Rules. Therefore, the transactions under the Leasing Framework Agreement will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon Listing.

As it is expected one or more of the applicable percentage ratios under the Listing Rules in respect of the total annual caps under the Leasing Framework Agreement pursuant to the Listing Rules will be more than 0.1% but will be less than 5%, the leases under the Leasing Framework Agreement shall be exempt from the circular and independent Shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules, but shall still be 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. Property Management Services Framework Agreement

(a) Transaction Description

On 10 February 2020, our Company entered into a services framework agreement (as supplemented by the supplemental agreement dated 10 June 2020) (the "**Property Management Services Framework Agreement**") with Financial Street Group with a term from the Listing to 31 December 2022, pursuant to which our Company, either directly, or indirectly through subsidiaries, agreed to provide property management services and related services ("**Property Management Services**") to Financial Street Group and its associates with respect to the following types of properties:

(i) properties owned by, or with respect to which Financial Street Group and its associates have the right of use; and

(ii) properties already developed by Financial Street Group and its associates but unsold, or properties already developed and sold but undelivered by Financial Street Group and its associates.

The property management fees to be charged pursuant to the Property Management Services Framework Agreement shall be determined after arm's length negotiations taking into account the location of the projects, the expected operational costs (including, amongst others, labour costs, material costs and administrative costs) with reference to the property management fees for similar services and similar types of projects in the market. The property management fees shall be on normal commercial terms, and at prices no more favourable than those provided to our customers who are Independent Third Parties.

(b) Historical transaction amounts

For each of the years ended 31 December 2017 and 2018 and 2019, the total amount of fees paid by Financial Street Group and its associates for Property Management Services to our Group amounted to approximately RMB118,276,000, RMB130,864,000 and RMB165,992,000, respectively.

(c) Annual Caps on Future Transaction Amount

Our Directors estimate that the maximum annual fee payable by Financial Street Group and its associates to our Group in relation to Property Management Services to be provided by our Group under the Property Management Services Framework Agreement for each of the three years ending 31 December 2022 will not exceed RMB180,000,000, RMB200,000,000 and RMB230,000,000, 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:

(i) historical transaction amounts based on existing property management projects with Financial Street Group and its associates during the Track Record Period;

(ii) the estimation of the demand of Financial Street Group and its associates for property management services, which we anticipate, after taking into account the number of property projects launched and promoted by Financial Street Group and its associates, that such demand will increase at the same pace as before;

(iii) the volume of property management services that Financial Street Group and its associates require from our Group as a proportion of the total property management services required by Financial Street Group and its associates will remain steady;

(iv) the estimated transaction amounts of property management services for the year ending 31 December 2020 taking into account (a) historical transaction amounts based on the existing property management projects with Financial Street Group and its associates as at 31 December 2019; (b) additional revenue to be generated from estimated new phases/units of existing projects sourced from Financial Street Group and its associates to be completed and delivered in 2020, with an anticipated increase in total contracted GFA; and (c) additional revenue to be generated from estimated new property management projects to be obtained from Financial Street Group and its associates and delivered in 2020, with an anticipated increase in total contracted GFA; and

(v) the estimated increase in the transaction amounts for the two years ending 31 December 2021 and 2022 of approximately 11% and 15% respectively, taking into account (a) the estimated transaction amounts for the year ending 31 December 2020 and (b) the historical CAGR of approximately 14.8% of revenue for property management and related services from 2017 to 2019.

(d) Listing Rules implications

Financial Street Group is one of our Controlling Shareholders and therefore Financial Street Group and its associates are connected persons of our Company under the Listing Rules. Accordingly, the transactions under the Property Management Services Framework Agreement will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon Listing.

As it is expected that the applicable percentage ratios under the Listing Rules in respect of the total annual caps for Property Management Services under the Property Management Services Framework Agreement pursuant to the Listing Rules will be more than 5%, the transactions under the Property Management Service Framework Agreement shall be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Deposit Service Framework Agreement

(a) Transaction Description

On 5 June 2020, our Company entered into a deposit service framework agreement ("**Deposit Service Framework Agreement**") with Beijing Financial Street Group Finance Company Limited (北京金融街集團財務有限公司) ("**FS Finance**") with a term from the Listing to the date of our first annual general meeting after the Listing (the "**Deposit Waiver Term**"), pursuant to which our Group can use the deposit management services provided by FS Finance.

Established in July 2015 with the approval of China Banking Regulatory Commission Beijing Regulatory Bureau (中國銀行業監督管理委員會北京監管局), FS Finance is a non-bank financial institution (非銀行金融機構) which provides deposit management services to members of our Parent Group. FS Finance is subject to a number of regulatory requirements and guidelines issued by regulatory authorities in the PRC, including but not limited to the PBOC, the SAIC and the CBIRC.

The Group has implemented an internal policy to monitor and mitigate the risk in respect of the funds deposited in FS Finance. In the event of any of the following situations, the Group may consider fully withdrawing its funds deposited in FS Finance:

(i) any violation by FS Finance of the guidelines or financial performance ratios issued by the CBIRC Commission;

(ii) FS Finance being subject to any administrative penalties from any regulatory authorities in the PRC;

(iii) FS Finance being subject to run on deposits, default, material computer system malfunction, fraud, robbery;

(iv) involvement by directors or senior management of FS Finance in material misdeeds subject to disciplinary or criminal action;

(v) changes at Financial Street Group level materially affecting the operations of FS Finance; or

(vi) FS Finance suffering a loss exceeding 30.0% of its registered capital during any given financial year or suffering losses for three consecutive financial years exceeding 10.0% of its registered capital during each of those financial years.

Pursuant to the Deposit Service Framework Agreement, we may deposit our fund in FS Finance from time to time, and FS Finance will offer interest rates on our deposits that are comparable to the interest rates offered to an Independent Third Party for similar services in China for the same period. Our Group and FS Finance will monitor the deposits of our Group from time to time.

For avoidance of doubt, the Deposit Service Framework Agreement does not restrict our use of services provided by other commercial banks or independent financial institutions in China. Our Group may make choices at our discretion based on our business needs and the costs and quality of relevant services. Our Group may (but is not obliged to) use the deposit services provided by FS Finance in order to deploy and manage financial resources in a more flexible and efficient manner.

(b) Historical transaction Amounts

For the years ended 31 December 2018 and 2019, the historical maximum daily deposit balances (including accrued interests) our Group deposited with FS Finance were approximately RMB304,452,610.97 and RMB432,338,386.44, respectively.

(c) Annual Cap on Future Transaction Amount

Our Directors estimate that the maximum daily deposit balances (including accrued interests) we propose to deposit with FS Finance for the period until the expiry of the Deposit Waiver Term pursuant to the Deposit Service Framework Agreement will not exceed RMB1,000,000,000.

The above daily cap for deposit balances (including accrued interests) is determined after taking into account: (i) historical maximum daily deposit balances (including accrued interests) in 2018 and 2019; (ii) estimated net proceeds of approximately HK$624.9 million (equivalent to approximately RMB559.8 million), being the high end of the Offer Price and assuming the Over-allotment Option is not exercised; and (iii) the cash and cash equivalents of approximately RMB666.1 million as at 31 December 2019. The above daily cap is considered to be proper and reasonable.

(d) Listing Rules implications

As a wholly-owned subsidiary of Financial Street Group, a Controlling Shareholder, FS Finance is an associate of Financial Street Group and thus a connected person of our Company under the Listing Rules. Therefore, the transactions under the Deposit Service Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules upon Listing.

As it is expected that the applicable percentage ratios under the Listing Rules in respect of the daily cap for the deposit balances under the Deposit Service Framework Agreement pursuant to the Listing Rules will be more than 5%, the transactions under the Deposit Service Framework Agreement shall be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(D) APPLICATION FOR WAIVER

The transactions described under the paragraphs headed "Partially Exempt Continuing Connected Transaction" ("**Partially-Exempt CCT**") and "Continuing Connected Transactions subject to the reporting, annual review, announcement and independent Shareholders' approval requirements" ("**Non-Exempt CCTs**") in this section constitute our continuing connected transactions under the Listing Rules. The Partially-Exempt CCT is subject to the reporting, annual review and announcement requirements under the Listing Rules and the transactions under the Non-Exempt CCTs 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 separately 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 Partially-Exempt CCT and Non-Exempt CCTs); and (ii) the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules (in respect of the Non-Exempt CCTs), 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 or daily cap, as applicable (as stated above).

If any terms of the transactions contemplated under the abovementioned agreements are altered or if our Company enters into any new agreements with any connected persons in the future, we will fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless we apply for and obtain a separate waiver from the Hong Kong Stock Exchange.

(E) DIRECTORS' VIEWS

Our Directors (including our independent non-executive Directors) consider that all the Partially-Exempt CCT and Non-Exempt CCTs 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 or daily cap, as applicable of the Partially-Exempt CCT and Non-Exempt CCTs 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 Partially-Exempt CCT and Non-Exempt CCTs 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 or daily cap (where applicable) of such continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

DIRECTORS

Our Board is responsible and has the general authority for the management and conduct of our business. Upon Listing, our Board will consist of nine Directors, of whom two are executive Directors, four are non-executive Directors and three are independent non-executive Directors.

The following table sets out certain information in respect of our Directors:

Name	Age	Position	Responsibilities	Date of appointment as Director	Date of joining our Group
Directors					
Mr. Sun Jie (孫杰)	46	Executive Director, chairman and general manager	Responsible for leading the overall operations of our Company and making major operational decisions, overseeing the affairs of our Board and supervising the implementation of Board resolutions and development strategies of our Group	20 January 2014	January 1997
Ms. Xue Rui (薛蕊)	48	Executive Director and executive deputy general manager	Responsible for assisting the chairman of the Board in operation of our Company, and assisting the general manager in the overall operational management of our Company	9 June 2020	August 2014
Mr. Shen Mingsong (沈明松)	47	Non-executive Director	Responsible for providing advice on strategic development, policy formulation, and major operational decisions of our Group	28 August 2019	August 2019

Name	Age	Position	Responsibilities	Date of appointment as Director	Date of joining our Group
Mr. Zhou Peng (周鵬)	43	Non-executive Director	Responsible for providing advice on strategic development, policy formulation, and major operational decisions of our Group	16 July 2018	July 2018
Mr. Liang Jianping (梁建平)	39	Non-executive Director	Responsible for providing advice on strategic development, policy formulation, and major operational decisions of our Group	27 November 2017	November 2017
Mr. Jiang Rui (姜銳)	42	Non-executive Director	Responsible for providing advice on strategic development, policy formulation, and major operational decisions of our Group	24 February 2014	February 2014
Mr. Song Baocheng (宋寶程) (formerly known as "宋寶成")	53	Independent Non-executive Director	Responsible for supervising and providing independent advice to our Board	9 June 2020	June 2020
Ms. Tong Yan (佟岩)	42	Independent Non-executive Director	Responsible for supervising and providing independent advice to our Board	9 June 2020	June 2020
Ms. Lu Qing (陸晴)	48	Independent Non-executive Director	Responsible for supervising and providing independent advice to our Board	9 June 2020	June 2020

EXECUTIVE DIRECTORS

Mr. Sun Jie (孫杰), aged 46, is our executive Director, chairman, general manager and the chairman of the Nomination Committee of our Company. He is primarily responsible for leading the overall operations of our Company and making major operational decisions, overseeing the affairs of our Board and supervising the implementation of Board resolutions and development of strategies of our Group.

Mr. Sun has over 22 years of experience in property management and hotel management. Mr. Sun joined our Group in January 1997 and since then has been working in various positions both within our Group and our Parent Group, including as deputy manager of the food and beverage division (餐飲部副經理) in our Company from January to August 1997, then from August 1997 to June 2008, as manager of the food and beverage division (餐飲部經理), assistant general manager, and deputy general manager and then general manager in Beijing Shuncheng Hotel (北京順成飯店), where he was responsible for overseeing its management and operations. Mr. Sun successively served as deputy general manager and executive deputy general manager of Beijing Financial Street Assets Management Co., Ltd. (北京金融街資產管理有限公司), a company engaged in, among others, commercial property development and management business, from January 2011 to January 2014, when he was involved in its overall management of operations and assets management. Mr. Sun was appointed as general manager of our Company in January 2014 and as our chairman in November 2017.

Mr. Sun obtained his degree of Executive Master of Business Administration (EMBA) from The Hong Kong University of Science and Technology (香港科技大學) in May 2013. Mr. Sun has been the deputy secretary-general of Beijing Property Management Association (北京物業管理行業協會) since July 2017 and has been an executive council member of China Property Management Institute (中國物業管理協會常務理事) since July 2019. He was honoured as one of the 2017-2018 Beijing Outstanding Entrepreneurs (2017-2018年北京優秀企業家) jointly by Beijing Enterprise Confederation (北京企業聯合會) and Beijing Enterprise Directors Association (北京市企業家協會).

In addition to his role as chairman, Mr. Sun also holds the title of general manager of our Company. As general manager, Mr. Sun functions as the “chief executive” as that term is defined in the Listing Rules. Under code provision A.2.1 of Appendix 14 to the Listing Rules, the roles of chairman of the board and the general manager should not be performed by the same individual. Taking into account Mr. Sun’s strong expertise and insight of the property management industry, our Board considered that the roles of chairman and general manager being performed by Mr. Sun enables more effective and efficient overall business planning, decision making and implementation thereof by our Group. In order to maintain good corporate governance and fully comply with the code provision, our Board will regularly review the need to appoint different individuals to perform the roles of chairman and general manager separately.

As at the Latest Practicable Date, Mr. Sun holds 3.041% equity interests in Rongxin Hetai, an existing substantial Shareholder. Mr. Sun is also a director of Rongxin Hetai.

As at the Latest Practicable Date, Mr. Sun's positions in our Company's subsidiaries or associates are as follows:

- the chairman of the board of directors of Financial Street Savills;
- the chairman of the board of directors of Financial Street Jingnan;
- the vice chairman of the board of directors of Chongqing Jiangbeizui Property Service Co., Ltd. (重慶市江北嘴物業服務有限公司)[1]; and
- director of Huai'an Guolian Financial Centre Property Service Co., Ltd. (淮安市國聯金融中心物業服務有限公司)[2].

As at the Latest Practicable Date, Mr. Sun's positions in the subsidiaries of the Controlling Shareholders of our Company are as follows:

- the chairman of the board of directors of Beijing Huarong Real Estate Agency Co., Ltd. (北京華融房地產經紀有限公司)[3]; and
- the general manager of Beijing Jinhao Real Estate Development Co., Ltd. (北京金昊房地產開發有限公司)[4] and its executive director.

Notes:

(1) Chongqing Jiangbeizui Property Service Co., Ltd. (重慶市江北嘴物業服務有限公司) is owned as to 40.0% by Financial Street Savills and the remaining equity interests is held by an Independent Third Party.

(2) Huai'an Guolian Financial Centre Property Service Co., Ltd. (淮安市國聯金融中心物業服務有限公司) is owned as to 40.0% by our Company and the remaining equity interests is held by Independent Third Parties.

(3) Beijing Huarong Real Estate Agency Co., Ltd. (北京華融房地產經紀有限公司) is owned as to 30.0% by our Company and 70.0% by Huarong Zonghe, our Controlling Shareholder.

(4) Beijing Jinhao Real Estate Development Co., Ltd. (北京金昊房地產開發有限公司) is an indirect wholly-owned subsidiary of Financial Street Group, our Controlling Shareholder.

Ms. Xue Rui (薛蕊), aged 48, is the executive Director and the executive deputy general manager (常務副總經理) of our Company. She is responsible for assisting our chairman and general manager to oversee the overall operations and management of our Company. Ms. Xue joined our Company in August 2014 as assistant general manager and was promoted to deputy general manager in May 2016 and then to executive deputy general manager in May 2018.

Ms. Xue has over 12 years of managerial experience in the hospitality industry. Before joining our Company, Ms. Xue worked at Operation Centre Xidan Grand Mercure Hotel (金融街資本運營中心西單美爵酒店) from May 2007 to January 2012, where her last position was assistant general manager. She worked at Beijing Financial Street Ritz-Carlton Property Co., Ltd. (北京金融街里茲置業有限公司) from February 2012 to July 2014, where she held the position of owner's representative.

Ms. Xue graduated from Tourism College of Beijing Union University (北京聯合大學旅遊學院) and completed a three-year junior college programme in hotel management in July 1998 and graduated from Institute of Finance and Commerce Management Beijing (北京市財貿管理幹部學院) with a bachelor's degree in business administration in July 2005.

As at the Latest Practicable Date, Ms. Xue holds 2.740% of the equity interests in Rongxin Hetai, an existing substantial Shareholder.

As at the Latest Practicable Date, Ms. Xue's positions in our Company's subsidiaries are as follows:

- executive director and manager of Jinxi Lilin; and
- director of Financial Street Savills.

NON-EXECUTIVE DIRECTORS

Mr. Shen Mingsong (沈明松), aged 47, is a non-executive Director and a member of the Remuneration Committee of our Company. He is primarily responsible for providing advice on strategic development, policy formulation, and major operational decisions of our Group.

Mr. Shen has over 24 years of experience in the real estate development business. He worked as an assistant engineer at China Aeronautical Project and Design Institute (中國航空工業規劃設計研究院) (currently known as China Aviation Planning and Design Institute (Group) Co., Ltd. (中國航空規劃設計研究總院有限公司), which carried out business in construction engineering in various fields including civil buildings and infrastructure, from August 1995 to June 1998. He then worked as a civil engineer of the engineering department in Beijing Zhongbaoxin Real Estate Development Limited (北京中保信房地產開發有限公司) ("**Zhongbaoxin**", the predecessor of China Life Real Estate, the renaming of which occurred in November 2011), a real estate developer, from August 1998 to February 2002, and later as deputy manager of the engineering department in Beijing Yahua Real Estate Development Co., Ltd. (北京亞華房地產開發有限責任公司), a real estate developer, from February 2002 to

August 2005. Mr. Shen was a manager of the engineering department in Zhongbaoxin from August 2005 to October 2007 and has been working as its deputy general manager since October 2007. Mr. Shen joined our Company in August 2019 and has been serving as a Director ever since. Currently, Mr. Shen is also the manager and the executive director of Shanghai Dingshan Investment Management Co., Ltd. (上海頂山投資管理有限公司), a company engaging in, among others, investment management, chairman of the board of directors of Beijing Ningmengshu Restaurant Co., Ltd. (北京檸檬樹餐飲有限公司) and Anhui Jiuhua Hotel Co., Ltd. (安徽省九華山莊有限公司), a director of China Life Merrill Gardens (Suzhou) Retirement and Health Management Co., Ltd. (國壽魅力花園(蘇州)養老養生管理有限公司) and China Life (Sanya) Health Investment Co., Ltd. (國壽(三亞)健康投資有限公司), and the person-in-charge of the Shenzhen branch of China Life Real Estate (國壽不動產深圳分公司).

Mr. Shen graduated from Department of Civil Engineering of Tsinghua University (清華大學) in July 1995 with a bachelor's degree in engineering.

Mr. Zhou Peng (周鵬), aged 43, is a non-executive Director. He is primarily responsible for providing advice on strategic development, policy formulation, and major operational decisions of our Group.

Mr. Zhou has over 23 years of experience in business administration. In July 1996, he joined Xicheng District Clothings Co., Ltd. (西城區服裝公司), which was renamed Beijing Huali Jiahe Industry Co., Ltd. (北京華利佳合實業有限公司) ("**Huali Jiahe**") in July 2001. Huali Jiahe is a company engaging in hotel management, property investment and business management and a subsidiary of Financial Street Group. Mr. Zhou successively served as clerk (科員) of the manager's office, deputy section chief (副科長) of computer information department, section chief (科長) of computer information department and deputy general manager, and was promoted to general manager of Huali Jiahe in January 2017. Mr. Zhou was appointed a Director in July 2018. Currently, he is also a director of Huali Jiahe.

Mr. Zhou graduated from the Renmin University of China (中國人民大學) in June 2000, majoring in business and economic management, and graduated from the Party School of the Beijing Municipal Committee of the Communist Party of China ("**CPC**") (中共北京市委黨校) with a part-time postgraduate degree in economic management in July 2011.

Mr. Liang Jianping (梁建平), aged 39, is a non-executive Director. He is primarily responsible for providing advice on strategic development, policy formulation, and major operational decisions of our Group.

Mr. Liang has over 13 years of managerial experience. From 2006 to 2015, he served at Beijing Xicheng District Committee of CPC (中共北京市西城區委員會), where his last position was section chief (科長). Mr. Liang joined Financial Street Group in January 2015 and has been serving as its director of general office (辦公室主任) and its labour union (機關工會主席) since then. He was appointed as a Director in November 2017.

Mr. Liang graduated from the Renmin University of China (中國人民大學) with a bachelor's degree in law in July 2004.

Mr. Jiang Rui (姜銳), aged 42, is a non-executive Director and a member of the Audit Committee of our Company. He is primarily responsible for providing advice on strategic development, policy formulation and major operational decisions of our Group.

Mr. Jiang has over 12 years of managerial experience. Mr. Jiang joined our Parent Group in September 2007 and has successively held various positions including deputy general manager of the corporate development department in Financial Street Holdings, deputy general manager at Financial Street (Tianjin) Estate Co., Ltd. (金融街(天津)置業有限公司) and deputy general manager of the real estate division of Financial Street Group. He was appointed as a Director in February 2014. Currently, Mr. Jiang is also a director of Beijing Huarong Infrastructure Investment Co., Ltd. (北京華融基礎設施投資有限責任公司), a wholly-owned subsidiary of Financial Street Group and deputy general manager of the strategic development department (戰略發展部副總經理) of Financial Street Group.

Mr. Jiang graduated from Nankai University (南開大學) with a bachelor's degree in economics in June 1998, specialising in international enterprise management, from ESSEC Business School in Paris, France with a master's degree in November 2004 and completed the preparatory programme for Master of Business Administration at Peking University (北京大學) and was awarded a master's degree in business administration in June 2004.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Song Baocheng (宋寶程) (formerly known as "**宋寶成**"), aged 53, is an independent non-executive Director and a member of the Nomination Committee, Remuneration Committee and Audit Committee of our Company. He is primarily responsible for supervising and providing independent advice to our Board.

Mr. Song is a time-honoured participant with over 18 years' experience in property management industry. Mr. Song is currently a director of Beijing Junying Property Management Co., Ltd. (北京均贏物業管理有限公司) ("**Junying**") and served as general manager of Junying from June 2001 to June 2012. Junying is a company incorporated in Beijing on 21 June 2001, with its principal business in property management and maintenance of machinery. Junying provides property management service for public projects in Beijing. As a director of Junying, Mr. Song is responsible for strategic planning of its business. Since June 2012, Mr. Song has served as the vice president and secretary-in-general (副會長兼秘書長) of Beijing Property Management Association (北京物業管理行業協會), in charge of the day-to-day operations of the association. Established on 22 October 2008, Beijing Property Management Association is the non-profit organisation for property management enterprises registered in Beijing.

Mr. Song graduated from Harbin Institute of Technology (哈爾濱工業大學) in July 1988 with a bachelor's degree in power engineering, with a specialisation in thermal engineering.

Ms. Tong Yan (佟岩), aged 42, is an independent non-executive Director, chairman of the Audit Committee and a member of the Nomination Committee of our Company. She is primarily responsible for supervising and providing independent advice to our Board.

Ms. Tong has more than 13 years of experience in economics, finance and accounting. Ms. Tong served as a lecturer in the School of Management and Economics of Beijing Institute of Technology (北京理工大學管理與經濟學院) from July 2006 to June 2011 and a visiting fellow at King's College London from August 2012 to August 2013. She served as an associate professor in the school from July 2011 to June 2016 and was promoted to professor of the school in July 2016.

Ms. Tong graduated from Business School of Renmin University of China (中國人民大學商學院), with a bachelor's degree in economics specialising in accounting in July 2000, a master's degree in management with a specialisation in accounting in July 2003 and a doctor's degree in management in July 2006. Ms. Tong qualified as a certified public accountant (non-practising member) as awarded by the Chinese Institute of Certified Public Accountants in September 2010.

As at the Latest Practicable Date, Ms. Tong concurrently serves as an independent director in the following two listed companies registered in the PRC, Offcn Education Technology Co., Ltd. (中公教育科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code 002607) and principally engaged in education and training and technology development, and Hebei Jinniu Chemical Industry Co., Ltd. (河北金牛化工股份有限公司), a company listed on the Shanghai Stock Exchange (stock code 600722) and principally engaged in manufacture and distribution of chemical products.

Ms. Lu Qing (陸晴), aged 48, is an independent non-executive Director and chairman of the Remuneration Committee of our Company. She is primarily responsible for supervising and providing independent advice to our Board.

Ms. Lu has over 27 years of experience in finance and accounting. She successively served as business partner and deputy general manager of Peking Certified Public Accountants Co., Ltd. (中勤萬信會計師事務所) from February 1992 to March 2002. From May 2002 to May 2008, she served as chief financial officer of the China operations of Sing Tao News Corporation Limited (星島新聞集團有限公司), a company listed on the Stock Exchange (stock code 1105) and principally engaged in media operations, and concurrently held various positions including chief financial officer, director and company secretary in some of the Sing Tao group's subsidiaries in China. From January 2013 to November 2015, she served as the head of internal audit of China Regenerative Medicine International Limited (中國再生醫學國際有限公司), a company listed on the Stock Exchange (stock code 8158) and principally engaged in, among others, production and sales of tissue engineering products and its related by-products. Since October 2015, she has served as chief operation officer of Wonderland International Asset Management Limited (華德國際資產管理有限公司) and director and assistant chief executive officer of Wonderland International Financial Holdings Limited (華德國際金融控股有限公司) successively.

Ms. Lu graduated from Central University of Finance and Economics (中央財經大學) (formerly known as Central Institute of Finance (中央財政金融學院)) in June 1993 with a bachelor's degree in economics specialising in accounting, and graduated from the Peking University (北京大學) in January 2003 with a master's degree in law.

Ms. Lu qualified as a PRC certified public accountant in April 1995, and qualified as a PRC certified tax agent in December 1999. Ms. Lu obtained a Type 9 (asset management) licence granted by the SFC in January 2017 and was designated as a non-practising PRC certified public valuer in October 2017.

As at the Latest Practicable Date, Ms. Lu serves as a director of SPI Energy Co., Ltd., a company listed on NASDAQ (stock code SPI) and principally engaged in manufacture and sales of photovoltaic systems.

Save as disclosed herein (and their respective interests or short positions (if any) as set out in the paragraph headed "Statutory and General Information – C. Further Information about our Directors, Supervisors and Substantial Shareholders" in Appendix VI to this prospectus), there is no other matter in respect of each of our Directors that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules and there is no other material matter relating to our Directors that needs to be brought to the attention of our Shareholders.

SUPERVISORS

In accordance with the PRC Company Law (《中華人民共和國公司法》), all joint stock companies are required to establish a supervisory committee responsible for supervising the board of directors and senior management on fulfilling their respective duties, financial performance, internal control management and risk management of the corporation. The Supervisory Committee consists of three members comprising of one employee representative Supervisor and two Shareholder representative Supervisors. The functions and duties of the Supervisory Committee include but are not limited to reviewing our Company's financial reports, supervising the performance of the corporate duties of our Directors and senior management and proposing the dismissal of our Directors and senior management who are in breach of laws and regulations of the PRC, the Articles of Association or the resolutions of the general meetings of our Company, requiring our Directors and other members of our senior management to rectify their actions which impair the interests of our Company, proposing to convene extraordinary general meetings, convening and presiding over Shareholders' general meetings in the event that our Board fails to perform its duties to convene and preside over Shareholders' general meetings and providing proposals to Shareholders' general meetings.

The following table sets out certain information in respect of our Supervisors:

Name	Age	Position	Responsibilities	Date of appointment as Supervisor	Date of joining our Group
Mr. Liu Anpeng (劉安鵬)	39	Chairman of Supervisory Committee	Responsible for overseeing the affairs of the Supervisory Committee, and monitoring operation and financial matters, examining periodic reports and supervising the conduct of our Board and senior management	16 July 2018	July 2018
Mr. Liu Hongwu (劉洪武)	31	Supervisor	Responsible for monitoring operation and financial matters, examining periodic reports and supervising the conduct of our Board and senior management	19 September 2019	April 2019
Ms. Lyu Min (呂敏)	30	Employee representative Supervisor	Responsible for monitoring operation and financial matters, examining periodic reports and supervising the conduct of our Board and senior management	19 September 2019	July 2017

Mr. Liu Anpeng (劉安鵬), aged 39, is the chairman of the Supervisory Committee of our Company. He is primarily responsible for overseeing the affairs of the Supervisory Committee, and monitoring operation and financial matters, examining periodic reports and supervising the conduct of our Board and senior management. Mr. Liu joined our Company in July 2018 and has been serving as a Supervisor ever since.

Mr. Liu joined our Parent Group in July 2007 and has held various positions within the Parent Group, including as a planning manager of Beijing Financial Street Real Estate Consultants Ltd. (北京金融街房地產顧問公司), a direct wholly-owned subsidiary of Financial Street Holdings, from July 2007 to August 2008, and at Financial Street Holdings from August 2008 to December 2012, where his last position was internal control manager. Mr. Liu was the secretary of the board of directors of Beijing Financial Street Assets Management Co., Ltd. (金融街資產管理有限公司) from January 2013 to March 2013. Mr. Liu has been working at Financial Street Group since March 2013 and he is currently the general manager of its legal department.

Mr. Liu graduated from China University of Political Science and Law (中國政法大學) with a bachelor's degree in law in July 2003 and a master's degree in law in June 2007. Mr. Liu qualified as a legal professional as awarded by the Ministry of Justice of the PRC in March 2004 and qualified as a certified public accountant (non-practising member) as awarded by the Chinese Institute of Certified Public Accountants in April 2017.

Mr. Liu Hongwu (劉洪武), aged 31, is a Supervisor of our Company. He is primarily responsible for monitoring operation and financial matters, examining periodic reports and supervising the conduct of our Board and senior management. Mr. Liu joined our Company in April 2019.

Prior to joining our Company, from July 2011 to October 2012, Mr. Liu worked in Beijing Zhong Da Hua Yuan Certification Centre (北京中大華遠認證中心). From November 2012 to October 2014, he worked at ShineWing Certified Public Accountants (Special General Partnership) (信永中和會計師事務所(特殊普通合夥)) with his last position as auditor. From November 2014 to June 2015, he worked at Beijing Office of BDO Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)). Mr. Liu worked in Ernst & Young Hua Ming LLP from July 2015 to February 2018, where his last position was senior auditor.

Mr. Liu graduated from Beijing Institute of Petrochemical Technology (北京石油化工學院) with a bachelor's degree in management in June 2011.

Ms. Lyu Min (呂敏), aged 30, is an employee representative Supervisor of our Company. She is primarily responsible for monitoring operation and financial matters, examining periodic reports and supervising the conduct of our Board and senior management.

Ms. Lyu joined our Company in July 2017 and has successively served in various positions, including as discipline inspection and supervisory officer and as commissioner of discipline inspection office. She was appointed a Supervisor in September 2019. Ms. Lyu graduated from Jinzhong University (晉中學院) in July 2012 with a bachelor's degree in management and from Beijing Normal University (北京師範大學) in June 2017 with a master's degree in applied psychology. Ms. Lyu was certified as an enterprise human resources professional (企業人力資源管理師) at level three and a psychological consultant (心理諮詢師) at level two from the MOHRSS in January 2011 and December 2017, respectively.

Save as disclosed herein (and their respective interests or short positions (if any) as set out in the paragraph headed "Statutory and General Information – C. Further Information about our Directors, Supervisors and Substantial Shareholders" in Appendix VI to this prospectus), there is no other matter in respect of each of our Supervisors that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules and there is no other material matter relating to our Supervisors that needs to be brought to the attention of our Shareholders.

DIRECTORS' AND SUPERVISORS' INTERESTS

Save as disclosed in this section, each of our Directors and Supervisors (i) did not hold other positions in our Company or other member of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, Supervisors, senior management or substantial or Controlling Shareholders of our Company as at the Latest Practicable Date; and (iii) did not hold any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date. As at the Latest Practicable Date, save as disclosed in the paragraph headed "Statutory and General Information – C. Further Information about our Directors, Supervisors and Substantial Shareholders – 2. Disclosure of Interests" in Appendix VI of this prospectus, each of our Directors and Supervisors did not have any interest in our Shares within the meaning of Part XV of the SFO.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day operations and management of our business. The following table sets out the information on the members of our senior management.

Name	Age	Position	Responsibilities	Date of appointment as senior management	Date of joining our Group
Mr. Chen Xi (陳曦)	40	Deputy general manager, secretary of our Board	Responsible for the corporate governance of our Company and the overall management and day-to-day operations of certain branches of our Company	February 2007	July 2000
Mr. Zhao Wencheng (趙文成)	50	Deputy general manager	Responsible for overall management and day-to-day operations of certain branches of our Company	June 2012	July 2000

Name	Age	Position	Responsibilities	Date of appointment as senior management	Date of joining our Group
Mr. Tang Xiao (唐曉)	50	Deputy general manager	Responsible for overall management and day-to-day operations of certain branches of our Company	November 2006	September 1996
Ms. Lyu Bin (呂彬)	49	Deputy general manager	Responsible for overall management and day-to-day operations of the food and beverage business of our Group	January 2013	November 1996
Mr. Zhang Junling (張軍齡)	48	Deputy general manager	Responsible for overall management and day-to-day operations of certain branches of our Company	May 2017	July 2012
Mr. Xiang Zheng (項崢)	41	Financial controller	Responsible for financial management and accounting matters of our Company	February 2014	February 2010
Mr. Wang Zhanhu (王占虎)	46	Assistant general manager and regional director of the Desheng area	Responsible for the safety operation management of our Company and the operational management of certain branches and projects of our Company	August 2018	April 2001
Ms. Jiang Xin (江欣)	44	Human resources controller	Responsible for the human resources management and the establishment and training of workforce talent	May 2017	January 2008

Mr. Chen Xi (陳曦), aged 40, is a deputy general manager, secretary of our Board and labour union chairman (工會主席) of our Company. He is responsible for the corporate governance of our Company and the overall management and day-to-day operations of certain branches of our Company.

Mr. Chen has over 19 years of experience in property management. Mr. Chen joined our Company in July 2000, serving as assistant general manager in February 2007 and has successively served in various positions. Mr. Chen has been serving as the deputy general manager of our Company since May 2017, secretary of our Board since July 2008 and labour union chairman since June 2012. Currently, Mr. Chen is also the chairman of board of directors and manager of Rongxin Hetai, a supervisor of Beijing Huarong Real Estate Agency Co., Ltd. (北京華融房地產經紀有限公司), the vice chairman of board of directors of Harbin Financial Street Property Management Co., Ltd. (哈爾濱金融街物業管理有限公司) and the person-in-charge of the Harbin branch (哈爾濱分公司) of our Company.

Mr. Chen graduated from University of Science and Technology Beijing (北京科技大學) with a bachelor's degree in engineering in July 2000. He was issued a qualification certificate as a board-level secretary by the Shenzhen Stock Exchange in November 2012. He qualified as a PRC certified property manager as approved by the MOHRSS and the MOHURD in October 2010 and was registered as a PRC certified property manager by the MOHURD in February 2014.

As at the Latest Practicable Date, Mr. Chen holds 2.740% of the equity interests in Rongxin Hetai, an existing substantial Shareholder.

Mr. Zhao Wencheng (趙文成), aged 50, is a deputy general manager of our Company. He is responsible for overall management and day-to-day operations of certain branches of our Company.

Mr. Zhao has over 19 years of experience in property management. Mr. Zhao joined our Company in July 2000 and has successively served in various positions. He has been appointed as a deputy general manager of our Company since June 2012. Currently, Mr. Zhao is the person-in-charge of each of the Guangzhou branch, Changshu branch, Shanghai branch, Shenzhen branch and Suzhou branch of our Company.

Mr. Zhao completed all undergraduate courses in property management at the adult education school of the Party School of the Beijing Municipal Committee of CPC in 2007. Mr. Zhao was certified as an assistant engineer by Beijing Primary Specialised Technique Qualification Evaluation Committee (北京市初級專業技術資格評審委員會) in September 2006 and he passed the Beijing property manager examination and qualified as a person-in-charge of property projects as approved by the Beijing Municipal Commission of Housing and Urban-Rural Development (北京市住房和城鄉建設委員會) in March 2011. In February 2014, Mr. Zhao was registered as a PRC certified property manager by the MOHURD.

As at the Latest Practicable Date, Mr. Zhao holds 2.740% of the equity interests in Rongxin Hetai, an existing substantial Shareholder.

Mr. Tang Xiao (唐曉), aged 50, is a deputy general manager of our Company. He is responsible for overall management and day-to-day operations of certain branches of our Company.

Mr. Tang has over 23 years of experience in property management. Mr. Tang joined our Company in September 1996, serving as assistant general manager in November 2006 and has successively served in various positions, from project manager to deputy general manager of our Company. He has been working as a deputy general manager of our Company since January 2015. Currently, Mr. Tang is the person-in-charge of each of the Langfang branch and Zunhua branch of our Company, and executive director of Financial Street Residential Property and Xidan Dongnan Mansion, both of which are our Company's subsidiaries.

Mr. Tang obtained his bachelor's degree in law from the Correspondence Institute of the Party School of the Central Committee of CPC (中共中央黨校函授學院) in December 2006 through part-time study. Mr. Tang obtained a property management manager certificate (物業管理單位部門經理、管理人員崗位證書) from the Personnel Education Department (人事教育司) and the Housing and Real Estate Department (住宅與房地產業司) of the Ministry of Construction of the PRC (中華人民共和國建設部) in November 1999. He was certified as a property management professional (物業管理師) by the Ministry of Labour and Social Security of the PRC (now merged into MOHRSS) in December 2003. He passed the Beijing property manager examination and qualified as a person-in-charge of property projects as approved by the Beijing Municipal Commission of Housing and Urban-Rural Development in March 2011. In September 2011, he qualified as a PRC certified property manager as approved by the MOHRSS and the MOHURD.

As at the Latest Practicable Date, Mr. Tang holds 2.740% of the equity interests in Rongxin Hetai, an existing substantial Shareholder.

Ms. Lyu Bin (呂彬), aged 49, is a deputy general manager of our Company. She is responsible for overall management and day-to-day operations of the food and beverage business of our Group.

Ms. Lyu has over 23 years of experience in property, food and beverage and management. Ms. Lyu joined our Company in November 1996 and has successively served in various positions at our Group and our Parent Group, including Beijing Shuncheng Hotel (北京順成飯店) from June 1997 to March 2012, where her last position was general manager. She started serving as an assistant general manager of our Company in January 2013 and has been a deputy general manager of our Company since May 2017. Currently, Ms. Lyu is the executive director and general manager of Jinxi Litai and the person-in-charge of its IZEE Third Branch (怡己第三分店), Shushi Café Branch (舒適咖啡廳分公司), Shuxin Café Branch (舒欣咖啡廳分公司), Shuyi Café Branch (舒逸咖啡廳分公司) and Shuyue Café Branch (舒月咖啡廳分公司), general manager of Huigu Conference Centre, and chairperson of the board of directors of IZEE-Mitsuyado.

Ms. Lyu graduated from University of Modern Administration (現代管理大學) in the PRC and completed undergraduate studies in business and enterprise management in July 2005 and completed the postgraduate programme in business management at Beijing Technology and Business University (北京工商大學) in March 2011.

As at the Latest Practicable Date, Ms. Lyu holds 2.740% of the equity interests in Rongxin Hetai, an existing substantial Shareholder.

Mr. Zhang Junling (張軍齡), aged 48, is a deputy general manager of our Company. He is responsible for overall management and day-to-day operations of certain branches of our Company. Mr. Zhang joined our Company in July 2012 and has been working in various positions at our Company, including as an assistant general manager from May 2017 to August 2018 and later as a deputy general manager since August 2018. Currently, Mr. Zhang is the director of Huai'an Guolian Financial Centre Property Service Co., Ltd. (淮安市國聯金融中心物業服務有限公司) and the person-in-charge of each of the Huai'an branch, Tianjin branch and Chongqing branch of our Company.

Mr. Zhang has over 14 years of experience in property management. Prior to joining our Company, Mr. Zhang worked in Beijing Dejia Property Management Co., Ltd. (北京德佳物業管理有限公司) from May 2005 to April 2009, where his last position was deputy general manager. Mr. Zhang worked as property director (物業總監) in Beijing Ankai Jiaye Property Management Co., Ltd. (北京安開嘉業物業管理有限公司) from May 2009 to May 2012.

Mr. Zhang graduated from Party School of the Beijing Municipal Committee of CPC (中共北京市委黨校) and completed the economic management programme in July 2005 and the administrative management programme in July 2008. He passed the Beijing property manager examination and qualified as a person-in-charge of property projects as approved by the Beijing Municipal Commission of Housing and Urban-Rural Development in March 2011. In February 2014, he was registered as a PRC certified property manager by the MOHURD. He obtained the economics professional qualification (經濟專業技術資格) in real estate economics at intermediate level from the MOHRSS in November 2017.

As at the Latest Practicable Date, Mr. Zhang holds 2.740% of the equity interests in Rongxin Hetai, an existing substantial Shareholder.

Mr. Xiang Zheng (項崢), aged 41, is the financial controller of our Company. He is responsible for financial management and accounting matters of our Company. Mr. Xiang joined our Company in February 2010 and has been working as the financial controller of our Company since February 2014. Currently, Mr. Xiang is also the financial controller of Financial Street Savills, supervisor of Huigu Conference Centre and director of Beijing Huarong Real Estate Agency Co., Ltd. (北京華融房地產經紀有限公司), Beijing Financial Street Insurance Agency Co., Ltd. (北京金融街保險經紀股份有限公司) and Financial Street Shengda (Beijing) Technology Co., Ltd. (金融街升達(北京)科技有限公司).

Mr. Xiang has over 14 years of experience in accounting. Prior to joining our Company, Mr. Xiang held financial and accounting duties at various companies, including Beijing Jinyi Real Estate Development Co., Ltd. (北京金易房地產開發有限公司) from April 2005 to February 2010.

Mr. Xiang graduated from University of Science and Technology Beijing (北京科技大學) with a bachelor's degree in accounting in July 2005. In December 2014, he passed the National Uniform Certified Public Accountant Examination of the PRC. Mr. Xiang was certified as a senior accountant by the Beijing Senior Specialised Technique Qualification Evaluation Committee (北京市高級專業技術資格評審委員會) in October 2016.

As at the Latest Practicable Date, Mr. Xiang holds 2.740% of the equity interests in Rongxin Hetai, an existing substantial Shareholder.

Mr. Wang Zhanhu (王占虎), aged 46, is the assistant general manager of our Company. He is responsible for the safety operation management of our Company and the operational management of certain branches and projects of our Company.

Mr. Wang has over 18 years of experience in property management. He joined our Company in April 2001 and has held various positions, including manager of our estate management centre, manager of our Ping'an property management centre, and manager of our Desheng international project centre. He was appointed as an assistant general manager of our Company in August 2018.

Mr. Wang graduated from Zhengzhou Industrial College (鄭州工業高等專科學校, now known as Henan University of Technology (河南工業大學)), completing junior college level (專科) studies in polymer science (高分子材料) in July 1999 and from the Party School of the Beijing Municipal Committee of CPC, obtaining an undergraduate certificate in property management in July 2008. Mr. Wang obtained the qualification certificate as a certified property manager from the MOHURD in May 2011.

As at the Latest Practicable Date, Mr. Wang holds 1.909% of the equity interests in Rongxin Hetai, an existing substantial Shareholder.

Ms. Jiang Xin (江欣), aged 44, is the human resources controller of our Company. She is responsible for human resources management and the establishment and training of workforce talent of our Company. Ms. Jiang joined our Company in January 2008. She served as the human resources manager of our Company from November 2008 to May 2017 and was promoted to her current position in May 2017.

Ms. Jiang graduated from Beijing University of Technology (北京工業大學) with a bachelor's degree in mechanical and electrical engineering in July 2000. She was certified as an assistant engineer by the Beijing Primary Specialised Technique Qualification Evaluation Committee (北京市初級專業技術資格職務評審委員會) in August 2002, and as an enterprise human resources management professional (企業人力資源管理師) at level one by the MOHRSS in September 2014. Ms. Jiang has been a member of the Human Resources Development Committee of the China Property Management Institute (中國物業管理協會人力資源發展委員會) since November 2017.

Ms. Jiang holds 1.909% of the equity interests in Rongxin Hetai, an existing substantial Shareholder.

To the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, save as disclosed in this section, there is no additional matter with respect to the appointment of our senior management members that needs to be brought to the attention of the Shareholders, and none of our senior management members held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date.

JOINT COMPANY SECRETARIES

Mr. Chen Xi (陳曦) was appointed as one of the joint company secretaries of our Company in September 2019. Mr. Chen is also a member of senior management of our Company. For more details of Mr. Chen Xi, please refer to the subsection headed "– Senior Management" in this section.

Ms. Tong Suet Fong (湯雪芳) was appointed as one of the joint company secretaries of our Company in December 2019.

Ms. Tong has more than 13 years of experience in the company secretarial profession. Ms. Tong currently serves as vice president of company secretarial services department of Computershare Hong Kong Investor Services Limited and as joint company secretary of Jilin Province Chuncheng Heating Company Limited, a company listed on the Stock Exchange (stock code 1853) and as a company secretary of Republic Healthcare Limited, a company listed on the Stock Exchange (Stock code: 8357).

Ms. Tong graduated from the Hong Kong Polytechnic University (香港理工大學) with a master's degree in corporate governance, and obtained qualifications as an associate of The Hong Kong Institute of Chartered Secretaries and as an associate of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators).

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

We provide remuneration in the form of fees, salaries and bonuses, pensions, housing provident funds, medical insurance and other social insurance to our Directors (except for independent non-executive Directors), Supervisors (except for the chairman of the Supervisory Committee) and senior management (also employees of our Company). Independent non-executive Directors receive remuneration based on their responsibilities, including being a member or chairman of the Board Committee.

The remuneration of our Directors and Supervisors (including fees, salaries, discretionary bonus, contributions to defined contribution benefit plans (including pension), housing and other allowances, as well as other benefits in kind) during the Track Record Period were approximately RMB1.5 million, RMB0.9 million, RMB1.1 million, respectively.

For the years ended 31 December 2017, 2018 and 2019, the aggregate amount of remuneration paid to our Group's five highest paid individuals (excluding our Directors amongst the five highest paid individuals) was approximately RMB2.0 million, RMB2.5 million and RMB2.8 million, respectively.

According to the arrangement in force on the Latest Practicable Date, we expect that the total remuneration to be paid and granted to our Directors and Supervisors for the year ending 31 December 2020 will be approximately RMB2.5 million.

During the Track Record Period, no emolument was paid or undertaken to be paid to any Director or Supervisor by our Company as an inducement to join or upon joining our Company, and save as required by relevant laws and regulations, no compensation was made or undertaken to be made to any Director or then Director as well as Supervisor or then Supervisor for the loss of office as a director of our Company and/or any of our subsidiaries or of any other office in connection with the management of the affairs of our Company or any of our subsidiaries. During the Track Record Period, no emolument was waived by any of our Directors or Supervisors. Save as disclosed above, there was no other amount paid or payable to our Directors and Supervisors by our Company or any of our subsidiaries for the Track Record Period.

During the Track Record Period, no emolument was paid or undertaken to be paid to the five highest paid individuals of our Company as an inducement to join or upon joining our Company, and save as required under laws and regulations, no compensation was made or undertaken to be made to such individuals during the Track Record Period for the loss of any office in connection with the management of the affairs of any member of our Company.

BOARD COMMITTEES

Audit Committee

We have established an audit committee with written terms of reference in compliance with the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are, among others, the following:

- To review and supervise the financial reporting process and internal controls system of our Group, risk management and internal audit; and

- To provide advice and comments to our Board and perform other duties and responsibilities as may be assigned by our Board.

The Audit Committee consists of three members, namely Ms. Tong Yan, Mr. Jiang Rui and Mr. Song Baocheng. The chairman of the Audit Committee is Ms. Tong Yan, 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, among others, the following:

- To establish, review and provide advice to our Board on our policy and structure concerning remuneration of our Directors, Supervisors and senior management and transparent procedure for developing policies concerning such remuneration;

- To determine the terms of the specific remuneration package of each Director, Supervisor and member of senior management; and

- To review and approve remuneration by reference to corporate goals and objectives resolved by our Directors from time-to-time.

The Remuneration Committee consists of three members, namely Ms. Lu Qing, Mr. Shen Mingsong and Mr. Song Baocheng. The chairman of the Remuneration Committee is Ms. Lu Qing.

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, among others, the following:

- To review the structure, size and composition of our Board on a regular basis and make recommendations to our Board regarding any proposed changes to the composition of our Board;

- To identify, select or make recommendations to our Board on the selection of individuals nominated for directorship, and ensure the diversity of our Board members; and

- To assess the independence of our independent non-executive Directors and make recommendations to our Board on relevant matters relating to the appointment, reappointment and removal of our Directors and succession planning of our Directors.

The Nomination Committee consists of three members, namely Mr. Sun Jie, Mr. Song Baocheng and Ms. Tong Yan. The chairman of the Nomination Committee is Mr. Sun Jie.

BOARD DIVERSITY POLICY

Our Company will adopt a board diversity policy ("**Board Diversity Policy**") upon Listing setting out the approach to achieve diversity on our Board. The Board Diversity Policy provides that our Company should endeavour to ensure that our Board members have the appropriate balance of skills, experience and diversity of perspectives to enhance the quality of its performance. Pursuant to the Board Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), independence, skills, 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. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

Our Board reflects the current management of our Group and comprises nine members, including a female executive Director and two female independent non-executive Directors out of a total of seven non-executive Board members. Our Directors have a balanced mix of experiences, including property management, food and beverage services business, overall management and business development, administrative management, legal, finance, auditing and accounting experiences. Furthermore, the ages of our Directors range from 38 years old to 52 years old. We have taken and will continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. Taking into account our business model and specific needs as well as the presence of three female Directors out of a total of nine Board members, we consider that the composition of our Board satisfies our Board Diversity Policy.

With regards to gender diversity on our Board, our Board Diversity Policy further provides that our Board shall take opportunities to increase the proportion of female members over time when selecting and making recommendations on suitable candidates for Board appointments. We will also ensure that there is gender diversity when recruiting staff at the mid to senior level so that we will have a pipeline of female senior management and potential successors to our Directors going forward. It is our objective to maintain an appropriate balance of gender diversity with reference to stakeholders' expectation and international and local recommended best practises.

Our nomination committee is responsible for ensuring the diversity of our Board members. After Listing, our nomination committee will review the Board Diversity Policy and its implementation from time to time to ensure its continued effectiveness and monitor and report annually in our corporate governance report about the implementation of the Board Diversity Policy.

THE PARTY COMMITTEE

According to the Constitution of the Communist Party of China, the Company has established the Committee of the Communist Party of the Company. Its duties and responsibilities, according to the Articles of Association, are:

(i) to ensure and supervise the Company's implementation of policies and guidelines of the Communist Party of China (the "**Party**") and the PRC;

(ii) to uphold a principle combining (a) the principle of management of cadres by the Party, (b) our Board's legitimate right to appoint the management, and (c) the management's legitimate right to staffing; to consider and opine on the candidates nominated by our Board or the general manager of the Company, or recommend nominees to our Board or the general manager of our Company; to evaluate the proposed candidates in conjunction with our Board, and to collectively consider and provide relevant suggestions;

(iii) to consider and discuss matters on the reform, development and stability of our Company, major operation and management matters as well as key issues involving the vital interests of employees, and provide relevant suggestions; and

(iv) to take responsibility for comprehensive and strict management of the Party; to lead the ideological and political work, united front work, construction of spiritual civilisation, construction of enterprise culture, and the work of the trade union, the Communist Youth League and other mass groups and organisations of our Company; to lead the improvement of conduct and uphold the integrity of the Party, and to support the supervision work by the discipline inspection commission of the Party.

MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Since the principal business operations of our Company are conducted in the PRC, members of our senior management are, and are expected to continue to be, based in the PRC. Further, as our executive Directors have vital roles in our Company's operations, it is crucial for our executive Directors to remain in close proximity to our Company's central management located in the PRC. Our Company does not and, for the foreseeable future, will not have sufficient management presence in Hong Kong. We have applied for, and the Stock Exchange has granted, a waiver from compliance with Rule 8.12 of the Listing Rules. For more details, please refer to the section headed "Waivers from Strict Compliance with the Listing Rules – Management Presence in Hong Kong" in this prospectus.

COMPLIANCE ADVISER

We have appointed Guotai Junan Capital Limited as our compliance adviser pursuant to Rules 3A.19 and 19A.05 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance adviser will advise us in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction (as defined under the Listing Rules), is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner apart from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of us regarding unusual movement in the price or trading volume of our Shares.

Pursuant to Rule 19A.06 of the Listing Rules, our compliance adviser shall inform us on a timely basis of any amendment or supplement to the Listing Rules and any new or amended law, regulation or code in Hong Kong applicable to us.

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 result for the first full financial year commencing after the Listing Date, and such appointment may be subject to extension by mutual agreement.

DEVIATION FROM CORPORATE GOVERNANCE CODE

Pursuant to code provision A.2.1 in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, the responsibilities between the chairman and chief executive of companies listed on the Stock Exchange should be segregated and should not be performed by the same individual. We do not have a separate chairman and chief executive officer. Mr. Sun Jie takes both position as chairman of the Board and general manager.

Our Board further believes that the combined role of chairman and chief executive will not impair the balance of power and authority between our Board and the management of our Company, given that:

(i) decision to be made by our Board requires approval by no less than half of our Directors;

(ii) Mr. Sun and our other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among others, that they act for the benefit and in the best interests of our Company as a whole and will make decisions for our Company accordingly;

(iii) the balance of power and authority is ensured by the operations of the Board, which consists of two executive Directors (Mr. Sun and Ms. Xue), four non-executive Directors and three independent non-executive Directors, and has a strong independence element; and

(iv) the overall strategic and other key business, financial, and operational policies of our Company are made collectively after thorough discussion at both Board and senior management levels.

Our Board will continue to review the effectiveness of the corporate governance structure of our Company in order to assess whether separation of the roles of the chairman of our Board and the general manager of our Company is necessary.

Except for the foregoing, our Company expects to comply with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules and the associated Listing Rules after the Listing.

To the best of the knowledge of our Directors, the following persons will, immediately after the completion of the Global Offering (without taking into account any H Shares to be issued upon the exercise of the Over-allotment Option), have an interest or short position in our Shares or underlying Shares which are required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company:

			Shares held as at the Latest Practicable Date and immediately prior to the Global Offering[1]		Shares held in the relevant class of Shares immediately following the completion of the Global Offering[1]		Shares held in the total share capital of our Company immediately following the completion of the Global Offering[1]	
Shareholder	Nature of interest	Class of Shares	Number	Percentage (approx.)	Number	Percentage (approx.)	Number	Percentage (approx.)
Huarong Zonghe	Beneficial owner	Domestic Shares	128,299,270 (L)	47.52%	128,299,270 (L)	47.52%	128,299,270 (L)	35.64%
Tiantai Real Estate	Beneficial owner	Domestic Shares	79,620,438 (L)	29.49%	79,620,438 (L)	29.49%	79,620,438 (L)	22.12%
Rongxin Hetai	Beneficial owner	Domestic Shares	62,080,292 (L)	22.99%	62,080,292 (L)	22.99%	62,080,292 (L)	17.24%
Financial Street Group[2]	Interest in a controlled corporation	Domestic Shares	128,299,270 (L)	47.52%	128,299,270 (L)	47.52%	128,299,270 (L)	35.64%
Operation Centre[2]	Interest in a controlled corporation	Domestic Shares	128,299,270 (L)	47.52%	128,299,270 (L)	47.52%	128,299,270 (L)	35.64%
China Life Real Estate[3]	Interest in a controlled corporation	Domestic Shares	79,620,438 (L)	29.49%	79,620,438 (L)	29.49%	79,620,438 (L)	22.12%
China Life Investment Holding Company Limited (國壽投資控股有限公司)[3]	Interest in a controlled corporation	Domestic Shares	79,620,438 (L)	29.49%	79,620,438 (L)	29.49%	79,620,438 (L)	22.12%

Shareholder	Nature of interest	Class of Shares	Shares held as at the Latest Practicable Date and immediately prior to the Global Offering[1]		Shares held in the relevant class of Shares immediately following the completion of the Global Offering[1]		Shares held in the total share capital of our Company immediately following the completion of the Global Offering[1]	
			Number	Percentage (approx.)	Number	Percentage (approx.)	Number	Percentage (approx.)
China Life Insurance (Group) Company (中國人壽保險(集團)公司)[3]	Interest in a controlled corporation	Domestic Shares	79,620,438 (L)	29.49%	79,620,438 (L)	29.49%	79,620,438 (L)	22.12%

Notes:

(1) The letter "L" denotes the person's long position in our Shares.

(2) Huarong Zonghe is the direct Shareholder.

(a) 100% of the equity interests in Huarong Zonghe is held by Financial Street Group, which is in turn owned as to 32.57% by Xicheng SASAC and 67.43% by Operation Centre, which itself is wholly-owned by Xicheng SASAC.

(b) By virtue of the SFO, Financial Street Group and Operation Centre are each deemed to be interested in the Shares held by Huarong Zonghe.

(3) Tiantai Real Estate is the direct Shareholder.

(a) 100% of the equity interests in Tiantai Real Estate is held by China Life Real Estate, which is in turn wholly-owned by China Life Investment Holding Company Limited (國壽投資控股有限公司), which is wholly-owned by China Life Insurance (Group) Company (中國人壽保險(集團)公司), which is wholly-owned by MOF.

(b) By virtue of the SFO, China Life Real Estate, China Life Investment Holding Company Limited (國壽投資控股有限公司) and China Life Insurance (Group) Company (中國人壽保險(集團)公司) are each deemed to be interested in the Shares held by Tiantai Real Estate.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the Global Offering, have an interest or short position in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be 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 our Company.

SHARE CAPITAL

Immediately before the Global Offering

As at the Latest Practicable Date, the registered share capital of our Company was RMB270.0 million, divided into 270,000,000 Domestic Shares with a nominal value of RMB1.00 each.

Upon the completion of the Global Offering

Immediately after the Global Offering (assuming that the Over-allotment Option is not exercised), the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate% of the enlarged issued share capital after the Global Offering
Domestic Shares in issue(Note)	270,000,000	75.0%
H Shares to be issued pursuant to the Global Offering	90,000,000	25.0%
Total	360,000,000	100.0%

Note: These Domestic Shares in issue are held by our existing Shareholders, and may be converted into H Shares. Please refer to the subsection headed "– Conversion of Domestic Shares into H Shares" in this section.

Immediately after the Global Offering and assuming that the Over-allotment Option is fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate% of the enlarged issued share capital after the Global Offering
Domestic Shares in issue(Note)	270,000,000	72.3%
H Shares to be issued pursuant to the Global Offering	103,500,000	27.7%
Total	373,500,000	100.0%

Note: These Domestic Shares in issue are held by existing Shareholders, and may be converted into H Shares. Please refer to the subsection headed "– Conversion of Domestic Shares into H Shares" in this section.

CLASS OF SHARES

Upon the completion of the Global Offering, the Shares will consist of Domestic Shares and H Shares, both of which are all ordinary Shares in the share capital of our Company. However, H Shares may only be subscribed for and traded in Hong Kong dollars, whereas Domestic Shares may only be subscribed for and traded in RMB. Further, apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and 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 PRC persons. Domestic Shares can only be subscribed by and traded between legal or natural PRC persons, qualified foreign institutional investors and foreign strategic investors.

Domestic Shares and H Shares are regarded as different classes of shares under the Articles of Association. The differences between Domestic Shares and H Shares and the provisions on class rights, the dispatch of notices and financial reports to our Shareholders, dispute resolution, registration of Shares on different registers of Shareholders, the method of share transfer and appointment of dividend receiving agents are set forth in the Articles of Association and summarised in "Appendix V – Summary of Articles of Association" to this prospectus.

The rights conferred on any class of Shareholders may not be varied or abrogated unless approved by a special resolution of our Shareholders at a general meeting and by holders of such class of Shares at a separate general meeting. The circumstances which shall be deemed to be a variation or abrogation of the rights of a class of Shareholders are listed in "Appendix V – Summary of Articles of Association" to this prospectus. However, the procedures for approval by separate classes of Shareholders do not apply where:

(i) our Company issues, upon approval by a special resolution of the Shareholders at a general meeting, Shares representing no more than 20.0% of each of the existing issued Domestic Shares and H Shares, either separately or concurrently, once every 12 months;

(ii) our Company's plan to issue Domestic Shares and H Shares at the time of the establishment of our Company is implemented within 15 months from the date of approval by the securities regulatory authorities under the State Council; or

(iii) the conversion of the unlisted Shares into overseas listed Shares for listing and trading abroad by the Shareholders upon approval by the securities regulatory authorities under the State Council.

RANKING

Save as described in this prospectus, our Domestic Shares and H Shares shall rank *pari passu* with each other in all other respects and, in particular, will rank equally for dividend or distributions declared, paid or made after the date of this prospectus. All dividends in respect of H Shares will be paid in Hong Kong dollars whereas all dividend in respect of Domestic Shares will be paid in RMB. In addition to cash, dividend may be distributed in the form of Shares. For holders of H Shares, dividend in the form of Shares will be distributed in the form of additional H Shares. For holders of Domestic Shares, dividend in the form of Shares will be distributed in the form of additional Domestic Shares.

CONVERSION OF DOMESTIC SHARES INTO H SHARES

Upon completion of the Global Offering, our Company will have two classes of ordinary Shares, namely the Domestic Shares and H Shares. According to the stipulations by the securities regulatory authorities under the State Council and the Articles of Association, the Domestic Shares may be converted into H Shares. Such converted shares may be listed or traded on an overseas stock exchange provided that the conversion and trading of such converted shares shall only be effected after all requisite internal approval process have been duly completed and the approval from the relevant PRC regulatory authorities (including the CSRC) and the relevant overseas stock exchange have been obtained. In addition, such conversion and trading shall in all respects comply with the regulations prescribed by the securities regulatory authorities under the State Council 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 Domestic Shares into H Shares as described in this section, we can apply for the listing of all or any portion of our Domestic Shares on the Stock Exchange as H Shares before any proposed conversion so 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 prior application for listing at the time of our Listing in Hong Kong.

No Shareholder voting by class is required for the conversion, 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 Listing is subject to prior notification by way of announcement to inform Shareholders and the public of any such proposed conversion.

Following the grant of the relevant approvals, any holder of Domestic Shares may submit an application to us to deregister the Domestic Shares to be converted from the Domestic Share register, together with the relevant document(s) of title. After receiving such application and obtaining all the requisite approvals, we will then re-register such Shares on our H Share register maintained in Hong Kong and instruct the H Share Registrar to issue certificate(s) of such number of H Shares to the relevant holders of H Shares. Registration on our H Share register will be on the conditions that:

(i) the H Share Registrar lodges with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates; and

(ii) the admission of the H Shares to be traded on the Stock Exchange complies with the Listing Rules and the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Such converted Shares will not be listed as H Shares until they are registered on our H Share register.

As at the Latest Practicable Date, to the best knowledge of our Directors, our Directors were not aware of any intention of any holder of Domestic Shares to convert all or part of their Domestic Shares into H Shares.

TRANSFER OF SHARES ISSUED PRIOR TO THE GLOBAL OFFERING

According to the Company Law of the PRC (《中華人民共和國公司法》), the Shares issued by our Company prior to the Global Offering shall not be transferred within one year from the Listing Date.

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Notice of Centralised 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, our Company is required to register the Domestic Shares with the China Securities Depository and Clearing Corporation Limited within 15 business days upon listing and provide a written report to the CSRC regarding the centralised registration and deposit of the Domestic Shares as well as the offering and listing of the H Shares.

SHAREHOLDERS' APPROVAL FOR THE GLOBAL OFFERING

Approval from our Shareholders is required for our Company to issue H Shares and apply the listing of H Shares on the Stock Exchange. Our Company has obtained such approval at the Shareholders' general meeting held on 13 December 2019.

You should read the following discussion and analysis in conjunction with our audited consolidated financial information as at and for the years ended 31 December 2017, 2018 and 2019 included in the Accountant's Report set out in Appendix I to this prospectus, together with the accompanying notes. Our financial information has been prepared in accordance with HKFRSs.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are a state-owned comprehensive property management company in China with over 25 years' experience in the industry. We started from providing property management services to properties located at Beijing Financial Street Zone, and have developed into a comprehensive property management company with a focus on providing property management and related services to properties located at financial management centres at all levels nationwide. Leveraging on our extensive experience in providing property management services for commercial and business properties, we have expanded our business to the key regions in China. As at 31 December 2019, we had 11 subsidiaries and 40 branches across China. Our property management services cover a wide range of property types, primarily focussing on commercial and business properties.

According to CIA, we were ranked 16th among the 2020 Top 100 Property Management Companies in the PRC in terms of overall strength. As at 31 December 2019, we provided property management and related services to 144 property projects in the PRC with the total GFA under management of approximately 19.9 million sq.m., 40.8% of which are located in Beijing. Our GFA under management for commercial and business properties as at 31 December 2019 was approximately 8.0 million sq.m., ranking us fourth among the 2020 Beijing-Tianjin-Hebei Top 100 Property Management Companies. Our GFA under management for office buildings as at 31 December 2019 was approximately 6.4 million sq.m., ranking us fourth among the 2020 Beijing-Tianjin-Hebei Top 100 Property Management Companies. During the Track Record Period, the total GFA under our management for commercial and business properties and non-commercial properties, has increased steadily.

As a result of our efficient operation and quality services, our business grew steadily during the Track Record Period. Our total revenue increased from RMB756.7 million for the year ended 31 December 2017 to RMB997.0 million for the year ended 31 December 2019, representing a CAGR of 14.8%. Our GFA for properties under management grew from approximately 13.2 million sq.m. as at 31 December 2017 to approximately 16.4 million sq.m. as at 31 December 2018, and further increased to 19.9 million sq.m. as at 31 December 2019. During the Track Record Period, a majority of our total revenue was derived from provision of property management and related services to commercial and business properties, which amounted to RMB531.8 million, RMB591.3 million and RMB646.8 million for the years ended 31 December 2017, 2018 and 2019, contributing 70.3%, 67.6% and 64.9% to our total revenue respectively. Our profit for the year increased from RMB82.7 million for the year ended 31 December 2017 to RMB113.4 million for the year ended 31 December 2019, representing a CAGR of 17.1%.

We provide comprehensive property management and related services as well as catering services.

BASIS OF PRESENTATION

The principal accounting policies applied in the preparation of the historical financial information of our Group are in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The historical financial information of our Group has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of historical financial information of our Group 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 of our Group are disclosed in Note 4 of the Accountant's Report in Appendix I to this prospectus.

All effective standards, amendments to standards and interpretations, which are mandatory for the financial year beginning 1 January 2018 and 2019, including HKFRS 9 "Financial Instruments", HKFRS 15 "Revenue from Contracts with Customers" and HKFRS 16 "Leases", are consistently applied to the Group throughout the years ended 31 December 2017, 2018 and 2019.

Standards and amendments that have been issued but not yet effective on 1 January 2019 and not been early adopted by the Group are as follows:

	Effective for annual periods beginning on or after
Amendments to HKAS 1 and HKAS 8 – Definition of material	1 January 2020
Amendment to HKFRS 3 – Definition of business	1 January 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7 – Interest Rate Benchmark Reform	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020
HKFRS 17 – Insurance contract	1 January 2021
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to HKFRS 10 and HKAS 28 – Sale or contribution of assets between an investor and its associate or joint venture	To be determined

Our Directors are of the view that the above new standards and amendments to existing standards that have been issued are not expected to have any significant impact on the Group.

HKFRS 9 – Financial Instruments

The impacts on Impairment

HKFRS 9 requires the recognition of impairment provisions of financial assets measured at amortised cost based on expected credit losses instead of as incurred losses basis under HKAS 39. We assessed that the adoption of the new impairment methodology under HKFRS 9 would not result in significant difference in bad debt provision and did not have any significant impact on our Group's consolidated financial position (net assets) and performance (net profit) as compared with HKAS 39.

The table set forth below the impacts of the adopting of HKFRS 9 on financial position (net asset) and performance (net profit) and key ratios:

	Currently reported under HKFRS 9			As if reported under HKAS 39			Difference		
	As at/For the year ended 31 December								
	2017	2018	2019	2017	2018	2019	2017	2018	2019
Current ratio and quick ratio	1.40	1.35	1.63	1.41	1.36	1.64	(0.01)	(0.01)	(0.01)
Net assets (*RMB'000*)	242,644	233,781	399,885	245,625	239,006	406,821	(2,981)	(5,225)	(6,936)
Net profit (*RMB'000*)	82,655	91,536	113,410	84,312	93,780	115,121	(1,657)	(2,244)	(1,711)

HKFRS 15 – Revenue from Contracts with Customers

Under HKFRS 15, we recognise performance obligations that we have not yet satisfied but for which we have received consideration or an amount of consideration is due from the customer as contract liabilities. Should HKAS 18 be applied throughout the Track Record Period, RMB61.4 million, RMB64.4 million and RMB66.9 million would be classified as advances from customers as at 31 December 2017, 2018 and 2019. Our Directors considered that the adoption of HKFRS 15 as compared to the requirements of HKAS 18 did not have any significant impact on our consolidated financial position and performance during the Track Record Period, except for classification of advances from customers to contract liabilities.

HKFRS 16 – Leases

Our Group leases various properties. Under HKFRS 16, leases, which have previously been classified as "operating leases" under HKAS 17, are recognised as a right-of-use asset and "Investment Properties" and corresponding liability at the date of which the lease asset for use by our Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability of each period. The right-of-use asset and investment properties are depreciated over the lease term on a straight-line basis. Our Directors confirm that, comparing to HKAS 17, the adoption of HKFRS 16 did not have a significant impact on the Group's financial position (net assets) and performance (net profit) during the Track Record Period.

The table set forth below the impacts of the adopting of HKFRS 16 on financial position (net asset) and performance (net profit) and key ratios:

	Currently reported under HKFRS 16			As if reported under HKAS 17			Difference		
	As at/For the year ended 31 December								
	2017	2018	2019	2017	2018	2019	2017	2018	2019
Current ratio and quick ratio	1.40	1.35	1.63	1.43	1.38	1.66	(0.03)	(0.03)	(0.03)
Net assets (*RMB'000*)	242,644	233,781	399,885	243,479	235,282	401,918	(835)	(1,501)	(2,033)
Net profit (*RMB'000*)	82,655	91,536	113,410	83,490	92,202	113,942	(835)	(666)	(532)

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been and will continue to be affected by a number of factors, including those set out below and in the section headed "Risk Factors" in this prospectus:

Our GFA Under Management

Our financial position and results of operations are affected by the GFA under management for our property management business. The number of projects under our management increased from 89 as at 31 December 2017 to 116 as at 31 December 2018, and to 144 as at 31 December 2019. As at 31 December 2017, 2018 and 2019, our GFA under management was approximately 13.2 million sq.m., 16.4 million sq.m. and 19.9 million sq.m., respectively. Accordingly, our revenue growth is affected by our ability to maintain and explore our GFA under management, which in turn is affected by our ability to renew existing property management service agreements and secure new service agreements.

We have recorded a steady growth in our GFA under management of projects sourced from Financial Street Affiliates Group during the Track Record Period, which amounted to approximately 9.6 million sq.m., 11.3 million sq.m. and 13.2 million sq.m., representing 72.5%, 69.1% and 66.4% of the total GFA under our management as at 31 December 2017, 2018 and 2019, respectively. We have been making efforts to expand our provision of property management and related services to projects sourced from Independent Third Parties in order to gain additional revenue sources and diversify our property management portfolio. We recorded a growth in our GFA under management of projects sourced from Independent Third Parties, which was approximately 3.6 million sq.m., 5.1 million sq.m. and 6.7 million sq.m. as at 31 December 2017, 2018 and 2019, respectively. Our ability to manage an increasing number of projects sourced from Independent Third Parties will complement our services provided to projects sourced from Financial Street Affiliates Group, which will drive the continuing growth of our revenue and profits.

Branding Positioning and Pricing Ability

Our financial position and results of operations are affected by our ability to maintain or increase the fee we charge for our services, which is, in part, affected by our ability to continuously maintain and enhance our brand recognition and industry position. We intend to further strengthen our brand recognition to expand our property management business and facilitate our business development.

Our revenue is dependent on property management fees we charge. We generally price our property management and related services by taking into account a number of factors, including (i) local pricing regulations; (ii) management fees charged in nearby and comparable communities; (iii) quality and standards of the facilities in the property; (iv) our profit margins target after taking into account the estimated costs primarily comprising subcontracting costs, employee benefit expenses and utilities for a particular project; (v) the requirements of scope and quality of our services. 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 reasonable profit margins. Failure to balance various factors in determining our pricing could materially and adversely affect our financial position and results of operations.

For illustration purposes only, we set out below a sensitivity analysis of our profit for the year with reference to the fluctuation of average property management fees during the Track Record Period. The following table demonstrates the impact of the hypothetical decreases in average property management fees on our revenue from property management and related services and profit for the year, while all other factors remain unchanged:

	For the year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year	82,655	91,536	113,410
Assuming 5% decrease in average property management fees			
Impact on revenue from property management and related services(1)	(36,970)	(42,765)	(48,663)
Impact on profit for the year(2)	(27,728)	(32,073)	(36,497)
Assuming 10% decrease in average property management fees			
Impact on revenue from property management and related services(1)	(73,941)	(85,529)	(97,325)
Impact on profit for the year(2)	(55,455)	(64,147)	(72,994)

Notes:

(1) Rental income is excluded from the revenue derived from property management and related services for the purpose of this table. For the years ended 31 December 2017, 2018 and 2019, our rental income was RMB4.1 million, RMB5.3 million and RMB5.9 million, respectively.

(2) Impact on profit for the year was calculated under the assumption that CIT was 25% for the year.

Our Ability to Mitigate the Impact of Employee Benefit Expenses and Subcontracting Costs

Employee benefit expenses constitute a substantial portion of our cost of sales and services and administrative expenses because property management is a labour intensive industry. During the Track Record Period, our employee benefit expenses recorded in our cost of sales and services were RMB225.6 million, RMB266.0 million and RMB296.3 million, representing 36.9%, 37.3% and 36.8% of our total cost of sales and services for the years ended 31 December 2017, 2018 and 2019, respectively. Employee benefit expenses recorded in our administrative expenses amounted to RMB21.3 million, RMB23.1 million and RMB30.4 million for the years ended 31 December 2017, 2018 and 2019, representing 54.5%, 49.5% and 55.9% of our total administrative expenses, respectively.

We have also outsourced certain services such as cleaning, gardening, greening, security and repair and maintenance services to subcontractors. During the Track Record Period, we incurred subcontracting costs of RMB249.6 million, RMB303.6 million and RMB367.8 million, representing 40.8%, 42.5% and 45.7% of our cost of sales and services, respectively.

To cope with rising employee benefit expenses and subcontracting costs, we have implemented a number of cost-saving measures, including implementing technology initiatives and automation efforts to reduce our reliance on manual labour. We provide our employees with internal training programme in order to improve their skills and enable them to perform multiple roles.

For illustration purposes only, we set out below a sensitivity analysis of our profit before income tax and profit for the year with reference to the fluctuation of employee benefit expenses and subcontracting costs during the Track Record Period. The following table demonstrates the effect of the hypothetical increase in employee benefit expenses and subcontracting costs on our profit before income tax and profit for the year, while all other factors remain unchanged:

	For the year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	112,099	124,507	151,875
Profit for the year	82,655	91,536	113,410
Assuming 5% increase in our employee benefit expenses and subcontracting costs			
Impact on our profit before income tax	(24,825)	(29,634)	(34,729)
Impact on profit for the year[(1)]	(18,619)	(22,226)	(26,047)
Assuming 10% increase in our employee benefit expenses and subcontracting costs			
Impact on our profit before income tax	(49,650)	(56,269)	(69,458)
Impact on profit for the year[(1)]	(37,238)	(44,452)	(52,094)

Note:

(1) Impact on profit for the year was calculated under the assumption that CIT was 25% for the year.

Business Mix

A significant portion of our total revenue during the Track Record Period was derived from revenue from property management and related services, which comprise revenue from property management services, value-added services and rental services, and amounted to RMB743.5 million, RMB860.6 million and RMB979.2 million for the years ended 31 December 2017, 2018 and 2019, respectively. During the Track Record Period, our revenue generated from property management services amounted to RMB602.7 million, RMB688.8

million and RMB776.9 million for the years ended 31 December 2017, 2018 and 2019, which accounted for 79.7%, 78.7% and 77.9% of our total revenue, respectively, whereas our revenue generated from value-added services amounted to RMB136.7 million, RMB166.5 million and RMB196.3 million for the years ended 31 December 2017, 2018 and 2019, which accounted for 18.1%, 19.0% and 19.7% of our total revenue, respectively. In addition, during the Track Record Period, our rental income amounted to RMB4.1 million, RMB5.3 million and RMB5.9 million for the years ended 31 December 2017, 2018 and 2019, contributing 0.5%, 0.6% and 0.6% of our total revenue, respectively.

Generally, our gross profit margin for property management and related services provided to commercial and business properties are higher than that for non-commercial properties during the Track Record Period, with the gross profit margin for property management and related services provided to office buildings generally higher than other types of properties.

The majority of our revenue was derived from our property management and related services to commercial and business properties during the Track Record Period, which we expect will continue to be our main revenue source in the future.

Competition

According to CIA, the property management industry is highly competitive and fragmented and in line with the development of the real estate market in the PRC and the corresponding development of property management industry over the past few years. We compete with a range of property management and related services providers based on a number of factors, including business scale, brand recognition, pricing and service quality. For more details, please refer to the section headed "Industry Overview – Competition" in this prospectus.

Our future and prospects in this industry depends on our ability to effectively compete with our competitors and maintain or improve our market positioning, which is dependent on our ability to strengthen our competitive advantages. In the event that we fail to compete and cannot maintain or expand our total GFA under management, we may lose market share and our revenue and profitability may be adversely affected. For more details, please refer to section headed "Risk Factors" in this prospectus.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

We have identified certain accounting policies that are significant to the preparation of our consolidated financial information. The preparation of consolidated financial information involves judgements, estimates and assumptions relating to accounting items. We continuously evaluate these estimates and assumptions based on the most recently available information, our own historical experience and other assumptions that are believed to be reasonable under the circumstances. The use of estimates is an integral component of the financial reporting process and actual results seldom equal to our estimates. We will continuously assess our assumptions and estimates going forward. We set out below those policies, estimates and judgements to be critical to an understanding of our consolidated financial information as their application places the most significant demands on our management's judgement. For more details on our significant accounting policies, accounting estimates and judgements, please refer to Notes 2 and 4 in the Accountant's Report set out in Appendix I to this prospectus.

Revenue Recognition

Our Group provides property management and related services and catering services. The following is a description of the accounting policy for the principal revenue streams of our Group:

Property management and related services

Revenue from property management and related services (both under lump-sum basis and commission basis) is recognised in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by our Group's performance when our Group performs.

For property management and related services, our Group bills a fixed amount for each month of service provided and recognises as revenue in the amount to which the Group has a right to invoice and corresponds directly with the value of performance completed.

For property management service income from properties managed under lump-sum basis, where our Group acts as a principal and is primarily responsible for providing the property management services to the property owners, our Group recognises the fee received or receivable from property owners as its revenue and all related property management costs as its cost of services.

For property management service income from properties managed under commission basis, our Group acts as an agent and is primarily responsible for arranging and monitoring the services as provided by other suppliers to the property owners. Our Group recognises the commission, which is calculated by certain fixed amount or percentage of the total property management fees received or receivable from the property units.

Catering services

The control of catering services is transferred at a point in time and revenue is recognised when the related services have been rendered to customers.

A contract asset is our Group's right to consideration in exchange for services that our Group has transferred to a customer. Incremental costs incurred to obtain a contact, if recoverable, are capitalised and presented as assets and subsequently amortised when the related revenue is recognised.

If a customer pays consideration or our Group has a right to an amount of consideration that is unconditional, before our Group transfers services to the customer, our Group presents the consideration as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is our Group's obligation to transfer services to a customer for which our Group has received consideration (or an amount of consideration is due) from the customer.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to our Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

– Office and operating equipments	5-6 years
– Vehicles	6 years
– Leasehold improvements	Estimated useful lives or remaining lease terms, whichever is shorter

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 proceeds with carrying amount and are recognised within "other gains/(losses), net" in the statements of comprehensive income.

Investment Properties

Investment properties are stated historical cost less depreciation. Investment properties, principally stores, are held for long-term rental yields and are not occupied by our Group. Investment properties also include right-of-use assets that meet the definition of investment properties. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives of within 34 years or their lease terms and after taking into account of their estimated residual value, using the straight-line method.

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 statement of comprehensive income.

Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within one year and therefore are all classified as current.

Trade receivables are initially recognised at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. Our 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. For more details on our Group's accounting for trade receivables and descriptions of our Group's impairment policies, please refer to Notes 3.1(b) and 20 in the Accountant's Report set out in Appendix I to this prospectus.

Lease

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 our Group.

Contracts may contain both lease and non-lease components. Our Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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.

Rental income from operating leases where our Group is a lessor is recognised on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as rental income. The respective leased assets are included in the balance sheet based on their nature.

Critical Accounting Estimates and Judgements

The preparation of the historical financial information requires the use of accounting estimates which, by definition, will seldom equal the actual results. The management also needs to exercise judgement in applying our Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Impairment of trade receivables

The loss allowances for financial assets are based on assumptions about risk of default and expected credit loss rates. Our Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on our Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For more details on the key assumptions and inputs used, please refer to Note 20 in the Accountant's Report set out in Appendix I to this prospectus.

(b) Estimation of defined benefit pension obligation

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations. For details on key assumptions and impact of possible changes in key assumptions, please refer to Note 30 in the Accountant's Report set out in Appendix I to this prospectus.

(c) Principal and agent assessment under property management services

Our Group charges property management fees in respect of the property management services on a lump-sum basis or a commission basis.

On a lump-sum basis, our Group is entitled to retain the full amount of received property management fees. From the property management fees, our Group shall bear expenses associated with, among others, staff, cleaning and security. During the term of the contract, if the amount of property management fees our Group collected is not sufficient to cover all the expenses incurred, our Group is not entitled to request the property owners to pay the shortfall. Based the above assessment, our Group recognises the revenue from property management on a lump-sum basis as a principal.

On a commission basis, our Group is entitled to a fixed amount of or percentage property management fees the property owners, tenants and property developers are obligated to pay over a specific contract period. The remainder of the property management fees is used as property management working capital to cover the property management expenses associated with the property management work. In the event of a surplus of working capital after deducting the relevant property management expenses, the surplus is generally repayable to customer. In the event of a shortfall of working capital to pay for the relevant property management expenses, our Group may need to make up for the shortfall and pay on behalf of property owners, tenants and property developers first, with a right to recovering from them subsequently. However, the uncollected payments on behalf of the property owners, tenants and property developers would be written off. Based the above assessment, our Group recognises the revenue from property management on a commission basis as an agent.

Our Group recognises the revenue from property management services based on the judgement of the above two revenue models determined by the property management service agreements with the property owners, tenants and property developers.

DESCRIPTION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The following table sets forth the consolidated statements of comprehensive income for the years indicated:

	For the year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	756,682	875,199	997,014
Cost of sales and services	(611,059)	(713,555)	(805,585)
Gross profit	145,623	161,644	191,429
Administrative expenses	(39,171)	(46,724)	(54,419)
Impairment losses on financial assets	(1,605)	(3,064)	(2,294)
Other income	621	317	4,864
Other (losses)/gains, net	3,226	3,247	(305)
Operating profit	108,694	115,420	139,275
Finance income	2,668	7,342	10,428
Finance costs	(1,475)	(1,685)	(1,742)
	1,193	5,657	8,686
Share of profit from investment in associates	2,212	3,430	3,914
Profit before income tax	112,099	124,507	151,875
Income tax expense	(29,444)	(32,971)	(38,465)
Profit for the year	82,655	91,536	113,410
Profit attributable to:			
Owners of the Company	79,418	87,050	105,217
Non-controlling interests	3,237	4,486	8,193
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of retirement benefit obligations	453	(453)	(413)
Other comprehensive income/(loss) for the year, net of tax	453	(453)	(413)
Total comprehensive income for the year	83,108	91,083	112,997
Attributable to:			
Owners of the Company	79,863	86,597	104,804
Non-controlling interests	3,245	4,486	8,193
Earnings per share, basic and diluted *(RMB)*	0.384	0.421	0.390

Revenue

During the Track Record Period, we generated revenue primarily from provision of property management and related services to commercial and business properties and non-commercial properties, primarily comprising the following core property management services and value-added services:

Property management and related services					
Core services				Value-added services	
Customer services	Security services	Cleaning and gardening services	Engineering, repair and maintenance services	Carpark management services	Other related services
Provide services for the customer's entire occupancy/tenancy, including reception services, concierge services, move-in and move-out services, deficiency reporting services, decoration, collection of customer feedback and complaints and suggestions handling.	Provide comprehensive security and fire safety management services, including the establishment of a security management system, 24-hour surveillance, testing and maintenance of fire safety facilities, regular inspections, visitor management, emergency response action plans and safety promotion campaigns.	Provide cleaning and maintenance services to office area, public facilities, common area, floors and exterior walls, waste management, pest control services, gardening and greening services.	Provide engineering and maintenance services for various buildings, facilities and equipment, as well as their daily repair and maintenance, the use, replacement and management of equipment and facilities, carbon emission reduction and energy saving services.	Provide comprehensive carpark management services, including traffic monitoring, parking space management, traffic and vehicle guidance, as well as management of parking facilities and equipment.	Provide resource management services; operational businesses; consultancy services; customised services; real estate operation services and other value-added services.

We also provide catering services by operating cafés, restaurants and bakeries under our proprietary "IZEE" Brand Series.

Our total revenue increased by 15.7% from RMB756.7 million for the year ended 31 December 2017 to RMB875.2 million for the year ended 31 December 2018, and further increased by 13.9% to RMB997.0 million for the year ended 31 December 2019. During the Track Record Period, the general increase in our total revenue was primarily attributable to a steady growth of our total GFA under management.

The following table sets forth a breakdown of our total revenue for the years indicated by services we provide:

	For the year ended 31 December					
	2017		2018		2019	
	Revenue	%	Revenue	%	Revenue	%
	RMB'000		*RMB'000*		*RMB'000*	
Property management and related services:						
Property management services	602,700	79.7	688,815	78.7	776,915	77.9
Value-added services[1]	136,706	18.1	166,477	19.0	196,336	19.7
Rental services	4,135	0.5	5,303	0.6	5,948	0.6
Catering services	13,141	1.7	14,604	1.7	17,815	1.8
Total	756,682	100.0	875,199	100.0	997,014	100.0

Note:

(1) Revenue from value-added services comprises (i) revenue from carpark management services, which amounted to RMB42.1 million, RMB63.3 million and RMB68.1 million, representing 30.8%, 38.0% and 34.7% of our revenue from value-added services for the years ended 31 December 2017, 2018 and 2019, respectively; and (ii) revenue from a variety of other related services such as sales offices and display units management services, customised cleaning, security, repair and maintenance services for property owners/tenants, technical support services, conference services, consultancy services at initial stage of the projects, public space renting, engineering monitoring, management services in relation to construction work and interior decoration.

For the years ended 31 December 2017, 2018 and 2019, we generated revenue from (i) property management and related services, which amounted to RMB743.5 million, RMB860.6 million and RMB979.2 million, representing 98.3%, 98.3% and 98.2% of our total revenue, respectively, and (ii) catering services, which amounted to RMB13.1 million, RMB14.6 million and RMB17.8 million, representing 1.7%, 1.7% and 1.8% of our total revenue, respectively.

Revenue from Property Management and Related Services

Revenue from property management and related services generally increased during the Track Record Period, primarily driven by the increase in our total GFA under management as a result of our business expansion.

By Type of Property

Based on the nature and usage of our managed properties, these properties can be broadly divided into two categories: (i) commercial and business properties (including office buildings, complexes and retail buildings and hotel); and (ii) non-commercial properties.

The following tables set forth breakdowns by type of properties of the GFA under management as at the dates indicated and our revenue generated from the property management and related services for the years indicated:

	As at 31 December					
	2017		2018		2019	
	GFA under Management[(6)]	%	GFA under Management[(6)]	%	GFA under Management[(6)]	%
	'000 sq.m.		*'000 sq.m.*		*'000 sq.m.*	
Commercial and business properties[(1)]						
Office buildings[(2)]	4,383	33.2	5,194	31.7	6,375	32.1
Complexes[(3)]	1,442	10.9	1,011	6.2	1,011	5.1
Retail buildings & hotel[(4)]	628	4.8	626	3.8	625	3.1
Subtotal	6,453	48.9	6,831	41.6	8,011	40.3
Non-commercial properties[(1)]						
Residential properties[(5)]	5,701	43.2	7,221	44.0	8,875	44.7
Public properties, hospitals, educational properties and others	1,031	7.8	2,357	14.4	2,971	15.0
Subtotal	6,732	51.1	9,578	58.4	11,846	59.7
Total	**13,185**	**100.0**	**16,409**	**100.0**	**19,857**	**100.0**

Notes:

(1) According to CIA, it is not an uncommon practise to categorise mixed-used properties into office buildings, retail buildings and hotel or residential properties based on the majority of the GFA under management for a particular use.

(2) For purpose of this prospectus, this refers to (i) pure office units; and (ii) mixed-used properties containing both office units and retail units/residential units with office units occupying more than 50% of the property's GFA under management.

(3) For purpose of this prospectus, this refers to properties containing units of three or more types of properties.

(4) For purpose of this prospectus, this refers to (i) pure retail units and hotel; and (ii) mixed-used properties containing both retail units and office units/residential units with retail units occupying more than 50% of the property's GFA under management.

(5) For purpose of this prospectus, this refers to (i) pure residential units; and (ii) mixed-used properties containing both residential units and office units/retail units with residential units occupying more than 50% of the property's GFA under management.

(6) For purpose of this prospectus, this includes the GFA where the property management and related services were provided by entities in which we hold non-controlling interests. As at 31 December 2017, 2018 and 2019, the GFA under management of properties managed by entities we hold non-controlling interests in were approximately 1.4 million sq.m., 1.5 million sq.m. and 2.7 million sq.m., respectively.

	For the year ended 31 December					
	2017		2018		2019	
	Revenue(1)	%	Revenue(1)	%	Revenue(1)	%
	RMB'000		*RMB'000*		*RMB'000*	
Commercial and business properties(2)						
Office buildings(3)	398,913	53.7	459,760	53.4	509,112	52.0
Complexes(4)	78,903	10.6	79,023	9.2	82,329	8.4
Retail buildings & hotel(5)	54,023	7.2	52,495	6.1	55,403	5.7
Subtotal	531,839	71.5	591,278	68.7	646,844	66.1
Non-commercial properties(2)						
Residential properties(6)	161,258	21.7	208,567	24.2	221,853	22.6
Public properties, hospitals, educational properties and others	50,444	6.8	60,750	7.1	110,502	11.3
Subtotal	211,702	28.5	269,317	31.3	332,355	33.9
Total	**743,541**	**100.0**	**860,595**	**100.0**	**979,199**	**100.0**

Notes:

(1) This includes rental income which amounted to RMB4.1 million, RMB5.3 million and RMB5.9 million for the years ended 31 December 2017, 2018 and 2019, respectively.

(2) According to CIA, it is not an uncommon practise to categorise mixed-used properties into office buildings, retail buildings and hotel or residential properties based on the majority of the GFA under management for a particular use.

(3) For purpose of this prospectus, this refers to (i) pure office units; and (ii) mixed-used properties containing both office units and retail units/residential units with office units occupying more than 50% of the property's GFA under management.

(4) For purpose of this prospectus, this refers to properties containing units of three or more types of properties.

(5) For purpose of this prospectus, this refers to (i) pure retail units and hotel; and (ii) mixed-used properties containing both retail units and office units/residential units with retail units occupying more than 50% of the property's GFA under management.

(6) For purpose of this prospectus, this refers to (i) pure residential units; and (ii) mixed-used properties containing both residential units and office units/retail units with residential units occupying more than 50% of the property's GFA under management.

Our revenue generated from property management and related services increased by 15.7% from RMB743.5 million for the year ended 31 December 2017 to RMB860.6 million for the year ended 31 December 2018, and further increased by 13.8% to RMB979.2 million for the year ended 31 December 2019. During the Track Record Period, the increase was attributable to the growth of the total GFA under our management as a result of the increase in the number of projects for commercial and business properties and non-commercial properties.

Our revenue generated from commercial and business properties increased by 11.2% from RMB531.8 million for the year ended 31 December 2017 to RMB591.3 million for the year ended 31 December 2018, and further increased by 9.4% to RMB646.8 million for the year ended 31 December 2019, which was primarily attributable to the continuous increase in revenue from office buildings during the Track Record Period. As at 31 December 2017, 2018 and 2019, the number of office building projects under our management were 35, 42 and 49, with the total GFA under management of approximately 4.4 million sq.m., 5.2 million sq.m., and 6.4 million sq.m., respectively.

Our revenue generated from non-commercial properties increased by 27.2% from RMB211.7 million for the year ended 31 December 2017 to RMB269.3 million for the year ended 31 December 2018, and further increased by 23.4% to RMB332.4 million for the year ended 31 December 2019, which was primarily attributable to the increase in revenue from (i) residential properties, and (ii) public properties, hospitals, educational properties and others during the Track Record Period. As at 31 December 2017, 2018 and 2019, the number of projects for non-commercial properties under our management were 46, 67 and 88, with the total GFA under management of approximately 6.7 million sq.m., 9.6 million sq.m., and 11.8 million sq.m., respectively.

By Geographic Region

To facilitate management of our property management and related services across the PRC, we have divided our geographic coverage into six regions, namely North China (including Beijing), Southwest China, East China, South China, Northeast China and Central China.

The following tables set forth breakdowns by geographic region of the GFA under our management as at the dates indicated and our revenue from property management and related services for the years indicated:

	As at 31 December					
	2017		2018		2019	
	GFA under Management(1)	%	GFA under Management(1)	%	GFA under Management(1)	%
	'000 sq.m.		*'000 sq.m.*		*'000 sq.m.*	
North China						
Beijing	5,434	41.2	6,671	40.7	8,099	40.8
Other than Beijing	1,353	10.3	1,674	10.2	1,560	7.8
Southwest China	2,914	22.1	3,140	19.1	3,494	17.6
East China	1,409	10.7	2,114	12.9	3,070	15.5
South China	1,853	14.0	2,597	15.8	3,349	16.9
Northeast China	222	1.7	213	1.3	281	1.4
Central China	–	–	–	–	4	–
Total	13,185	100.0	16,409	100.0	19,857	100.0

Note:

(1) This includes the GFA where the property management and related services were provided by entities in which we hold non-controlling interests. As at 31 December 2017, 2018 and 2019, the GFA under management of properties managed by entities we hold non-controlling interests in were approximately 1.4 million sq.m., 1.5 million sq.m. and 2.7 million sq.m., respectively.

	For the year ended 31 December					
	2017		2018		2019	
	Revenue(1)	%	Revenue(1)	%	Revenue(1)	%
	RMB'000		*RMB'000*		*RMB'000*	
North China						
Beijing	509,466	68.5	549,518	63.9	618,356	63.1
Other than Beijing	65,649	8.8	85,450	9.9	94,078	9.6
Southwest China	61,584	8.3	86,214	10.0	97,902	10.0
East China	49,515	6.7	57,926	6.7	78,400	8.0
South China	52,274	7.0	73,416	8.5	80,072	8.2
Northeast China	5,053	0.7	8,071	1.0	7,786	0.8
Central China	–	–	–	–	2,605	0.3
Total	743,541	100.0	860,595	100.0	979,199	100.0

Note:

(1) This includes rental income which amounted to RMB4.1 million, RMB5.3 million and RMB5.9 million for the years ended 31 December 2017, 2018 and 2019, respectively.

During the Track Record Period, properties under our management were primarily located in Beijing and other cities in North China region. Our revenue generated from North China region accounted for 77.3%, 73.8% and 72.7%, respectively, of our revenue from property management and related services for the years ended 31 December 2017, 2018 and 2019. We also experienced a steady increase in the revenue for the six regions during the Track Record Period, especially for Southwest China and East China regions.

By Source of Projects

During the Track Record Period, our property management projects were mainly developed by Financial Street Affiliates Group. The following tables set forth breakdowns by source of projects of the GFA under our management as at the dates indicated and our revenue from property management and related services for the years indicated:

	As at 31 December					
	2017		2018		2019	
	GFA under Management(1)	%	GFA under Management(1)	%	GFA under Management(1)	%
	'000 sq.m.		*'000 sq.m.*		*'000 sq.m.*	
Projects sourced from:						
Financial Street Affiliates Group	9,565	72.5	11,342	69.1	13,189	66.4
Independent Third Parties	3,620	27.5	5,067	30.9	6,668	33.6
Total	13,185	100.0	16,409	100.0	19,857	100.0

Note:

(1) This includes the GFA where the property management and related services were provided by entities in which we hold non-controlling interests. As at 31 December 2017, 2018 and 2019 the total GFA under management of properties managed by entities we hold non-controlling interests in were approximately 1.4 million sq.m., 1.5 million sq.m. and 2.7 million sq.m., respectively.

	For the year ended 31 December					
	2017		2018		2019	
	Revenue(1)	%	Revenue(1)	%	Revenue(1)	%
	RMB'000		*RMB'000*		*RMB'000*	
Projects sourced from:						
Financial Street Affiliates Group	621,150	83.5	717,365	83.4	794,492	81.1
Independent Third Parties	122,391	16.5	143,230	16.6	184,707	18.9
Total	743,541	100.0	860,595	100.0	979,199	100.0

Note:

(1) This includes rental income which amounted to RMB4.1 million, RMB5.3 million and RMB5.9 million for the years ended 31 December 2017, 2018 and 2019, respectively.

By Type of Customers

The following table sets forth a breakdown of our revenue from property management and related services by type of customers for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	Revenue[(1)]	%	Revenue[(1)]	%	Revenue[(1)]	%
	RMB'000		*RMB'000*		*RMB'000*	
Property developers:						
Financial Street Affiliates Group and other related parties[(2)]	51,181	6.9	71,399	8.3	107,441	11.0
Independent Third Parties	4,417	0.6	11,445	1.3	11,730	1.2
Subtotal	55,598	7.5	82,844	9.6	119,171	12.2
Property owners, owners associations and tenants:						
Financial Street Affiliates Group and other related parties[(2)]	67,095	9.0	59,766	6.9	62,796	6.4
Independent Third Parties	620,848	83.5	717,985	83.5	797,232	81.4
Subtotal	687,943	92.5	777,751	90.4	860,028	87.8
Total	743,541	100.0	860,595	100.0	979,199	100.0

Note:

(1) This includes rental income which amounted to RMB4.1 million, RMB5.3 million and RMB5.9 million for the years ended 31 December 2017, 2018 and 2019, respectively.

(2) This includes revenue from one of our substantial shareholders and associates which amounted to RMB0.3 million and RMB4.2 million for the years ended 31 December 2018 and 2019, respectively.

During the Track Record Period, we generated a majority of revenue from provision of property management and related services to property owners, owners associations and tenants, which amounted to RMB687.9 million, RMB777.8 million and RMB860.0 million, representing 92.5%, 90.4% and 87.8% of our revenue from property management and related services for the years ended 31 December 2017, 2018 and 2019, respectively. During the Track Record Period, a majority of our revenue generated from property owners, owners associations and tenants was derived from projects sourced from Independent Third Parties, which amounted to RMB620.8 million, RMB718.0 million and RMB797.2 million, representing 90.2%, 92.3% and 92.7% of our revenue generated from property owners, owners associations and tenants for the years ended 31 December 2017, 2018 and 2019, respectively.

During the Track Record Period, we generated a majority of our revenue from property developers from Financial Street Affiliates Group and other related parties, which amounted to RMB51.2 million, RMB71.4 million and RMB107.4 million, representing 92.1%, 86.2% and 90.2% of our revenue from property management and related services generated from property developers, respectively. This was primarily because during the Track Record Period, a majority of the properties under our management were sourced from Financial Street Affiliates Group.

By Revenue Model

The following tables set forth breakdowns by revenue model of the GFA under our management as at the dates indicated and our revenue from property management and related services for the years indicated:

	As at 31 December					
	2017		2018		2019	
	GFA under Management[(1)]	%	GFA under Management[(1)]	%	GFA under Management[(1)]	%
	'000 sq.m.		*'000 sq.m.*		*'000 sq.m.*	
Lump-sum basis	10,768	81.7	14,081	85.8	16,434	82.8
Commission basis	2,417	18.3	2,328	14.2	3,423	17.2
Total	13,185	100.0	16,409	100.0	19,857	100.0

Note:

(1) This includes the GFA where the property management and related services were provided by entities in which we hold non-controlling interests. As at 31 December 2017, 2018 and 2019, the total GFA of properties managed by entities we hold non-controlling interests in were approximately 1.4 million sq.m., 1.5 million sq.m. and 2.7 million sq.m., respectively.

	For the year ended 31 December					
	2017		2018		2019	
	Revenue[(1)]	%	Revenue[(1)]	%	Revenue[(1)]	%
	RMB'000		*RMB'000*		*RMB'000*	
Lump-sum basis	729,597	98.7	845,071	98.8	960,626	98.7
Commission basis	9,809	1.3	10,221	1.2	12,625	1.3
Total	739,406	100.0	855,292	100.0	973,251	100.0

Note:

(1) Rental income in the amount of RMB4.1 million, RMB5.3 million and RMB5.9 million for the years ended 31 December 2017, 2018 and 2019, respectively, is excluded from revenue from property management and related services for the purpose of this table.

Our revenue generated from provision of property management and related services was primarily generated under the lump-sum model, which amounted to RMB729.6 million, RMB845.1 million and RMB960.6 million, accounting for 98.7%, 98.8% and 98.7% of our revenue from provision of property management and related services (which excludes rental income), for the years ended 31 December 2017, 2018 and 2019, respectively. The percentage of revenue from property management services fees charged on a lump-sum basis to our revenue from provision of property management and related services remained relatively stable during the Track Record Period.

Our average monthly property management fee charged on a lump-sum basis

For the years ended 31 December 2017, 2018 and 2019, our overall average monthly property management fee charged on a lump-sum basis was RMB5.54 per sq.m., RMB5.11 per sq.m. and RMB4.94 per sq.m., respectively. The following table sets forth a breakdown of our average monthly property management fee charged on a lump-sum basis by type of properties for the years indicated:

	For the year ended 31 December		
	2017	**2018**	**2019**
	RMB per sq.m.	*RMB per sq.m.*	*RMB per sq.m.*
	Average monthly property management fee charged on a lump-sum basis[(1)]		
Commercial and business properties	**10.91**	**10.53**	**12.66**
Office buildings[(2)]	15.57	11.78	14.91
Complexes[(3)]	5.19	8.81	9.31
Retail buildings & hotel[(4)]	6.53	6.58	7.00
Non-commercial properties	**2.30**	**2.30**	**2.11**
Residential properties[(5)]	2.22	2.23	1.93
Public properties, hospitals, educational properties and others	2.74	2.59	2.78
Overall	**5.54**	**5.11**	**4.94**

Notes:

(1) It is calculated by dividing our revenue from property management services for projects charged on a lump-sum basis for the relevant period, by the GFA under management of the said projects at the end of the corresponding period.

The following items have been excluded from the calculation of our average monthly property management fee per GFA:

(a) revenue from property management services charged on commission basis and the relevant GFA under management since we only recognise the commission as our revenue;

(b) revenue from and GFA under management for car parks which have been recognised and reported under the revenue segment named value-added services; and

(c) GFA under management where the property management services were provided by entities in which we hold non-controlling interests since the property management fees received by such projects are not recognised as our revenue.

Revenue from provision of value-added services and catering services is excluded from the above calculation.

(2) For purpose of this prospectus, this refers to (i) pure office units; and (ii) mixed-used properties containing both office units and retail units/residential units with office units occupying more than 50% of the property's GFA under management.

(3) For purpose of this prospectus, this refers to properties containing units of three or more types of properties.

(4) For purpose of this prospectus, this refers to (i) pure retail units and hotel; and (ii) mixed-used properties containing both retail units and office units/residential units with retail units occupying more than 50% of the property's GFA under management.

(5) This refers to (i) pure residential units; and (ii) mixed-used properties containing both residential units and office units/retail units with residential units occupying more than 50% of the property's GFA under management.

For the years ended 31 December 2017, 2018 and 2019, our overall average monthly property management fee charged on a lump-sum basis amounted to RMB5.54 per sq.m., RMB5.11 per sq.m. and RMB4.94 per sq.m., respectively. This general decreasing trend is primarily due to the decrease in average monthly property management fee charged on a lump-sum basis for office building properties.

Our average monthly property management fee charged on a lump-sum basis for office buildings decreased from RMB15.57 per sq.m. for the year ended 31 December 2017 to RMB11.78 per sq.m. for the year ended 31 December 2018, primarily because a number of new office building projects were at the initial stage of their operation in 2018, whereby the occupancy rate was relatively low and we offered the relevant property developers a discount to the property management fees. Our average monthly property management fee charged on a lump-sum basis for office buildings increased from RMB11.78 per sq.m. for the year ended 31 December 2018 to RMB14.91 per sq.m. for the year ended 31 December 2019 primarily due to the increase of the occupancy rate of the property management projects for office buildings which we commenced to manage in 2018, whereby the discount to property management fees was reduced or no further discount was offered.

Our average monthly property management fee charged on a lump-sum basis for complexes increased from RMB5.19 per sq.m. for the year ended 31 December 2017 to RMB8.81 per sq.m. for the year ended 31 December 2018. This was mainly attributable to our termination in the third quarter in 2018 of a loss-making project located in Linyi, Shandong province with a GFA under management of approximately 0.4 million sq.m. as at 31 December 2017. Our average monthly property management fee charged on a lump-sum basis for complexes remained relatively stable for the year ended 31 December 2019.

Our average monthly property management fee charged on a lump-sum basis for retail buildings and hotel remained stable for the years ended 31 December 2017 and 2018. It increased from RMB6.58 per sq.m. for the year ended 31 December 2018 to RMB7.00 per sq.m. for the year ended 31 December 2019, primarily due to the increase in revenue of an existing retail buildings project in Beijing as additional property management services were rendered in 2019.

Our average monthly property management fee charged on a lump-sum basis for residential properties remained stable for the years ended 31 December 2017 and 2018. It decreased from RMB2.23 per sq.m. for the year ended 31 December 2018 to RMB1.93 per sq.m. for the year ended 31 December 2019. This was mainly because we started to manage several new residential projects and new phases of the existing residential projects with additional GFA under management in the second half of 2019 only.

Our average monthly property management fee charged on a lump-sum basis for public properties, hospitals, educational properties and others generally remained stable during the Track Record Period, being RMB2.74 per sq.m., RMB2.59 per sq.m. and RMB2.78 per sq.m., respectively.

The following table sets forth a breakdown of our average monthly property management fee charged on a lump-sum basis by source of property management projects for the years indicated:

	For the year ended 31 December		
	2017	**2018**	**2019**
	Average monthly property management fee charged on a lump-sum basis(1)		
	RMB'000 per sq.m.	*RMB'000 per sq.m.*	*RMB'000 per sq.m.*
Commercial and business properties			
Financial Street Affiliates Group	13.91	12.48	13.83
Independent Third Parties	5.42	6.03	9.18
Non-commercial properties			
Financial Street Affiliates Group	2.34	2.36	2.01
Independent Third Parties	2.07	2.03	2.44
Overall			
Financial Street Affiliates Group	5.99	5.49	5.10
Independent Third Parties	4.01	3.82	4.41

Notes:

(1) It is calculated by dividing our revenue from property management services for projects charged on a lump-sum basis for the relevant period, by the GFA under management of the said projects at the end of the corresponding period.

The following items have been excluded from the calculation of our average monthly property management fee charged on a lump-sum basis:

(a) revenue from property management services charged on commission basis and the relevant GFA under management since we only recognise the commission as our revenue;

(b) revenue from and GFA under management for car parks which have been recognised and reported under the revenue segment named value-added services; and

(c) GFA under management where the property management services were provided by entities in which we hold non-controlling interests since the property management fees received by such projects are not recognised as our revenue.

Revenue from provision of value-added services and catering services is excluded from the above calculation.

For the calculation of our average monthly property management fee charged on a lump-sum basis:

(a) for the said projects sourced from Financial Street Affiliates Group, (i) the GFA under management of such commercial and business properties to which we provided property management services was approximately 2.2 million sq.m., 2.6 million sq.m., and 2.6 million sq.m. as at 31 December 2017, 2018 and 2019, respectively; and (ii) the GFA under management of such non-commercial properties to which we provided property management services was approximately 4.7 million sq.m., 5.9 million sq.m., and 7.3 million sq.m. as at 31 December 2017, 2018 and 2019, respectively; and

(b) for the said projects sourced from Independent Third Parties, (i) the GFA under management of such commercial and business properties to which we provided property management services was approximately 1.2 million sq.m., 1.1 million sq.m., and 0.9 million sq.m. as at 31 December 2017, 2018 and 2019, respectively; and (ii) the GFA under management of such non-commercial properties to which we provided property management services was approximately 0.9 million sq.m., 1.4 million sq.m. and 2.1 million sq.m. as at 31 December 2017, 2018 and 2019, respectively.

During the Track Record Period, our overall average monthly property management fee charged on a lump-sum basis for projects sourced from Financial Street Affiliates Group was RMB5.99 per sq.m., RMB5.49 per sq.m. and RMB5.10 per sq.m. for the years ended 31 December 2017, 2018 and 2019, respectively, and was higher than the overall average monthly property management fee charged on a lump-sum basis for projects sourced from Independent Third Parties for each of the corresponding years. This was mainly because (i) office buildings accounted for a larger proportion of the GFA under management for projects sourced from Financial Street Affiliates Group compared with that for projects sourced from Independent Third Parties and the average monthly property management fees for office buildings are generally higher than those for other types of properties; and (ii) a larger number of projects located in Beijing Financial Street Zone was sourced from Financial Street Affiliates Group than from Independent Third Parties and the property management fees for projects located in Beijing Financial Street Zone are generally higher than the property management fees for projects located in other areas.

Our overall average monthly property management fee charged on a lump-sum basis for projects sourced from Financial Street Affiliates Group decreased from RMB5.99 per sq.m. for the year ended 31 December 2017 to RMB5.49 per sq.m. for the year ended 31 December 2018, primarily because a number of new office building projects were at the initial stage of their operation in 2018, whereby the occupancy rate was relatively low, and we accordingly offered the relevant property developers a discount to the property management fees. Our overall average monthly property management fee charged on a lump-sum basis for projects sourced from Financial Street Affiliates Group further decreased to RMB5.10 per sq.m. for the year ended 31 December 2019, primarily due to the increase of the number of new residential property management projects, whereby the property management fees for residential projects are generally lower than property management fees for commercial and business properties.

Our overall average monthly property management fee charged on a lump-sum basis for projects sourced from Independent Third Parties remained stable for the years ended 31 December 2017 and 2018. It increased from RMB3.82 per sq.m. for the year ended 31 December 2018 to RMB4.41 per sq.m. for the year ended 31 December 2019 since we started to provide property management services to two new office building projects, whereby a higher property management fee could be charged. Our average monthly property management fee charged on a lump-sum basis for commercial and business properties sourced from Independent Third Parties remained stable for the years ended 31 December 2017 and 2018. It increased from RMB6.03 per sq.m. for the year ended 31 December 2018 to RMB9.18 per sq.m. for the year ended 31 December 2019 as one of the property management projects, which was initially managed by the Group in 2018 with a relatively low property management fee, had changed to be managed by our associate in 2019. Our average monthly property management fee charged on a lump-sum basis for non-commercial properties sourced from Independent Third Parties remained stable for the years ended 31 December 2017 and 2018. It increased from RMB2.03 per sq.m. for the year ended 31 December 2018 to RMB2.44 per sq.m. for the year ended 31 December 2019 primarily because two residential projects were at the initial stage in 2018, when we charged relatively low property management fees.

The following table sets forth a breakdown by tier of cities and source of property management projects of our average monthly property management fee charged on a lump-sum basis for the years indicated:

	For the year ended 31 December		
	2017	2018	2019
	Average monthly property management fee charged on a lump-sum basis		
	RMB'000 per sq.m.	*RMB'000 per sq.m.*	*RMB'000 per sq.m.*
First-tier cities(1)			
Financial Street Affiliates Group	8.12	7.71	7.20
Independent Third Parties	4.95	4.20	4.23
Overall	7.26	6.60	6.14
Second-tier cities(2)			
Financial Street Affiliates Group	3.37	3.87	4.13
Independent Third Parties	3.35	4.71	4.82
Overall	3.37	3.92	4.18
Other cities			
Financial Street Affiliates Group	2.55	1.61	1.48
Independent Third Parties	1.07	0.98	–(3)
Overall	2.00	1.49	1.68

Notes:

(1) According to the National Bureau of Statistics of the PRC, first-tier cities include Beijing, Shanghai, Guangzhou and Shenzhen in the PRC;

(2) According to the National Bureau of Statistics of the PRC, second-tier cities include 31 major cities other than first-tier cities in the PRC, including Tianjin, Harbin, Nanjing and Chongqing.

(3) Two property management projects sourced from an Independent Third Party had subsequently changed to be managed by our associate since September 2019. We only recorded the revenue generated from such projects in the first eight months of 2019 and such projects did not contribute to our GFA under management as of 31 December 2019.

Our average monthly property management fee charged on a lump-sum basis for properties located in first-tier cities for the years ended 31 December 2017, 2018 and 2019 were RMB7.26 per sq.m, RMB6.60 per sq.m and RMB6.14 per sq.m, respectively, which was generally higher than properties located in second-tier cities and other cities during the Track Record Period. This decreasing trend was primarily due to the greater increase in our GFA under management of residential properties out of all types of properties located in first-tier cities, whereby our property management fee charged on a lump-sum basis for residential properties is generally lower than other types of properties.

Our average monthly property management fee charged on a lump-sum basis for properties located in second-tier cities for the years ended 31 December 2017, 2018 and 2019 were RMB3.37 per sq.m, RMB3.92 per sq.m and RMB4.18 per sq.m, respectively. This increasing trend was primarily due to the greater increase in our GFA under management of commercial and business properties out of all types of properties located in second-tier cities, whereby our property management fee charged on a lump-sum basis for commercial and business properties is generally higher than other types of properties.

Our average monthly property management fee charged on a lump-sum basis for properties located in other cities for the years ended 31 December 2017, 2018 and 2019 were RMB2.00 per sq.m, RMB1.49 per sq.m and RMB1.68 per sq.m, respectively, which has remained relatively stable throughout the Track Record Period.

Our average monthly property management fee charged on a lump-sum basis for properties located in first-tier cities and sourced from Financial Street Affiliates Group was generally higher than those sourced from Independent Third Parties during the Track Record Period, since higher proportion of commercial and business properties located in first-tier cities was sourced from Financial Street Affiliates Group than from Independent Third Parties, whereby our property management fee charged on a lump-sum basis for commercial and business properties is generally higher than other types of properties.

Our average monthly property management fee charged on a lump-sum basis for properties located in second-tier cities and sourced from Independent Third Parties was generally higher than those sourced from Financial Street Affiliates Group during the Track Record Period, since higher proportion of commercial and business properties located in second-tier cities was sourced from Independent Third Parties than from Financial Street Affiliates Group, whereby our property management fee charged on a lump-sum basis for commercial and business properties is generally higher than other types of properties.

Our average monthly property management fee charged on a lump-sum basis for properties located in other cities and sourced from Independent Third Parties was generally lower than those sourced from Financial Street Affiliates Group during the Track Record Period. This was primarily attributable to a loss-making project located in Linyi, Shandong province, which was sourced from Independent Third Parties and was subsequently terminated in the third quarter in 2018.

The following table sets forth a breakdown by age of properties and source of property management projects of our average monthly property management fee charged on a lump-sum basis for the years indicated:

	For the year ended 31 December		
	2017	2018	2019
	Average monthly property management fee charged on a lump-sum basis		
	RMB'000 per sq.m.	*RMB'000 per sq.m.*	*RMB'000 per sq.m.*
New properties[1]			
Financial Street Affiliates Group	6.59	3.59	2.93
Independent Third Parties	–[2]	6.05	9.28
Overall	6.21	3.80	3.34
Other properties			
Financial Street Affiliates Group	5.92	6.21	6.36
Independent Third Parties	4.10	3.61	3.96
Overall	5.47	5.50	5.64

Notes:

(1) This refers to the properties for which we entered into preliminary property management service agreements with the property developers during the Track Record Period.

(2) The average monthly property management fee charged on a lump-sum basis for new properties sourced from Independent Third Parties for the year ended 31 December 2017 is nil, since such property management project was sourced by our Group from an Independent Third Party in the third quarter of 2017. While such project contributes to our GFA under management as of 31 December 2017, it had not generated any revenue for the year ended 31 December 2017.

Our overall average monthly property management fee charged on a lump-sum basis for new properties for the years ended 31 December 2017, 2018 and 2019 were RMB6.21 per sq.m, RMB3.80 per sq.m and RMB3.34 per sq.m, respectively. This decreasing trend was primarily due to (i) we offered property developers discount to property management fees for certain projects at the initial stage of their operation with relatively low occupancy rates, and (ii) among the new properties in 2018 and 2019, non-commercial properties account for a higher proportion, whereby our property management fee charged on a lump-sum basis for non-commercial properties is generally lower than commercial and business properties.

Our overall average monthly property management fee charged on a lump-sum basis for other properties for the years ended 31 December 2017, 2018 and 2019 were RMB5.47 per sq.m, RMB5.50 per sq.m and RMB5.64 per sq.m, respectively, which has remained relatively stable.

Our average monthly property management fee charged on a lump-sum basis for new properties in 2017 was higher than other properties since a relatively higher proportion of our projects for new properties in 2017 was commercial and business properties, whereby our property management fee charged on a lump-sum basis for commercial and business properties is generally higher than other types of properties. Our average monthly property management fee charged on a lump-sum basis for new properties in 2018 and 2019 was lower than other properties, which is primarily due to (i) we offered property developers discount to property management fees for certain projects at the initial stage of their operation with relatively low occupancy rates, and (ii) among the new properties in 2018 and 2019, non-commercial properties account for a higher proportion, whereby our property management fee charged on a lump-sum basis for non-commercial properties is generally lower than commercial and business properties.

During the Track Record Period, our average monthly property management fee charged on a lump-sum basis for new properties sourced from Financial Street Affiliates Group was generally lower than new properties sourced from Independent Third Parties, since no discount to property management fees has been offered by our Group for those new properties sourced from Independent Third Parties, while discount to property management fees has been offered by our Group to certain new properties sourced from Financial Street Affiliates Group, whereby the occupancy rate was relatively low.

During the Track Record Period, our average monthly property management fee charged on a lump-sum basis for other properties sourced from Financial Street Affiliates Group was generally higher than new properties sourced from Independent Third Parties, since a majority of the other properties sourced from Financial Street Affiliate Group was commercial and business properties, whereby our property management fee charged on a lump-sum basis for commercial and business properties is generally higher than non-commercial properties.

Revenue from Catering Services

During the Track Record Period, revenue generated from catering services amounted to RMB13.1 million, RMB14.6 million and RMB17.8 million for the years ended 31 December 2017, 2018 and 2019, representing 1.7%, 1.7% and 1.8% of our total revenue, respectively. For more details, please refer to the subsection headed "– Period on Period Comparison of Our Results of Operations" in this section.

Cost of Sales and Services

Our cost of sales and services mainly consists of (i) subcontracting costs; (ii) employee benefit expenses; (iii) utilities; (iv) raw material and components used in property management and related services; (v) cost of raw material and consumables for catering services; and (vi) other expenses.

The table below sets forth a breakdown of our cost of sales and services for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Subcontracting costs	249,588	40.8	303,605	42.5	367,836	45.7
Employee benefit expenses	225,580	36.9	265,970	37.3	296,344	36.8
Utilities	50,028	8.2	58,636	8.2	51,288	6.4
Raw material and components used in property management and related services	48,533	7.9	42,874	6.0	41,542	5.1
Cost of raw materials and consumables for catering services	11,053	1.8	12,117	1.7	14,708	1.8
Other expenses[(1)]	26,277	4.4	30,353	4.3	33,867	4.2
Total	611,059	100.0	713,555	100.0	805,585	100.0

Note:

(1) Other expenses mainly include services fee incurred from insurance expenses, depreciation and amortisation.

Our cost of sales and services mainly comprised subcontracting costs and employee benefit expenses. Our subcontracting costs represent fee paid for our outsourced services, which primarily include cleaning, gardening and greening services, security services and repair maintenance services provided to the properties under our management. Our employee benefit expenses mainly relate to the salaries and benefits paid to our staff for engaging in property management and related services.

The increase in our subcontracting costs and employee benefit expenses during the Track Record Period was in line with the increase in the GFA under our management as a result of business expansion.

The following table sets forth a breakdown of our subcontracting costs by type of services we outsourced to subcontractors for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Cleaning, gardening and greening services	92,936	37.2	109,508	36.1	124,624	33.9
Security services	64,202	25.7	92,807	30.6	113,686	30.9
Repair and Maintenance services	92,450	37.1	101,290	33.3	129,526	35.2
Total	249,588	100.0	303,605	100.0	367,836	100.0

The table below sets forth (i) a breakdown by type of properties of our cost of sales and services for property management and related services and (ii) our cost of sales and services for catering services for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management and related services[(1)]:						
Commercial and business properties	397,164	65.0	457,997	64.1	487,421	60.5
Office buildings[(2)]	280,682	45.9	345,624	48.4	376,143	46.7
Complexes[(3)]	77,196	12.6	69,932	9.8	67,922	8.4
Retails buildings & hotel[(4)]	39,286	6.4	42,441	5.9	43,356	5.4
Non-commercial properties	200,075	32.7	237,304	33.3	297,468	36.9
Residential properties[(5)]	151,365	24.8	185,283	26.0	204,488	25.4
Public properties, hospitals, educational properties and others	48,710	8.0	52,021	7.3	92,980	11.5
Subtotal	597,239	97.7	695,301	97.4	784,889	97.4
Catering services	13,820	2.3	18,254	2.6	20,696	2.6
Total	611,059	100.0	713,555	100.0	805,585	100.0

Notes:

(1) According to CIA, it is not an uncommon practise to categorise mixed-used properties into office buildings, retail buildings and hotel or residential properties based on the majority of the GFA under management for a particular use.

(2) For purpose of this prospectus, this refers to (i) pure office units; and (ii) mixed-used properties containing both office units and retail units/residential units with office units occupying more than 50% of the property's GFA under management.

(3) For purpose of this prospectus, this refers to properties containing units of three or more types of properties.

(4) For purpose of this prospectus, this refers to (i) pure retail units and hotel; and (ii) mixed-used properties containing both retail units and office units/residential units with retail units occupying more than 50% of the property's GFA under management.

(5) For purpose of this prospectus, this refers to (i) purely residential units; and (ii) mixed-used properties containing both residential units and office units/retail units with residential units occupying more than 50% of the property's GFA under management.

Our cost of sales and services increased by 16.8% from RMB611.1 million for the year ended 31 December 2017 to RMB713.6 million for the year ended 31 December 2018, and further increased by 12.9% to RMB805.6 million for the year ended 31 December 2019. This increasing trend was mainly due to the increase in our employee benefit expenses and subcontracting costs which was in line with the increase in the GFA under our management as a result of business expansion as well as the increase in level of average salaries in the PRC.

Gross Profit and Gross Profit Margin

For the years ended 31 December 2017, 2018 and 2019, our overall gross profit was RMB145.6 million, RMB161.6 million and RMB191.4 million, respectively, whereas our overall gross profit margin was 19.2%, 18.5% and 19.2%, respectively.

The following table sets forth (i) a breakdown by type of properties of our gross profit/(loss) and gross profit/(loss) margin for property management and related services and (ii) our gross profit/(loss) and gross profit/(loss) margin for our catering services for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	Gross profit/(loss)	Gross profit/(loss) margin	Gross profit/(loss)	Gross profit/(loss) margin	Gross profit/(loss)	Gross profit/(loss) margin
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Property management and related services[1]:	146,302	19.7	165,294	19.2	194,310	19.8
Commercial and business properties	134,675	25.3	133,281	22.5	159,423	24.6
Office buildings[2]	118,231	29.6	114,136	24.8	132,969	26.1
Complexes[3]	1,707	2.2	9,091	11.5	14,407	17.5
Retail buildings & hotel[4]	14,737	27.3	10,054	19.2	12,047	21.7
Non-commercial properties	11,627	5.5	32,013	11.9	34,887	10.5
Residential properties[5]	9,893	6.1	23,284	11.2	17,365	7.8
Public properties, hospitals, educational properties and others	1,734	3.4	8,729	14.4	17,522	15.9
Catering Services	(679)	(5.2)	(3,650)	(25.0)	(2,881)	(16.2)
Total	145,623	19.2	161,644	18.5	191,429	19.2

Notes:

(1) According to CIA, it is not an uncommon practise to categorise mixed-used properties into office buildings, retail buildings and hotel or residential properties based on the majority of the GFA under management for a particular use.

(2) For purpose of this prospectus, this refers to (i) pure office units; and (ii) mixed-used properties containing both office units and retail units/residential units with office units occupying more than 50% of the property's GFA under management.

(3) For purpose of this prospectus, this refers to properties containing units of three or more types of properties.

(4) For purpose of this prospectus, this refers to (i) pure retail units and hotel; and (ii) mixed-used properties containing both retail units and office units/residential units with retail units occupying more than 50% of the property's GFA under management.

(5) For purpose of this prospectus, this refers to (i) pure residential units; and (ii) mixed-used properties containing both residential units and office units/retail units with residential units occupying more than 50% of the property's GFA under management.

The following table sets forth a breakdown by tier of cities and source of property management projects of revenue and gross profit/(loss) margin for our property management and related services for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	Revenue	Gross profit/ (loss) margin	Revenue	Gross profit/ (loss) margin	Revenue	Gross profit/ (loss) margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
First-tier cities[(1)]	577,015	25.3	641,447	23.6	713,793	22.7
Financial Street Affiliates Group	467,768	28.5	518,316	27.1	551,356	25.2
Independent Third Parties	109,247	12.0	123,131	8.8	162,437	14.3
Second-tier cities[(2)]	132,287	(2.9)	180,307	4.4	204,346	10.3
Financial Street Affiliates Group	124,879	(4.8)	164,059	3.0	186,421	9.7
Independent Third Parties	7,408	29.4	16,248	18.1	17,925	15.9
Other cities	34,239	11.6	38,841	16.2	61,060	18.5
Financial Street Affiliates Group	28,503	17.3	34,990	18.6	56,715	19.9
Independent Third Parties	5,736	(17.0)	3,851	(5.4)	4,345	0.7
Total	**743,541**	**19.7**	**860,595**	**19.2**	**979,199**	**19.8**

Notes:

(1) According to the National Bureau of Statistics of the PRC, first-tier cities include Beijing, Shanghai, Guangzhou and Shenzhen in the PRC;

(2) According to the National Bureau of Statistics of the PRC, second-tier cities include 31 major cities other than first-tier cities in the PRC, including Tianjin, Harbin, Nanjing and Chongqing.

During the Track Record Period, we generally recorded higher gross profit margin for properties located in first-tier cities, which were 25.3%, 23.6% and 22.7% for the years ended 31 December 2017, 2018 and 2019, respectively. This decreasing trend was primarily due to the increase in proportion of our GFA under management of residential properties located in first-tier cities out of all types of properties located in first-tier cities, whereby our gross profit margin for residential properties is generally lower than other types of properties. Our gross profit margin for properties located in second-tier cities and sourced from Independent Third Parties was generally higher than those sourced from Financial Street Affiliates Group during the Track Record Period, which was primarily attributable to a larger number of loss-making projects located in second-tier cities were sourced from Financial Street Affiliates Group than from Independent Third Parties. Our gross profit margin for properties located in second-tier cities and sourced from Independent Third Parties was generally higher than those sourced from Financial Street Affiliates Group during the Track Record Period, which was primarily attributable to a larger number of loss-making projects located in second-tier cities were sourced from Financial Street Affiliates Group than from Independent Third Parties.

Our gross profit margin for properties located in other cities and sourced from Independent Third Parties was generally lower than those sourced from Financial Street Affiliates Group during the Track Record Period, which was primarily attributable to a loss-making project located in Linyi, Shandong province, which was sourced from Independent Third Parties and subsequently terminated in the third quarter in 2018.

We recorded negative gross profit margin for properties located in second-tier cities in 2017, primarily due to the losses incurred by one office building project in Tianjin and another residential property project in Chongqing. Our gross profit margin for properties located in second-tier cities increased to 4.4% in 2018 and further to 10.3% in 2019, primarily due to (i) the higher gross profit margin of several new projects for sales offices and display units we managed in 2018 and 2019, (ii) the projects that were loss-making as at 31 December 2017 and 2018 having turned profitable as at 31 December 2019 and (iii) the increase in revenue from one complexes project in Tianjin.

The following table sets forth a breakdown by age of properties and source of property management projects of revenue and gross profit margin for our property management and related services for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
New properties[1]	70,330	11.5	142,811	12.1	201,270	12.9
Financial Street Affiliates Group	70,330	11.5	123,051	9.7	172,899	11.8
Independent Third Parties	–	–	19,760	26.7	28,371	19.4
Other properties	673,211	20.5	717,784	20.6	777,929	21.6
Financial Street Affiliates Group	550,820	22.5	594,314	23.5	621,593	23.8
Independent Third Parties	122,391	11.7	123,470	6.7	156,336	13.2
Total	**743,541**	**19.7**	**860,595**	**19.2**	**979,199**	**19.8**

Note:

(1) This refers to the properties for which we entered into preliminary property management service agreements with the property developers during the Track Record Period.

During the Track Record Period, we generally recorded lower gross profit margin for new properties than other properties, which was primarily because we offered discounts to the property management fees to the property developers at the initial stage of their operations whereby the occupancy rate was relatively low.

Property Management and Related Services

Our gross profit for property management and related services increased by 13.0% from RMB146.3 million for the year ended 31 December 2017 to RMB165.3 million for the year ended 31 December 2018, and further increased by 17.6% to RMB194.3 million for the year ended 31 December 2019. Generally, our gross profit margin for property management and related services provided to commercial and business properties was higher than that for non-commercial properties during the Track Record Period, with the gross profit margin for property management and related services provided to office buildings generally higher than other types of properties.

Our gross profit margin for commercial and business properties for the year ended 31 December 2017, 2018 and 2019 was 25.3%, 22.5% and 24.6%, respectively. The fluctuation of our gross profit margin for commercial and business properties was largely attributable to the performance of our office buildings projects during the Track Record Period.

Our gross profit margin for office buildings for the years ended 31 December 2017, 2018 and 2019 was 29.6%, 24.8% and 26.1%, respectively. The relatively lower gross profit margin recorded for the year ended 31 December 2018 was primarily attributable to the extra costs incurred in relation to several projects for repair and maintenance work required/scheduled and carried out in 2018.

Our gross profit margin for complexes for the years ended 31 December 2017, 2018 and 2019 was 2.2%, 11.5% and 17.5%, respectively. The significant increase in gross profit margin in 2018 was primarily attributable to our termination of a loss-making project with GFA under management of approximately 0.4 million sq.m. located in Linyi, Shandong province in the third quarter in 2018. Our gross profit margin for complexes further increased to 17.5% for the year ended 31 December 2019. This was primarily attributable to the increase in revenue for a project in Tianjin where most of the retail units became occupied in 2019.

Our gross profit margin for retail buildings and hotel for the years ended 31 December 2017, 2018 and 2019 was 27.3%, 19.2% and 21.7%, respectively. The decrease in gross profit margin in 2018 was primarily due to the relatively higher costs incurred in upgrading our facilities and providing additional security services for some projects in Beijing. Our gross profit margin for retail buildings and hotel increased to 21.7% for the year ended 31 December 2019, which was attributable to our effective cost-saving measures for improvement of energy consumption management for a project in Beijing.

Our gross profit margin for non-commercial properties was 5.5%, 11.9% and 10.5% for the years ended 31 December 2017, 2018 and 2019, respectively, which was lower than gross profit margin of commercial and business properties. This was primarily because most of our loss-making projects were residential properties which incurred relatively higher costs at the initial stage of the projects during the Track Record Period.

Our gross profit margin for residential properties for the years ended 31 December 2017, 2018 and 2019 was 6.1%, 11.2% and 7.8%, respectively. The low gross profit margin for residential properties in 2017 was primarily attributable to our loss-making residential properties projects. Our gross profit margin for residential properties increased to 11.2% for the year ended 31 December 2018, primarily due to (i) decrease in the amount of losses incurred by our loss-making projects as the projects progressed; and (ii) higher gross profit margin of some new phrases/units of projects delivered in 2018. Our gross profit margin for residential properties decreased to 7.8% for the year ended 31 December 2019, which was primarily attributable to the increase in the number of loss-making projects in 2019.

Our gross profit margin for public properties, hospitals, educational properties and others for the years ended 31 December 2017, 2018 and 2019 was 3.4%, 14.4% and 15.9%, respectively. The higher gross profit margin recorded for the years ended 31 December 2018 and 2019 were primarily attributable to higher gross profit margin of several new projects for sales offices and display units in 2018 and 2019.

The following table sets forth a breakdown by source of projects of our gross profit and gross profit margin for property management and related services for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management and related services:						
Financial Street Affiliates Group	132,001	21.3	151,774	21.2	168,238	21.2
Independent Third Parties	14,301	11.7	13,520	9.4	26,072	14.1
Total	146,302	19.7	165,294	19.2	194,310	19.8

For the years ended 31 December 2017, 2018 and 2019, our gross profit margin for projects sourced from Financial Street Affiliates Group was 21.3%, 21.2% and 21.2%, respectively, which was generally higher than our gross profit margin for projects sourced from Independent Third Parties. This was primarily because projects sourced from Financial Street Affiliates Group under our management were mainly located in Beijing, especially at Beijing Financial Street Zone, where the proportion of commercial and business properties was relatively higher and the gross profit margin for commercial and business properties was generally higher than non-commercial properties. During the Track Record Period, our gross profit margin for projects sourced from Financial Street Affiliates Group remained relatively stable in spite of the decrease in our overall average monthly property management fee charged on a lump-sum basis, which was primarily due to our efforts to control the total costs of sales and services, such as a series of standardised energy management and labour cost control measures, resulting in the slow-down of the increase in our total costs of sales and services for projects sourced from Financial Street Affiliates Group, which increased by 15.6% from RMB489.1 million in 2017 to RMB565.6 million in 2018, and further by 10.7% to RMB626.3 million in 2019, being in line with the growth of our revenue generated from projects sourced from Financial Street Affiliates Group during the Track Record Period.

Catering services

We recorded gross loss for provision of catering services in the amount of RMB0.7 million, RMB3.6 million, and RMB2.9 million for the years ended 31 December 2017, 2018 and 2019, respectively, as a result of the high cost incurred by opening new stores during the corresponding years. During the Track Record Period, we opened one store, five stores and four stores under "IZEE" Catering Series for the years ended 2017, 2018 and 2019, respectively. For more details, please refer to section headed "Business – Our Branding" in this prospectus.

Based on our management assessment, the breakeven period and investment payback period for our "IZEE" Catering Series are expected to be nine months and 36 months, respectively. As at 31 December 2019, we operated ten stores under our "IZEE" Catering Series, namely seven stores under brand IZEECUP cafés, one IZEE-Mitsuyado restaurant, one IZEEBAKE bakery and one IZEECUP-Steak House restaurant.

Among the aforesaid ten stores, (i) five IZEECUP cafés and our IZEE-Mitsuyado restaurant have already achieved breakeven with an average breakeven period(1) of four months, which is within our expected breakeven period; and (ii) four IZEECUP cafés have already achieved cash investment payback with an average cash investment payback period(2) of 18 months, which is within our expected cash investment payback period.

Since our IZEECUP-Steak House restaurant failed to achieve breakeven within nine months from its commencement of business, we closed our IZEECUP-Steak House in April 2020. While the remaining two IZEECUP cafés and one IZEEBAKE bakery store had not achieved breakeven by end of 2019, taking into account their location, we have adopted various cost-saving measures with an aim to improve their performance and will continue to review their performance. If these three stores fail to achieve the breakeven point by end of 2020, we may consider closing them.

Administrative Expenses

Our administrative expenses primarily consist of employee benefit expenses for our administrative personnel, administrative office expenses, tax and surcharges, depreciation and amortisation, professional service fee, bank charges, utilities and other expenses.

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(1) Average breakeven period refers to average time periods required for a store to achieve breakeven point, i.e the monthly revenue of the store at least equals to its monthly expenses for two consecutive months.

(2) Average cash investment payback period refers to the average time it takes for a store's cumulative net profit plus depreciation and amortisation to cover the costs incurred for the launch of such store.

Our administrative expenses increased by 19.3% from RMB39.2 million for the year ended 31 December 2017 to RMB46.7 million for the year ended 31 December 2018, which was primarily due to (i) the increase in employee benefit expenses, mainly resulting from the increase in the number of our relevant personnel which was in line with our business expansion; and (ii) the increase in administrative office expenses as a result of our business growth. Our administrative expenses increased by 16.5% from RMB46.7 million for the year ended 31 December 2018 to RMB54.4 million for the year ended 31 December 2019, which was primarily due to the increase in employee benefit expenses as a result of the increase in the number of employees in connection with our business expansion.

The following table sets forth a breakdown of our administrative expenses for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefit expenses	21,335	54.5	23,115	49.5	30,405	55.9
Administrative office expenses	5,849	14.9	7,917	16.9	5,919	10.9
Tax and surcharges	3,813	9.7	4,028	8.6	4,899	9.0
Depreciation and amortisation	3,598	9.2	2,188	4.7	2,801	5.1
Professional service fee	2,504	6.4	5,237	11.2	5,363	9.9
Bank charges	689	1.8	846	1.8	1,053	1.9
Utilities	237	0.6	265	0.6	190	0.3
Other expenses(1)	1,146	2.9	3,128	6.7	3,789	7.0
Total	39,171	100.0	46,724	100.0	54,419	100.0

Note:

(1) Other expenses primarily consist of miscellaneous expenses, such as travelling expenses, advertising expenses, public relation-related expenses and security funds for the disabled.

Impairment Losses on Financial Assets

Impairment losses on financial assets consist of impairment made for trade receivables and other receivables. During the Track Record Period, our impairment losses on financial assets were RMB1.6 million, RMB3.1 million and RMB2.3 million, respectively.

Other Income

Our other income consists of government grants in the form of additional deduction of input value-added tax and the refund of service fee for withholding the individual income tax.

For the years ended 31 December 2017, 2018 and 2019, our other income amounted to RMB0.6 million, RMB0.3 million and RMB4.9 million, respectively.

The following table sets forth the breakdown of our other income for the years indicated:

	For the year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Additional deduction of input VAT[1]	–	–	3,957
Refund of service fee for withholding IIT	621	317	907
	621	317	4,864

Note:

(1) We recorded additional deduction of input VAT in the amount of RMB4.0 million for the year ended 31 December 2019, which was primarily due to the new policy on the deduction of value-added tax in the PRC, which came into effect on 1 April 2019. For more details, please refer to the section headed "Regulatory Overview – Tax Laws and Regulations – Value-added Tax" in this prospectus.

Net Other (Losses)/Gains

Net other (losses)/gains consist of (i) fair value gains on investment in wealth management products, (ii) payables waived, (iii) net losses on disposal of property, plant and equipment, (iv) donation and (v) others.

The following table sets out a breakdown of our net other losses or gains for the years indicated:

	For the year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Fair value gains on investment in wealth management products	3,314	1,463	484
Payables waived	–	2,691	–
Net losses on disposal of property, plant and equipment	(51)	(282)	(73)
Donation	–	(550)	(190)
Others	(37)	(75)	(526)
	3,226	3,247	(305)

We recorded net other gains of RMB3.2 million and RMB3.2 million for the years ended 31 December 2017 and 2018, respectively, and net other losses of RMB0.3 million for the year ended 31 December 2019. The decrease in fair value gains on investment in wealth management products during the Track Record Period was due to the redemption of our investment in wealth management products. As at 31 December 2019, the wealth management products purchased by our subsidiary have been fully redeemed. As at the Latest Practicable Date, our Group did not own any wealth management products.

The net gains on payables waived in 2018 was primarily due to the termination of our project located in Linyi, Shandong province based on mutual agreement between our Group and the property developer. We entered into the property management service agreement with the property developer to provide property management services at initial stage. However, we incurred losses since commencement of this project. Based on our internal assessment of the operation risks, without any default in providing quality property management services, we reached agreement with the property developer to withdraw from this project with effect from September 2018.

Finance Income/(Costs)

Our finance income primarily consists of interest income on bank deposits. For the years ended 31 December 2017, 2018 and 2019, our finance income amounted to RMB2.7 million, RMB7.3 million and RMB10.4 million, respectively.

Our finance costs primarily include interest expenses for lease liabilities, which amounted to RMB1.5 million, RMB1.7 million and RMB1.7 million for the years ended 31 December 2017, 2018 and 2019, respectively.

The following table sets forth a breakdown of our finance income and finance costs for the years indicated:

	Year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Finance income			
Interest income on bank deposits	2,668	7,318	10,232
Interest income on loans to an associate	–	–	188
Exchange gains, net	–	24	8
	2,668	7,342	10,428
Finance costs			
Interest expenses for lease liabilities	(1,446)	(1,685)	(1,742)
Exchange losses, net	(29)	–	–
	(1,475)	(1,685)	(1,742)
	1,193	5,657	8,686

Our net finance income increased substantially during the Track Record Period, amounting to RMB1.2 million, RMB5.7 million and RMB8.7 million for the years ended 31 December 2017, 2018 and 2019, respectively. The changes in our net finance income during the Track Record Period was primarily attributable to the changes of our bank deposit.

Share of Profit from Investment in Associates

For the years ended 31 December 2017, 2018 and 2019, our share of profit from investment in associates amounted to RMB2.2 million, RMB3.4 million and RMB3.9 million, respectively.

Income Tax Expense

Our income tax expense comprises PRC corporate income tax.

For the years ended 31 December 2017, 2018 and 2019, our income tax expense was RMB29.4 million, RMB33.0 million and RMB38.5 million, respectively. The following table sets forth a breakdown of our income tax expenses for the years indicated:

	For the year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	34,660	27,160	36,761
Deferred income tax	(5,216)	5,811	1,704
	29,444	32,971	38,465

According to the applicable PRC tax regulations, the general corporate income tax rate in the PRC is 25% and most our PRC entities had been subject to the statutory enterprise income rate during the Track Record Period.

Our effective tax rate, representing income tax expense divided by profit before income tax, was 26.3%, 26.5% and 25.3% for the years ended 31 December 2017, 2018 and 2019, respectively. Our income tax expense for each year can be reconciled to the profit before income tax as follows:

	Year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	112,099	124,507	151,875
Tax calculated at a tax rate of 25%	28,025	31,127	37,969
Tax effects of:			
Expenses not deductible for tax purposes	1,376	2,292	668
Changes in tax rate[(1)]	441	–	360
Differences in tax rate[(1)]	155	409	198
Reversal of previously recognised deferred tax assets	–	–	140
Tax losses for which no deferred tax assets were recognised	–	–	108
Income not subject to tax	(553)	(857)	(978)
	29,444	32,971	38,465

Note:

(1) Under the Law of the PRC on Corporate Income Tax (the "CIT Law") (《中華人民共和國企業所得稅法》) and implementation regulations of the CIT Law, the income tax rate of 25% is applicable to all of the Group's subsidiaries during the years ended 31 December 2017 and 2018 and 2019, except that (i) Jinxi Lilin and Financial Street Jingnan are qualified as small and micro businesses and enjoy a preferential income tax rate of 10% as approved by the local tax authority for the years ended 31 December 2017, 2018 and 2019; (ii) Jintongtai Catering is qualified as small and micro businesses and enjoys a preferential income tax rate of 10% as approved by the local tax authority for the years ended 31 December 2017 and 2018, and enjoys a preferential income tax rate of 5% as approved by the local tax authority for the year ended 31 December 2019, respectively; (iii) Ronglutong Consulting is qualified as small and micro businesses and enjoys a preferential income tax rate of 10% as approved by the local tax authority for the year ended 31 December 2018 and a preferential income tax rate of 5% as approved by the local tax authority for the year ended 31 December 2019, respectively; (iv) Financial Street Residential Property and part of "IZEE" Catering Series cafés are qualified as small and micro businesses and enjoy a preferential income tax rate of 5% as approved by the local tax authority for the year ended 31 December 2019; and (v) IZEE-Mitsuyado was established in the first half year of 2019 and is qualified as small and micro businesses and enjoys a preferential income tax rate of 10% as approved by the local tax authority for the year ended 31 December 2019.

Profit for the Year

During the Track Record Period, our profit for the year increased by 10.7% from RMB82.7 million for the year ended 31 December 2017 to RMB91.5 million for the year ended 31 December 2018, and further increased by 23.9% to RMB113.4 million for the year ended 31 December 2019.

PERIOD ON PERIOD COMPARISONS OF OUR RESULTS OF OPERATIONS

Year Ended 31 December 2019 Compared to Year Ended 31 December 2018

Revenue

Our revenue increased by 13.9% from RMB875.2 million for the year ended 31 December 2018 to RMB997.0 million for the year ended 31 December 2019, which was mainly attributable to the increase in the revenue from provision of property management and related services as a result of business expansion.

Property Management and Related Services

Revenue generated from providing property management and related services increased by 13.8% to RMB979.2 million for the year ended 31 December 2019 from RMB860.6 million for the year ended 31 December 2018, representing an increase of RMB118.6 million, which was primarily attributable to:

- an increase of RMB55.6 million, or 9.4%, in revenue generated from commercial and business properties from RMB591.3 million for the year ended 31 December 2018 to RMB646.8 million for the year ended 31 December 2019, which was primarily because: (i) we commenced to provide property management and related services to several new projects of office buildings located in Beijing, Shanghai, Guiyang, Guizhou province and Nanjing, Jiangsu province, (ii) we recognised accrued revenue as receivables at the end of 2019 to reflect the amount of property management fees charged on the unoccupied units for one project of office buildings located in Beijing, and (iii) for the year ended 31 December 2019, we generally derived more revenue from an office building project we managed in Tianjin as compared with 2018, as we started to charge property management fees of this project on a lump-sum basis in the second half of 2018.

- an increase of RMB63.0 million, or 23.4%, in revenue generated from non-commercial properties from RMB269.3 million for the year ended 31 December 2018 to RMB332.4 million for the year ended 31 December 2019, which was primarily due to the increase in GFA under management of new non-commercial properties projects.

Catering Services

Revenue generated from providing catering services increased by 22.0% to RMB17.8 million for the year ended 31 December 2019 from RMB14.6 million for the year ended 31 December 2018.

Cost of Sales and Services

Our cost of sales and services increased by 12.9% from RMB713.6 million for the year ended 31 December 2018 to RMB805.6 million for the year ended 31 December 2019, representing an increase of RMB92.0 million, which was primarily due to (i) an increase of RMB64.2 million in subcontracting costs of security, cleaning and maintenance as a result of our business expansion; and (ii) an increase of RMB30.4 million in employee benefit expenses as a result of an increase in number of employees which was in line with our business expansion.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 18.4% from RMB161.6 million for the year ended 31 December 2018 to RMB191.4 million for the year ended 31 December 2019. Our gross profit margin increased to 19.2% for the year ended 31 December 2019 from 18.5% for the year ended 31 December 2018, primarily attributable to the increase of gross profit contribution from property management and related services we provided to commercial and business properties, which had a higher profit margin.

Property Management and Related Services

The gross profit of our property management and related services increased from RMB165.3 million for the year ended 31 December 2018 to RMB194.3 million for the year ended 31 December 2019, representing an increase of RMB29.0 million, or 17.6%. The relevant gross profit margin for the corresponding years increased from 19.2% to 19.8%, primarily due to the increase in revenue generated from provision of property management and related services to commercial and business properties, which had a higher profit margin.

Catering Services

We recorded a gross loss in our catering services for the years ended 31 December 2018 and 2019, amounting to RMB3.6 million and RMB2.9 million, respectively, which was primarily due to the relatively higher costs incurred in relation to the establishment of new stores under our "IZEE" Catering Series in addition to the general operation.

Administrative Expenses

Our administrative expenses increased by 16.5% from RMB46.7 million for the year ended 31 December 2018 to RMB54.4 million for the year ended 31 December 2019. The increase in the administrative expenses was primarily attributable to the increase in employee benefit expenses of RMB7.3 million as a result of the increase in the number of employees in support of our business growth.

Impairment Losses on Financial Assets

Our impairment losses on our financial assets decreased by 25.1% to RMB2.3 million for the year ended 31 December 2019 from RMB3.1 million for the year ended 31 December 2018, which was due to the assessment of impairment of trade receivables at year-end.

Other Income

Our other income increased significantly from RMB0.3 million for the year ended 31 December 2018 to RMB4.9 million for the year ended 31 December 2019. The increase in other income was primarily due to the new policy on the deduction of value-added tax in the PRC, which came into effect in April 2019.

Net Other (Losses)/Gains

We recorded net other losses of RMB0.3 million for the year ended 31 December 2019, compared to other net gains of RMB3.2 million for the year ended 31 December 2018, which decreased primarily due to the decrease in the fair value gains on wealth management products as a result of our redemption of wealth management products. In addition, the net gains on payables waived due to the termination of our project located in Linyi, Shandong province happened in 2018 only.

Finance Income/(Costs)

Our finance income increased by 42.0% from RMB7.3 million for the year ended 31 December 2018 to RMB10.4 million for the year ended 31 December 2019, primarily attributable to changes in our bank deposits.

Our finance costs amounted to RMB1.7 million for the year ended 31 December 2019, which remained relatively stable as compared to our finance costs in 2018.

Share of Profit from Investment in Associates

Our share of profit from investment in associates increased by 14.1% from RMB3.4 million for the year ended 31 December 2018 to RMB3.9 million for the year ended 31 December 2019, which was primarily attributable to increase in profit from an associate we invested, namely Nanjing Financial Street Savills Property Service Co., Ltd..

Income Tax Expenses

Our income tax expenses increased by 16.7% from RMB33.0 million for the year ended 31 December 2018 to RMB38.5 million for the year ended 31 December 2019, primarily due to the increase in our profit before income tax. Our effective income tax rate remained stable for the years ended 31 December 2018 and 2019 at 26.5% and 25.3%, respectively.

Profit for the Year and Net Profit Margin

As a result of the foregoing, our profit for the year increased by 23.9% from RMB91.5 million for the year ended 31 December 2018 to RMB113.4 million for the year ended 31 December 2019. Our net profit margin increased to 11.4% for the year ended 31 December 2019 from 10.5% for the year ended 31 December 2018.

Year Ended 31 December 2018 Compared to Year Ended 31 December 2017

Revenue

Our revenue increased by 15.7% from RMB756.7 million for the year ended 31 December 2017 to RMB875.2 million for the year ended 31 December 2018, primarily attributable to the increase in the revenue from provision of property management and related services as a result of business growth.

Property Management and Related Services

Revenue generated from providing property management and related service increased by 15.7% respectively to RMB860.6 million for the year ended 31 December 2018 from RMB743.5 million for the year ended 31 December 2017, which was primarily attributable to:

- an increase of RMB59.4 million, or 11.2%, in revenue generated from commercial and business property projects from RMB531.8 million for the year ended 31 December 2017 to RMB591.3 million for the year ended 31 December 2018, which was mainly because: (i) we commenced to provide property management and related services to new office building projects in 2018, including an insurance company in Beijing and two office buildings located in Beijing; (ii) we provided property management and related services to new residents and tenants of certain units of our existing property management projects, which had not been occupied during the year ended 2017, including an office building project located in Shanghai; and (iii) as agreed upon under the contract, we began to charge the fees for property management and related services of a project located in Tianjin on a lump-sum basis in the second half of 2018 which we used to charge the property management fees on a commission basis;

- an increase of RMB57.6 million, or 27.2%, in our revenue generated from non-commercial properties from RMB211.7 million for the year ended 31 December 2017 to RMB269.3 million for the year ended 31 December 2018, which was primarily attributable to the increase in revenue from residential properties and public properties we managed, primarily because: (i) we commenced to provide property management and related services to new residential property projects in 2018, including two residential property projects located in Guangdong and Tianjin respectively; and (ii) we provided property management and related services for the new phases/units of our existing residential property projects which had been newly completed and/or new phases/units of which were delivered in 2018, including a project in Beijing and a project in Chongqing.

Catering Services

Revenue generated from providing catering service increased by 11.1% to RMB14.6 million for the year ended 31 December 2018 from RMB13.1 million for the year ended 31 December 2017, representing an increase of RMB1.5 million, which was primarily attributable to the addition of new restaurants and cafés operating under our “IZEE” Brand Series in the year of 2018.

Cost of Sales and Services

Our cost of sales and services increased by 16.8% from RMB611.1 million for the year ended 31 December 2017 to RMB713.6 million for the year ended 31 December 2018, which primarily comprised:

- an increase of RMB54.0 million in subcontracting costs of cleaning, security and maintenance services from RMB249.6 million for the year ended 31 December 2017 to RMB303.6 million for the year ended 31 December 2018 in line with our business expansion on property management and related services; and

- an increase of RMB40.4 million in employee benefit expenses from RMB225.6 million for the year ended 31 December 2017 to RMB266.0 million for the year ended 31 December 2018, which was primarily due to an increase in the number of property operational services staff in line with our business expansion.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 11.0% from RMB145.6 million for the year ended 31 December 2017 to RMB161.6 million for the year ended 31 December 2018. Our relevant gross profit margin for corresponding years decreased from 19.2% to 18.5%, respectively, which was primarily due to (i) the decrease in gross profit margin of commercial and business properties, and (ii) the increasing contribution from our property management and related services for residential properties which generally has a lower gross profit margin as compared to our other property types.

Property Management and Related Services

The gross profit of our property management and related services increased by 13.0% from RMB146.3 million for the year ended 31 December 2017 to RMB165.3 million for the year ended 31 December 2018. The gross profit margin of our property management and related services for the corresponding years was 19.7% and 19.2%, respectively.

Catering Services

We recorded gross loss in our catering services in the amount of RMB0.7 million and RMB3.6 million for the years ended 31 December 2017 and 2018, respectively, primarily due to the increase in the number of new restaurants and cafés under “IZEE” Catering Series with higher cost of sales and services incurred at the initial stage of our business.

Administrative Expenses

Our administrative expenses increased by 19.3% from RMB39.2 million for the year ended 31 December 2017 to RMB46.7 million for the year ended 31 December 2018. The increase in our administrative expenses was primarily attributable to (i) the increase in administrative office expenses of RMB2.1 million and in employee benefit expenses of RMB1.8 million, which resulted from our business expansion; and (ii) the increase in professional service fees of RMB2.7 million, which resulted from the increase in expenses incurred for business development.

Impairment Losses on Financial Assets

We recorded impairment losses on financial assets of RMB1.6 million for the year ended 31 December 2017, which increased to RMB3.1 million for the year ended 31 December 2018. Such increase was primarily attributable to the increase in trade receivables from property management and related services from RMB85.7 million as at 31 December 2017 to RMB118.7 million as at 31 December 2018.

Other Income

Our other income decreased from RMB0.6 million for the year ended 31 December 2017 to RMB0.3 million for the year ended 31 December 2018, primarily due to the decrease in refund of service fee for withholding IIT.

Net Other (Losses)/Gains

Our net other gains remained stable at RMB3.2 million for the years ended 31 December 2017 and 2018.

Finance Income/(Costs)

Our finance income increased significantly from RMB2.7 million for the year ended 31 December 2017 to RMB7.3 million for the year ended 31 December 2018. The increase in finance income was primarily due to the increase in interest income as a result of changes in our bank deposits.

Our finance costs increased by 14.2% from RMB1.5 million for the year ended 31 December 2017 to RMB1.7 million for the year ended 31 December 2018, which was primarily due to the increase of interest expenses for lease liabilities resulting from the increase in the number of leased properties.

Share of Profit from Investment in Associates

Our share of profit from investment in associates increased from RMB2.2 million for the year ended 31 December 2017 to RMB3.4 million for the year ended 31 December 2018, representing an increase of RMB1.2 million, or 55.1%, which was primarily attributable to the increase in profit derived from our investment in Nanjing Financial Street Savills Property Service Co., Ltd. and in Chongqing Jiangbeizui Property Services Co., Ltd..

Income Tax Expenses

Our income tax expenses increased by 12.0% from RMB29.4 million for the year ended 31 December 2017 to RMB33.0 million for the year ended 31 December 2018 as a result of above-mentioned reasons. Our effective income tax rate was 26.3% and 26.5% for the years ended 31 December 2017 and 2018, respectively.

Profit for the Year and Net Profit Margin

As a result of the foregoing, our profit for the year increased by 10.7% from RMB82.7 million for the year ended 31 December 2017 to RMB91.5 million for the year ended 31 December 2018 and our net profit margin was 10.9% and 10.5%, respectively, for the years ended 31 December 2017 and 2018.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED BALANCE SHEETS

The table below sets forth a summary of our consolidated balance sheets as at the dates indicated:

	As at 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Assets			
Non-current assets			
Investment properties	12,791	14,036	13,736
Property, plant and equipment	13,469	14,023	18,608
Right-of-use assets	12,126	16,127	35,939
Intangible assets	532	870	1,417
Investments in associates	20,978	22,491	22,484
Deferred income tax assets	19,524	13,853	12,285
Prepayments	–	–	2,654
Total non-current assets	79,420	81,400	107,123
Current assets			
Trade receivables	82,487	112,542	116,029
Prepayments	10,258	5,224	11,458
Other financial assets at amortised cost	20,003	27,659	32,566
Financial asset at fair value through profit or loss	80,650	10,800	–
Bank deposits with the maturity over three months	20,184	110,108	16,191
Restricted bank deposits	12,688	12,899	30,721
Cash and cash equivalents	422,017	393,744	666,123
Total current assets	648,287	672,976	873,088
Total assets	727,707	754,376	980,211

	As at 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Equity and liabilities			
Equity attributable to owners of the Company			
Paid-in capital/Share capital	52,500	52,500	270,000
Reserves	65,654	53,279	22,338
Retained earnings	114,491	123,040	100,303
	232,645	228,819	392,641
Non-controlling interests	9,999	4,962	7,244
Total equity	242,644	233,781	399,885
Non-current liabilities			
Lease liabilities	16,825	13,841	36,208
Retirement benefit obligations	5,668	6,497	7,204
Total non-current liabilities	22,493	20,338	43,412
Current liabilities			
Trade and other payables	358,001	396,113	434,147
Contract liabilities	61,351	64,407	66,892
Current tax liabilities	34,550	27,266	23,594
Current portion of lease liabilities	8,404	12,268	11,946
Current portion of retirement benefit obligations	264	203	335
Total current liabilities	462,570	500,257	536,914
Total liabilities	485,063	520,595	580,326
Total equity and liabilities	727,707	754,376	980,211

Investment Properties

Our investment properties mainly consist of leased properties, which represent right-of-use assets that meet the definition of investment properties. Our investment properties increased by 9.7% from RMB12.8 million as at 31 December 2017 to RMB14.0 million as at 31 December 2018 primarily due to the addition of one property for rental collection. This property, located in Linyi, Shandong Province, was initially owned by our customer and was acquired by us for settling receivables from the said customer. Our investment properties slightly decreased to RMB13.7 million as at 31 December 2019 as a result of depreciation.

Property, Plant and Equipment

Our property, plant and equipment mainly consists of office and operating equipment and vehicles. Our property, plant and equipment increased from RMB13.5 million as at 31 December 2017 to RMB14.0 million as at 31 December 2018. It further increased by 32.7% to RMB18.6 million as at 31 December 2019, primarily attributable to the addition of office equipment and furniture for our new office, and the addition of operating equipment and leasehold improvement resulting from renovation of new cafés and restaurants under "IZEE" Catering Series.

Right-of-use Assets

Our right-of-use assets mainly consist of the office, properties for operation of cafés and restaurants and carparks. We recorded a general increase in our right-of-use assets from RMB12.1 million as at 31 December 2017 to RMB16.1 million as at 31 December 2018 primarily attributable to the additions of properties we rented for establishing Rongze Training Centre and properties we rented for operating restaurants and cafés. Our right-of-use assets increased significantly from RMB16.1 million as at 31 December 2018 to RMB35.9 million as at 31 December 2019, which was primarily due to the lease of our new office at Xihuan Plaza, properties we rented for operating restaurants and cafés and staff quarters.

Intangible Assets

Our intangible assets represent office software use rights. Our intangible assets increased from RMB0.5 million as at 31 December 2017 to RMB0.9 million as at 31 December 2018, and further increased to RMB1.4 million as at 31 December 2019 due to our purchase of additional office software use rights.

Investments in Associates

Our investments in associates remained stable at RMB22.5 million as at 31 December 2018 and 2019. Our investment in associates increased by 7.2% to RMB22.5 million as at 31 December 2018 from RMB21.0 million as at 31 December 2017, primarily attributable to the increase in share of profit from Nanjing Financial Street Savills Property Service Co., Ltd. and from Chongqing Jiangbeizui Property Services Co., Ltd..

Trade Receivables

Our trade receivables mainly arise from our property management and related services. Our trade receivables net of allowance for impairment of trade receivables amounted to RMB82.5 million, RMB112.5 million and RMB116.0 million as at 31 December 2017, 2018 and 2019, respectively. The general increase in our trade receivables during the Track Record Period was primarily attributable to the increase in the number of our property management projects and increase in our revenue.

The following table sets forth a breakdown of our trade receivables as at the dates indicated:

	As at 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
– related parties	19,760	33,405	41,714
– third parties	65,948	85,284	82,734
	85,708	118,689	124,448
Less: allowance for impairment of trade receivables	(3,221)	(6,147)	(8,419)
Trade receivables – net	82,487	112,542	116,029

Our trade receivables before deduction of allowance for impairment of trade receivables from related parties increased from RMB19.8 million as at 31 December 2017 to RMB33.4 million as at 31 December 2018, primarily due to the incurrence of property management fees for unsold or unleased units in relation to one of our projects in Beijing and another in Guangzhou, which was settled subsequent to 31 December 2018. It further increased by 24.9% from RMB33.4 million as at 31 December 2018 to RMB41.7 million as at 31 December 2019, primarily due to the incurrence of property management fees due from property developers in relation to our management of unoccupied units for one office buildings project located in Beijing.

Our Directors confirm that RMB36.2 million, or 86.8%, of our trade receivables from related parties as at 31 December 2019 is expected to be settled prior to the Listing Date.

Our trade receivables before deduction of allowance for impairment of trade receivables from third parties increased from RMB65.9 million as at 31 December 2017 to RMB85.3 million as at 31 December 2018, which was mainly due to the late settlement of the trade receivables balance for a project for public properties located in Beijing. The customer for this public property project is a state-owned enterprise, which generally requires additional time to complete its internal procedures for settling payment. Based on our assessment, we considered the credit risk associated with the amounts due from this state-owned enterprise is low and therefore have granted it a relatively longer payment period. We have been advised by the customer that the outstanding amounts due from this customer as at 31 December 2019 are expected to be substantially settled by the end of June 2020. Our trade receivables before deduction of allowance for impairment of trade receivables from third parties slightly decreased to RMB82.7 million as at 31 December 2019 from RMB85.3 million as at 31 December 2018, which was primarily due to the increase in settlement of property management fees at the year end.

Our trade receivables net of allowance for impairment of trade receivables amounted to RMB82.5 million, RMB112.5 million and RMB116.0 million as at 31 December 2017, 2018 and 2019, respectively.

Trade receivables turnover days

The following table sets forth the average turnover days of our trade receivables for the years indicated:

	For the year ended 31 December		
	2017	**2018**	**2019**
Average trade receivables turnover days[(1)]	35.4	42.6	44.5
Average trade receivables turnover days for related parties[(2)]	58.6	74.0	80.5
Average trade receivables turnover days for third parties[(3)]	31.1	37.1	37.1

Notes:

(1) Average trade receivables turnover days for a year equals the average of the opening and closing trade receivables divided by total revenue for the relevant year and multiplied by 365 days for the years ended 31 December 2017, 2018 and 2019.

(2) Average trade receivables turnover days for related parties for a year equals the opening and closing trade receivables from related parties divided by revenue from related parties for the relevant year and multiplied by 365 days for the years ended 31 December 2017, 2018 and 2019.

(3) Average trade receivables turnover days for third parties for a year equals the opening and closing trade receivables from third parties divided by revenue from third parties for the relevant year and multiplied by 365 days for the years ended 31 December 2017, 2018 and 2019.

Our average trade receivables turnover days were 35.4 days, 42.6 days and 44.5 days for the years ended 31 December 2017, 2018 and 2019, respectively. The general increase in our average trade receivables turnover days was primarily due to the increase in trade receivables as a result of longer settlement period for the trade receivables due from related parties.

Our average trade receivables turnover days for related parties were 58.6 days, 74.0 days and 80.5 days for the years ended 31 December 2017, 2018 and 2019, respectively, which were relatively longer than our average trade receivables turnover days for third parties of 31.1 days, 37.1 days and 37.1 days for the corresponding years, respectively. The general increase in our average trade receivables turnover days for related parties was primarily because we did not collect payments from our related parties as frequently as we did from third parties, as we considered that the default risk of our related parties was low. Our credit terms granted to trade customers, including related parties and any third parties, are determined on a case-by-case basis with normal credit period mainly within 180 days. During the Track Record Period, the average trade receivable turnover days for related parties were within the credit term of 180 days and we did not experience any significant difficulty in collecting trade receivables from them during the Track Record Period. We are of the view that the credit risk of the related parties is low. In light of the different levels of risk, we have implemented internal policies that prioritise the collection of fees for property management and related services from third parties and take measures to recover overdue fees from them on a more frequent basis during the Track Record Period. According to our internal policies, if the payments of the property management and related services fees are not received when they fall due, we will normally commence the fee collection procedure by way of telephone collections on the next day of the due date, followed by collection in person in the next 10 days. We will serve the first written collection notice in another 20 days and two more notices with intervals of 30 days and 40 days before taking any legal actions. Based on our assessment of the relevant risks, we may allow an additional 10 days for payment arrangement for related parties during the fee collection procedure.

In view of the relatively longer average turnover days for related 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 Listing by formulating and implementing measures as follows:

- issuing payment notices to related parties based on terms of agreements;

- streamlining our internal policies on collection of property management and related services fees to adopt the same collection policies and procedures for related parties and third parties after Listing;

- sending reminders through various channels, such as phone calls, text messages, mails, and notifying the related parties;

- designating relevant personnel to closely monitor the progress of collecting trade receivables and designating key personnel to calculate the overdue fees, prepare payment reminders or notices in order to collect major recoverable items; and

- regularly evaluating collection status of property management fees for projects sourced from related parties, and reporting the progress of recovery of receivables from related parties to the management of the Company.

The following table sets forth an ageing analysis of our trade receivables based on the invoice date as at the date indicated:

	As at 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
0 – 180 days			
– Related parties	19,586	32,084	41,411
– Third parties	62,136	80,191	77,798
	81,722	112,275	119,209
181 – 365 days			
– Related parties	12	1,150	13
– Third parties	1,887	2,337	875
	1,899	3,487	888
1 – 2 years			
– Related parties	111	30	162
– Third parties	1,493	902	2,758
	1,604	932	2,920
Over 2 years			
– Related parties	51	141	128
– Third parties	432	1,854	1,303
	483	1,995	1,431
Total	85,708	118,689	124,448

In determining the recoverability of trade receivables from the property management and related services, we take into consideration a number of indicators, including subsequent settlement status, historical write-off experience and management fee collection rate of the customers, in estimating the future cash flow from the receivables. To expedite the recovery of our trade receivables, we have formulated and implemented various measures, including:

- sending overdue payment notices to the customers by message or in person and follow up with frequent payment reminders. If such measures do not suffice, we would charge for property management fee and late fees as agreed in agreements;
- designating relevant personnel to closely monitor the progress of collecting trade receivables on a monthly basis;
- actively monitoring the progress of, and coordinating with our customers on, payment schedules; and
- initiating legal proceedings to collect the property management fees in the event of significant payment delays after repeatedly failed collection attempts.

Our collection rate of property management fees, calculated by dividing the property management fees we actually received from our property management services during a year by the total property management fees payable to us accumulated during the corresponding year, remained relatively stable at approximately 95.3%, 95.7% and 94.0%, respectively, in 2017, 2018 and 2019.

As at 31 May 2020, RMB51.6 million, or 41.5%, of our trade receivables before deduction of allowance for impairment of trade receivables as at 31 December 2019 were subsequently settled. As at 31 May 2020, RMB28.0 million, or 67.2%, of our trade receivables before deduction of allowance for impairment of trade receivables from related parties as at 31 December 2019 were subsequently settled. As at 31 May 2020, RMB23.6 million, or 28.5%, of our trade receivables before deduction of allowance for impairment of trade receivables from third parties as at 31 December 2019 were subsequently settled.

Prepayment

	As at 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Prepaid operating expenses	3,697	3,661	6,369
Prepaid listing expenses	–	142	5,984
Input VAT to be deducted	6,209	1,391	1,486
Others	352	30	273
	10,258	5,224	14,112
Less: non-current portion[1]	–	–	(2,654)
	10,258	5,224	11,458

Note:

(1) This balance represents prepayment related to long-term assets.

Our prepayments primarily arise from input VAT to be deducted and prepaid operating expenses. Our prepayments decreased from RMB10.3 million as at 31 December 2017 to RMB5.2 million as at 31 December 2018, primarily due to deduction of input value-added taxes. Our prepayments increased significantly from RMB5.2 million as at 31 December 2018 to RMB14.1 million as at 31 December 2019, primarily due to the increase in prepayment of listing expenses and increase in prepayment of operating expenses.

Other Financial Assets at Amortised Cost

The following table sets forth a breakdown of our other financial assets at amortised cost as at the dates indicated:

	As at 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Other receivables			
– related parties	5,698	6,998	11,428
– third parties			
Payments on behalf of property owners, tenants and property developers	9,532	16,053	16,532
Deposits	2,567	2,729	2,261
Other	2,356	2,095	2,570
	20,153	27,875	32,791
Less: provision for impairment of other receivables	(150)	(216)	(225)
	20,003	27,659	32,566

The increase in our other financial assets at amortised cost from RMB20.0 million as at 31 December 2017 to RMB27.7 million as at 31 December 2018 was primarily due to the increase in payments made on behalf of property owners, tenants and property developers, namely the utilities, as a result of the increase in the number of projects, which was in line with our business growth. Such utility expenses of the properties under our management are generally borne by the property owners, tenants and property developers, instead of being covered by the property management fees charged by us to property owners, tenants and property developers. Our other financial assets at amortised cost further increased to RMB32.6 million as at 31 December 2019, primarily due to the loans to an associate, namely Beijing Financial Street Insurance Agency Co., Ltd., in 2019.

Our other receivables from related parties in our other financial assets at amortised cost represent (i) other receivables from Huarong Zonghe in non-trade nature in the amount of RMB4.8 million as at 31 December 2019, (ii) other receivables of loans to an associate, namely Beijing Financial Street Insurance Agency Co., Ltd., and related interests, in the amount of RMB4.9 million as at 31 December 2019, and (iii) other receivables to subsidiaries of Financial Street Group in the amount of RMB1.7 million as at 31 December 2019.

Our Directors confirm that RMB4.9 million, or 42.6% of our other receivables from related parties in our other financial assets at amortised cost as at 31 December 2019 is expected to be settled prior to the Listing Date.

Financial Assets at Fair Value through Profit or Loss

Our financial assets at fair value through profit or loss consist of our investment in wealth management products. For the years ended 31 December 2017, 2018 and 2019, these wealth management products were managed by banks in the PRC to invest principally in certain financial assets including cash funds, bonds, and bond funds, with a maturity of less than one year and an expected interest rate of 3.0%-4.5% per annum and interest paid on maturity date.

Our financial assets at fair value through profit or loss decreased significantly from RMB80.7 million as at 31 December 2017 to RMB10.8 million as at 31 December 2018, primarily due to the redemption of the majority of our wealth management products upon maturity. Our financial assets at fair value through profit or loss was nil as at 31 December 2019 because the wealth management products purchased by our subsidiary have been fully redeemed. As at the Latest Practicable Date, our Group did not own any wealth management products.

According to our investment strategies, risk management policies and internal control measures, we target to subscribe wealth management products with low risk. We target to invest in wealth management products with a maturity of less than six months. Our investments are generally made primarily for the purpose of achieving reasonably higher return on our excess cash than regular bank deposits in the short term.

Our Directors confirm that they have used valuation techniques to determine the fair value of our level 3 instruments with reference to the "'Guidance note on directors' duties in the context of valuations in corporate transactions" issued by the Securities and Futures Commission.

We have implemented internal procedures to ensure the reasonableness of fair value measurement on the level 3 financial assets. Our finance personnel are responsible to manage the valuation of level 3 instruments for financial reporting purposes. Our finance personnel manage the valuation exercise of the financial instruments on a case-by-case basis. The valuation of our wealth management products was performed by utilising discounted cash flow model based on the expected return rate per annum provided by the financial institutions issuing the instruments. Our Directors have reviewed the fair value measurement assessment of level 3 financial assets presented by our finance personnel, taking into account the significant unobservable inputs and the applicable valuation techniques, and determine if the fair value measurement of level 3 financial assets is in accordance with the applicable HKFRSs.

The reporting accountant has performed the following procedures to assess the valuation of assets with level 3 fair value measurement:

- reviewed contracts terms of these wealth management products with maturity of less than one year and an expected interest rate of 3.0%-4.5% per annum; and

- performed subsequent review by reference to the cash receipts from the relevant banks.

Based on the above procedures, the fair value assessment from our Group was supported by the evidence that the reporting accountant have gathered.

The reporting accountant's opinion on our historical financial information for the Track Record Period is set out in Appendix I to this prospectus.

Our Directors are satisfied with the valuation exercise for financial assets categorised as level 3 financial instruments in the historical financial information for the purpose of preparing the Accountant's Report set out in Appendix I to this prospectus. In addition, the Sole Sponsor has (i) reviewed and discussed with the management of our Group regarding the key basis, assumptions and valuation work of our Group's wealth management products; (ii) reviewed the relevant notes in the Accountant's Report in Appendix I to this prospectus; and (iii) discussed with the reporting accountant in relation to the procedures carried out by them for our Group's wealth management products during the Track Record Period. Having considered the work performed by our Directors and the reporting accountant, and the relevant due diligence performed as mentioned above, nothing has come to the Sole Sponsor's attention that would cause the Sole Sponsor to question the valuation analysis performed on our Group's financial assets at fair value through profit or loss.

Trade and Other Payables

The following table sets forth a breakdown of our trade and other payables as at the dates indicated:

	As at 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	76,413	74,722	80,818
Payroll and welfare payables	55,062	47,355	50,862
Other tax payables	4,555	8,561	8,900
Other payables	221,971	265,475	293,567
Total	358,001	396,113	434,147

Trade payables

Trade payables mainly represent amount payable to suppliers and subcontractors, including for purchase of materials.

Our trade payables remained stable at RMB76.4 million as at 31 December 2017 compared to RMB74.7 million as at 31 December 2018. Our trade payables increased by 8.2% to RMB80.8 million as at 31 December 2019 from RMB74.7 million as at 31 December 2018, primarily due to the increase in our purchase which was in line with our business expansion.

Trade payables turnover days

The following table sets forth our average trade payables turnover days for the years indicated:

	For the year ended 31 December		
	2017	**2018**	**2019**
Average trade payables turnover days[(1)]	35.0	38.7	35.2

Note:

(1) Average trade payables turnover days for a year equals the average of the opening and closing trade payables divided by total cost of sales and services for the relevant year and multiplied by 365 days for the years ended 31 December 2017, 2018 and 2019.

Our trade payables turnover days remained stable at 35.0 days, 38.7 days and 35.2 days for the years ended 31 December 2017, 2018 and 2019, respectively.

The following table sets forth an ageing analysis of our trade payables based on the invoice date as at the date indicated:

	As at 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	75,373	73,167	77,615
1 – 2 years	336	710	2,584
Over 2 years	704	845	619
	76,413	74,722	80,818

As at 31 May 2020, RMB67.8 million, or 83.9%, of our trade payables as at 31 December 2019 was subsequently settled.

Payroll and welfare payables

Our payroll and welfare payables mainly represent salaries and insurances. Our payroll and welfare payables decreased by 14.0% from RMB55.1 million as at 31 December 2017 to RMB47.4 million as at 31 December 2018, primarily due to the change to our payroll structure. It increased by 7.4% to RMB50.9 million as at 31 December 2019 from RMB47.4 million as at 31 December 2018, primarily due to the increase in number of employees as a result of the increase in our projects undertaken.

Other tax payables

Due to the increase in our total revenue, our other tax payables increased by 87.9% from RMB4.6 million as at 31 December 2017 to RMB8.6 million as at 31 December 2018, and further increased to RMB8.9 million as at 31 December 2019.

Other payables

Our other payables mainly represent the special fund for residence maintenance we collected from the property owners for purposes of paying for the repair and maintenance of the properties, as well as the deposits we received from the property owners, tenants and residents in relation to our property management services.

The following table sets forth a breakdown of our other payables as at the dates indicated:

	As at 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Receipts on behalf of property owners, tenants and property developers	81,122	119,823	133,465
Deposits[(1)]	125,105	125,142	138,714
Others	15,744	20,510	21,388
Total	221,971	265,475	293,567

Note:

(1) This mainly represents the deposits paid by the property owners, tenants and property developers for property management and refurbishment.

Our other payables increased by 19.6% from RMB222.0 million as at 31 December 2017 to RMB265.5 million as at 31 December 2018, and further increased by 10.6% to RMB293.6 million as at 31 December 2019, primarily due to the increase in (i) receipts on behalf of property owners, tenants and property developers, which represent an increase in deposits received from and fees collected on behalf of property owners, tenants and property developers for settling the utility bills and (ii) deposits where cash collected on behalf of property owners in relation to advertisement in common area and renting public space.

Contract Liabilities

Our contract liabilities mainly represent our obligations to provide the contracted services, including our property management and related services. As at 31 December 2017, 2018 and 2019, our contract liabilities were RMB61.4 million, RMB64.4 million and RMB66.9 million, respectively. The increase in our contract liabilities during the Track Record Period was primarily due to the increase of advance payments made by customers which was in line with our business expansion.

The following table sets forth a breakdown of our contract liabilities as at the dates indicated:

	As at 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities			
– related parties	160	160	730
– third parties	61,191	64,247	66,162
	61,351	64,407	66,892

Our contract liabilities due to related parties as at 31 December 2019 were higher than those as at 31 December 2017 and 2018, primarily due to the increase in (i) advanced payment of property management fees, and (ii) catering fees recharged in prepaid cards at staff canteens. As at 31 December 2017, 2018 and 2019, our contract liabilities due to third parties remained stable at RMB61.2 million, RMB64.2 million and RMB66.2 million, respectively. As at 31 May 2020, RMB57.1 million, or 85.3%, of our contract liabilities as at 31 December 2019 were recognised as revenue.

Lease Liabilities

We lease various properties in the PRC mainly as our offices, cafés, restaurants and carparks from our Parent Group. The following table sets forth a breakdown of our lease liabilities as at the dates indicated:

	As at 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Current lease liabilities	8,404	12,268	11,946
Non-current lease liabilities	16,825	13,841	36,208
	25,229	26,109	48,154

Our lease liabilities increased from RMB25.2 million as at 31 December 2017 to RMB26.1 million as at 31 December 2018, mainly reflecting the increase in lease of sites for operating cafés and restaurants as a result of our expansion on catering business. Our lease liabilities further increased to RMB48.2 million as at 31 December 2019, mainly due to lease of our office premises as well as properties we rented for operating stores under "IZEE" Catering Series.

CURRENT ASSETS AND CURRENT LIABILITIES

The following table sets forth a breakdown of our current assets, current liabilities, and net current assets as at the dates indicated:

	As at 31 December			As at 30 April
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Current assets				
Trade receivables	82,487	112,542	116,029	205,401
Prepayments	10,258	5,224	11,458	17,081
Other financial assets at amortised cost	20,003	27,659	32,566	28,179
Financial asset at fair value through profit or loss	80,650	10,800	–	–
Bank deposits with the maturity over three months	20,184	110,108	16,191	28,675
Restricted bank deposits	12,688	12,899	30,721	35,370
Cash and cash equivalents	422,017	393,744	666,123	595,844
Total current assets	648,287	672,976	873,088	910,550
Current liabilities				
Trade and other payables	358,001	396,113	434,147	428,970
Contract liabilities	61,351	64,407	66,892	70,577
Current tax liabilities	34,550	27,266	23,594	14,472
Current portion of lease liabilities	8,404	12,268	11,946	11,516
Current portion of retirement benefit obligations	264	203	335	352
Total current liabilities	462,570	500,257	536,914	525,887
Net current assets	185,717	172,719	336,174	384,663

We recorded a net current assets of RMB185.7 million, RMB172.7 million, RMB336.2 million and RMB384.7 million, respectively, as at 31 December 2017, 2018, 2019 and 30 April 2020.

Our net current assets increased from RMB336.2 million as at 31 December 2019 to RMB384.7 million as at 30 April 2020, primarily due to (i) the increase in trade receivables of RMB89.4 million as a result of the delay in payment of fees for property management and related services by our customers due to the combined effect of the Lunar New Year holiday and the COVID-19 outbreak, and some of our property developers, property owners and tenants used to pay at year-end, which is not uncommon in the property management industry in the PRC as advised by CIA; (ii) the increase in bank deposits with the maturity over three months of RMB12.5 million; and (iii) the decrease in current tax liabilities of RMB9.1 million. Such increase was partially offset by the decrease in cash and cash equivalents of RMB70.3 million, which resulted from (i) delay in receipt of fees for property management and related services from our customers in the first quarter of 2020, mainly due to Lunar New Year holidays and the COVID-19 outbreak, while our Group has continued to settle our trade and other payables due to our suppliers and subcontractors, and (ii) payment of our staff bonus in the first quarter of 2020.

Our net current assets increased from RMB172.7 million as at 31 December 2018 to RMB336.2 million as at 31 December 2019, primarily due to the increase in (i) cash and cash equivalents of RMB272.4 million and (ii) prepayments of RMB6.2 million, partially offset by (i) the decrease in bank deposits with the maturity over three months of RMB93.9 million; (ii) decrease in financial asset at fair value through profit or loss of RMB10.8 million and (iii) the increase in trade and other payables of RMB38.0 million.

Our net current assets decreased from RMB185.7 million as at 31 December 2017 to RMB172.7 million as at 31 December 2018, primarily due to (i) the decrease in financial asset at fair value through profit or loss of RMB69.9 million; (ii) the increase in trade and other payables of RMB38.1 million; (iii) the decrease in cash and cash equivalents of RMB28.3 million; (iv) the decrease in prepayments of RMB5.0 million, partially offset by increase in (i) bank deposits with maturity over three months of RMB89.9 million; (ii) trade receivables of RMB30.1 million; and (iii) other financial assets at amortised cost of RMB7.7 million.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary uses of cash are to fund working capital and other recurring expenses. During the Track Record Period, we funded our working capital and other capital requirements through cash generated from operations.

Cash Flows

The following table sets forth selected cash flow data from our consolidated statements of cash flows for the years indicated:

	Year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities			
Net cash generated from operating activities	98,807	111,115	146,350
Cash flows from investing activities			
Net cash generated from/(used in) investing activities	(30,456)	(23,306)	94,950
Cash flows from financing activities			
Net cash generated from/(used in) financing activities	(71,565)	(116,106)	31,071
Net increase/(decrease) in cash and cash equivalents	(3,214)	(28,297)	272,371
Cash and cash equivalents at beginning of the year	425,260	422,017	393,744
Exchange effect on cash and cash equivalents	(29)	24	8
Cash and cash equivalents at end of the year	422,017	393,744	666,123

Cash flows in relation to our operating activities

Net cash flow from operating activities mainly comprises fees received from the provision of our property management and related services. Our cash flow from operating activities mainly reflects (i) our profit before income tax adjusted for non-cash and non-operating items such as fair value gains on investments in wealth management products, share of profit or loss of investment in associates, depreciation of property, plant and equipment and investment properties, depreciation of right-of-use assets, depreciation and amortisation and provision for impairment losses on financial assets; (ii) the effects of movements in working capital such as changes in trade receivables, prepayments and other financial assets at amortised costs, trade and other payables and contract liabilities, restricted bank deposits; and (iii) income tax paid.

For the year ended 31 December 2019, our net cash flow from operating activities was RMB146.4 million. This represents our profit before income tax of RMB151.9 million, adjusted mainly by (i) depreciation of rights-of-use assets of RMB14.0 million; and (ii) depreciation of property, plant and equipment and investment properties of RMB9.1 million; partially offset by share of profit or loss of investments in associates of RMB3.9 million. Changes in working capital contributed a cash inflow of RMB11.7 million, primarily consisting of trade and other payables and contract liabilities of RMB40.5 million, partially offset by (i) restricted bank deposits of RMB17.8 million; and (ii) trade receivables, prepayments and other financial assets at amortised cost of RMB11.0 million. We also paid income tax of RMB40.4 million for the year ended 31 December 2019.

For the year ended 31 December 2018, our net cash flow from operating activities was RMB111.1 million. This represents our profit before income tax of RMB124.5 million, adjusted mainly by (i) depreciation of rights-of-use assets of RMB11.2 million; and (ii) depreciation of property, plant and equipment and investment properties of RMB6.6 million; partially offset by share of profit or loss of investments in associates of RMB3.4 million. Changes in working capital contributed a cash inflow of RMB2.8 million, primarily consisting of trade and other payables and contract liabilities of RMB41.2 million, partially offset by trade receivables, prepayments and other financial assets at amortised cost of RMB38.1 million. We also paid income tax of RMB34.4 million for the year ended 31 December 2018.

For the year ended 31 December 2017, our net cash flow from operating activities was RMB98.8 million. This represents our profit before income tax of RMB112.1 million, adjusted mainly by (i) depreciation of property, plant and equipment and investment properties of RMB6.7 million; and (ii) depreciation of rights-of-use assets of RMB6.5 million; partially offset by (i) fair value gain on investments in wealth management products of RMB3.3 million and (ii) share of profit or loss of investments in associates of RMB2.2 million. Changes in working capital contributed a cash outflow of RMB12.3 million, primarily consisting of (i) trade receivables, prepayments and other financial assets at amortised cost of RMB30.2 million and (ii) restricted bank deposit of RMB8.9 million, partially offset by trade and other payables and contract liabilities of RMB26.8 million. We also paid income tax of RMB12.0 million for the year ended 31 December 2017.

Cash flows in relation to our investing activities

For the year ended 31 December 2019, our net cash generated from investing activities was RMB95.0 million, which primarily reflected (i) change in bank deposits with the maturity over three months of RMB93.9 million and (ii) proceeds from redemption of wealth management products of RMB26.0 million, partially offset by (i) investment in wealth management products of RMB14.7 million and (ii) purchases of property, plant and equipment of RMB10.8 million.

For the year ended 31 December 2018, our net cash flow used in investing activities was RMB23.3 million, which primarily reflected (i) change in bank deposits with the maturity over three months of RMB89.9 million, (ii) investment in wealth management products of RMB41.5 million and (iii) purchases of property, plant and equipment of RMB5.1 million, partially offset by proceeds from redemption of wealth management products of RMB112.8 million.

For the year ended 31 December 2017, our net cash flow used in investing activities was RMB30.5 million, which primarily reflected (i) investment in wealth management products of RMB166.7 million, (ii) capital injection to associates of RMB11.2 million, and (iii) purchases of property, plant and equipment of RMB4.3 million, partially offset by (i) proceeds from redemption of wealth management products of RMB119.3 million and (ii) change in bank deposits with the maturity over three months of RMB27.9 million.

Cash flows in relation to financing activities

For the year ended 31 December 2019, our net cash flow generated from financing activities was RMB31.1 million, which primarily reflected capital contribution from owners of RMB176.1 million, partially offset by (i) dividend paid to owners of the Company of RMB117.1 million and (ii) principal elements and interests elements of lease payments of RMB16.2 million.

For the year ended 31 December 2018, our net cash flow used in financing activities was RMB116.1 million, which primarily reflected (i) dividend paid to owners of the Company of RMB78.5 million; (ii) principal elements and interest elements of lease payments of RMB16.0 million and (iii) payment for acquisition of non-controlling interests in subsidiaries of RMB15.5 million.

For the year ended 31 December 2017, our net cash flow used in financing activities was RMB71.6 million, which primarily reflected (i) dividend paid to owners of the Company of RMB53.5 million; (ii) principal elements and interest elements of lease payments of RMB10.1 million and (iii) dividend paid to non-controlling interests of RMB8.0 million.

WORKING CAPITAL

We finance our working capital needs primarily through cash flow from cash generated from operating activities. Taking into account the financial resources available to us, including the cash flow from operating activities, after due and careful inquiry, our Directors are of the view that we have sufficient working capital available for at least the next 12 months from the date of this prospectus.

CAPITAL EXPENDITURES

The following table sets forth a breakdown of our historical capital expenditures for the years indicated:

	For the year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Additions of right-of-use assets	270	15,213	33,834
Additions of property, plant and equipment	4,299	5,058	10,848
Additions of investments properties	–	3,822	2,663
Additions of investments in associate	11,200	–	–
Additions of intangible assets	69	483	818
Total	15,838	24,576	48,163

In 2017, we invested in two associates, namely, Beijing Financial Street Insurance Agency Co., Ltd. and Huai'an Guolian Financial Centre Property Service Co., Ltd. The carrying value of our capital expenditure increased during the Track Record Period, amounting to RMB15.8 million, RMB24.6 million and RMB48.2 million for the years ended 31 December 2017, 2018 and 2019, respectively, mainly due to the increase in lease of carparks, properties for Rongze Training Centre, properties for operating cafés and restaurants and our new office at Xihuan Plaza.

INDEBTEDNESS

Borrowings

During the Track Record Period and up to the Latest Practicable Date, we did not have any bank borrowings or any unutilised banking facilities.

Lease Liabilities

	As at 31 December			As at 30 April
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Current liabilities				
Lease liabilities	8,404	12,268	11,946	11,516
Non-current liabilities				
Lease liabilities	16,825	13,841	36,208	37,093
Total	25,229	26,109	48,154	48,609

As at 31 December 2017, 2018, 2019 and 30 April 2020, our lease liabilities (comprising both current and non-current liabilities) amounted to RMB25.2 million, RMB26.1 million, RMB48.2 million and RMB48.6 million, respectively.

Contingent Liabilities

As at the Latest Practicable Date, we did not have any significant contingent liabilities or outstanding guarantees in respect of payment obligations of any related parties or third parties.

Except as disclosed in this prospectus or any intra-group liabilities, as at 30 April 2020, we did not have any outstanding or authorised to be issued but unissued debt securities, term loans, borrowings or indebtedness in nature of borrowing, acceptance credits, hire purchase commitments, mortgages and charges, contingent liabilities or guarantees.

Since 31 December 2019 and up to the Latest Practicable Date, there had not been any material adverse changes to our indebtedness.

COMMITMENTS

Operating Lease Commitments

During the Track Record Period, we leased out our investment properties to tenants with rentals charged quarterly or annually. Rental income earned in 2017, 2018 and 2019 were RMB4.1 million, RMB5.3 million and RMB5.9 million, respectively.

The following table sets forth our minimum lease payments receivable on leases of investment properties as at the dates indicated:

	As at 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	4,873	5,130	6,371
Between 1 and 2 years	5,130	5,400	971
Between 2 and 3 years	5,400	–	591
Between 3 and 4 years	–	–	100
	15,403	10,530	8,033

We also lease various offices, carparks and stores under non-cancellable operating leases expiring within one year to ten years. The leases vary in lease terms and renewal rights. On renewal, the terms of the leases are renegotiated.

Minimum lease payments under non-cancellable operating leases of right-of-use assets not recognised in the financial statements are as follows:

	As at 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	470	464	1,290
Later than 1 year and no later than 5 years	4	12	21
Later than 5 years	–	4	45
	474	480	1,356

From 1 January 2017, our Group has recognised right-of-use assets for these leases, except for short-term and low-value leases. For more details, please refer to Notes 15 and 17 in the Accountant's Report set out in Appendix I to this prospectus. As at 31 December 2017, 2018 and 2019, we did not have any material capital commitments.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period, we have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our equity interests and classified as shareholder's equity, or that are not reflected in our consolidated financial statements. We do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

RELATED PARTY TRANSACTIONS AND BALANCES

Related Party Transactions

The related party transactions were conducted during the Track Record Period in accordance with terms as agreed between us and the respective related parties. Our Directors have confirmed that all related party transactions during the Track Record Period were conducted on normal commercial terms that are reasonable and in the interest of the Group as a whole. Our Directors further confirmed that these related party transactions would not distort our results of operations for the Track Record Period or make our historical result not reflective of our future performance.

For more details on related party transactions, please refer to Note 36 in the Accountant's Report set out in Appendix I to this prospectus.

Related Party Balances

The following table sets out the breakdown of our related party balances as at the dates indicated:

	As at 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Trade in nature			
Trade receivables from subsidiaries of Financial Street Group	19,760	32,636	33,761
Trade receivables from an associate of Financial Street Group	–	450	7,917
Trade receivables from an associate	–	319	36
Other receivables from subsidiaries of Financial Street Group – Rental deposit	–	–	1,718
Trade and other payables to subsidiaries of Financial Street Group	16,507	20,874	22,985
Contract liabilities to subsidiaries of Financial Street Group	160	160	730
Lease liabilities to subsidiaries of Financial Street Group	20,885	21,206	30,430
Deposit placed with a subsidiary of Financial Street Group	–	247,593	290,171
	57,312	323,238	387,748

	As at 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Non-trade in nature			
Other receivables from Huarong Zonghe	4,798	4,798	4,798
Other receivables of loans to an associate and related interests	900	2,200	4,912
	5,698	6,998	9,710

Our other receivables due from Huarong Zonghe and our other receivables of loans and related interests to an associate, namely Beijing Financial Street Insurance Agency Co., Ltd., were non-trade in nature, which amounted to RMB5.7 million, RMB7.0 million and RMB9.7 million in total as at 31 December 2017, 2018 and 2019, respectively. Save for the amounts due from Beijing Financial Street Insurance Agency Co., Ltd., which were in non-trade nature and were provided by us as a shareholder to support its application of Insurance Business Operation Licence ("《經營保險經紀業務許可證》"), all of the outstanding amounts due from related parties in non-trade nature had been settled prior to the Latest Practicable Date. Our Directors are advised by Beijing Financial Street Insurance Agency Co., Ltd. that our other receivables of loans and related interests is expected to be fully settled by the end of 2020. For more details on related party transactions and balances, please refer to Note 36 in Accountant's Report set out in Appendix I to this prospectus.

SUMMARY OF KEY FINANCIAL RATIOS

The following table sets out certain financial ratios relating to our Group as at the dates or for the years indicated:

	As at/For the year ended 31 December		
Financial metrics	**2017**	**2018**	**2019**
Current ratio(1)	1.40	1.35	1.63
Liabilities to assets ratio(2)	0.67	0.69	0.59
Gearing ratio(3)	N/A	N/A	N/A
Return on equity(4)	35.8%	38.4%	35.8%
Return on total assets(5)	12.2%	12.4%	13.1%

Notes:

(1) Current ratio is calculated based on our total current assets as at the end of the relevant years divided by our total current liabilities as at the end of the corresponding years.

(2) Liabilities to assets ratio is calculated based on our total liabilities as at the end of the relevant years divided by our total assets as at the end of the corresponding years.

(3) We did not have any interest-bearing borrowings during the Track Record Period, therefore the gearing ratio is not applicable to us.

(4) Return on equity is calculated based on our profit for the years ended 31 December 2017, 2018 and 2019, divided by our average total equity as at the beginning and the end of the corresponding years and multiplied by 100%.

(5) Return on total assets is calculated based on our profit for the years ended 31 December 2017, 2018 and 2019, divided by our average total assets as at the beginning and the end of the corresponding years and multiplied by 100%.

Current Ratio

Our current ratio decreased from 1.40 as at 31 December 2017 to 1.35 as at 31 December 2018. This decrease was primarily due to the higher increase in current liabilities than current assets mainly as a result of increase in trade and other payables. Our current ratio increased from 1.35 as at 31 December 2018 to 1.63 as at 31 December 2019. This increase was primarily due to the higher increase in current assets than current liabilities mainly as a result of increase in trade receivables and cash generated from operations.

Liabilities to Assets Ratio

Our liabilities to assets ratio increased from 0.67 as at 31 December 2017 to 0.69 as at 31 December 2018, primarily due to the higher increase in liabilities than assets mainly as a result of increase in trade and other payables. It decreased from 0.69 as at 31 December 2018 to 0.59 as at 31 December 2019, primarily due to the higher increase in assets than liabilities mainly as a result of increase in trade receivables and cash generated from contribution from the owners of the Company.

Return on Equity

Our return on equity increased from 35.8% for the year ended 31 December 2017 to 38.4% for the year ended 31 December 2018, primarily attributable to the increase in profit for the year of 2018. Our return on equity decreased to 35.8% for the year ended 31 December 2019, which was mainly due to our relatively higher equity base as at 31 December 2019 after capital contribution from the owners of the Company in 2019.

Return on Total Assets

Our return on total assets increased from 12.2% for the year ended 31 December 2017 to 12.4% for the year ended 31 December 2018, primarily attributable to the increase in profit for the year of 2018. Our return on total assets further increased to 13.1% for the year ended 31 December 2019, which was mainly attributable to increases in our net profit and improved profitability.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

Market risk is the risk of loss associated to adverse changes in the market prices of financial instruments. During the ordinary course of our business, we are exposed to a variety of market risks, including credit risk and liquidity risk, as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. For more details, please refer to Note 3 in the Accountant's Report set out in Appendix I to this prospectus.

Credit Risk

We are exposed to credit risk in relation to our cash and cash equivalents, contractual cash flows of debt instruments carried at fair value through profit of loss (FVPL), deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

Our Group expects that there is no significant credit risk associated with investments in bank deposits, restricted bank deposits and cash and cash equivalents, since they are substantially deposited at banks and financial institutions with good reputation in the PRC. Management does not expect that there will be any significant losses from non-performance by these counterparties.

For trade and other receivables, the Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Our Group expects that credit risk in relation to our Group's investment in debt instruments are considered to be low. The credit ratings of the investments are monitored for credit deterioration.

Interest rate risk

Our Group has no significant interest-bearing assets, other than cash and cash equivalents, bank deposits with the maturity over three months and restricted bank deposits. The impact of the changes in interest rate is not expected to be material.

Liquidity Risk

The management of our Company aims to maintain sufficient cash and cash equivalents. Our Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents through having available sources of financing.

DIVIDEND AND DIVIDEND POLICY

During the year ended 31 December 2019, dividend of RMB117.1 million and RMB6.3 million in respect of 2018 was declared and paid to owners of the Company and to non-controlling interests, respectively. During the year ended 31 December 2018, dividend of RMB78.5 million and RMB5.9 million in respect of 2017 was declared and paid to owners of the Company and to non-controlling interests, respectively. During the year ended 31 December 2017, dividend of RMB53.5 million and RMB8.0 million in respect of 2016 was declared and paid to owners of the Company and to non-controlling interests, respectively. We proposed dividend of RMB83.0 million which represented our Company's accumulated distributable retained profits as at 31 December 2019 in our Board meeting on 22 April 2020. The proposed dividend was then approved in our Shareholders' general meeting on 6 May 2020. The dividend had been paid in full as at the Latest Practicable Date and will be reflected as an appropriation of retained earnings for the year ending 31 December 2020. In addition, Financial Street Jingnan, our non-wholly owned subsidiary, also declared dividend of RMB1.6 million to its then shareholders in March 2020, which had been paid in full as at the Latest Practicable Date.

Following completion of the Global Offering, we expect to declare and pay annual dividend of no less than 30% of our profit for the year in each financial year. Any declaration of interim dividend or any recommendation of declaration of final dividend for the year is subject to the approval of our Board of Directors and will be at its discretion. Furthermore, in accordance with our provisions of our Articles of Association, any declaration and payment of final dividend for the year will be subject to the approval of our Shareholders at General Meeting. Our Board will review our dividend policy from time to time in light of the following factors in determining whether any dividend is to be declared and paid, and the amount of such dividend if declared and paid:

– our results of operations

– Shareholders' interests

– general business conditions, strategies and future expansion needs

– the Group's capital requirements

– the payment by its subsidiaries of cash dividend to the Company

– possible effects on liquidity and financial position of the Group

– other factors the Board may deem relevant

DISTRIBUTABLE RESERVES

As at 31 December 2019, our Company had retained earnings of RMB83.0 million under HKFRSs, as reserves available for distribution to our Shareholders.

RECENT DEVELOPMENTS

Subsequent to 31 December 2019 and up to the Latest Practicable Date, we have entered into 11 new property management service agreements with an additional aggregate GFA of approximately 1.5 million sq.m. (representing approximately 6.5% of our total contracted GFA as at the Latest Practicable Date), all of which were entered into with Financial Street Affiliates Group, and we had not contracted to provide any property management services to Independent Third Parties. In January 2020, we expanded our "IZEE" Catering Series by opening up one IZEECHEF restaurant which provides cooked meals to enterprise canteens located at Beijing Financial Street Zone. In April 2020, we commenced the operation of another IZEE-Mitsuyado restaurant in Shanghai. Our revenue increased by approximately 15.7% from RMB278.7 million for the four months ended 30 April 2019 to RMB322.5 million for the four months ended 30 April 2020, which has been reviewed by our reporting accountant in accordance with the Hong Kong Standard of Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. This increase in revenue was primarily due to the growth of GFA under our management by approximately 11.1% from our GFA under management as at 30 April 2019 to our GFA under management as at 30 April 2020.

LISTING EXPENSES

Our listing expenses mainly include underwriting fees and legal and professional fees in relation to the Listing. Assuming an offer price of HK$7.36 per H Share (being the mid-point of the indicative Offer Price range), the listing expenses to be borne by our Group is estimated to be approximately HK$55.1 million (being 8.3% of the gross listing proceeds), of which HK$51.9 million is directly related to the issuance of new shares and will be accounted for as a deduction from equity according to relevant accounting standards. The remaining amount of approximately HK$3.2 million is expected to be deducted as expenses following the Listing in 2020. The estimated listing expenses are subject to adjustment based on the actual amount incurred or to be incurred. During the Track Record Period, we had not incurred any listing expenses.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative statement of our unaudited pro forma adjusted net tangible assets which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on 31 December 2019. This statement of unaudited pro forma adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as at 31 December 2019 or at any future dates.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2019(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma net tangible assets of the Group attributable to owners of the Company as at 31 December 2019	Unaudited pro forma net tangible assets of the Group attributable to the owners of the Company per Share as at 31 December 2019(3)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on an Offer Price of HK$7.16 per Offer Share	391,224	528,320	919,544	2.55	2.85
Based on an Offer Price of HK$7.56 per Offer Share	391,224	559,761	950,985	2.64	2.95

Notes:

(1) The audited consolidated net tangible assets attributable to owners of the Company as at 31 December 2019 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 at 31 December 2019 of RMB392,641,000 with adjustments for other intangible assets as at 31 December 2019 of RMB1,417,000.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$7.16 and HK$7.56 per H Share after deduction of 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 360,000,000 Shares were in issue assuming that the Global Offering has been completed on 31 December 2019 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 are converted into Hong Kong dollars at the rate of RMB1.00 to HK$1.1163. No representation is made that Renminbi amounts have been, could have been or may be converted into Hong Kong dollars, or vice versa, at that rate.

(5) No adjustment has been made to reflect the dividend of RMB83.0 million or any trading result or other transactions of the Group entered into subsequent to 31 December 2019.

(6) The unaudited pro forma adjusted net tangible assets of the Group does not take into account the dividend of RMB83.0 million approved by the shareholders' meeting on 6 May 2020. The unaudited pro forma adjusted net tangible assets per Share would have been HK$2.59 (equivalent to RMB2.32) and HK$2.69 (equivalent to RMB2.41) per Share based on the Offer Price of HK$7.16 and HK$7.56, being the low-end and high-end, respectively, after taking into account the declaration and payment of the dividend.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, subsequent to 31 December 2019 and up to the Latest Practicable Date, there has been no material adverse change in our financial or trading position or prospects and no event has occurred that would materially and adversely affect the information shown in our consolidated financial statements set out in the Accountant's Report included in Appendix I to this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as at the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

Please refer to the section headed "Business – Our Strategies" in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

Assuming an offer price of HK$7.36 per H Share (being the mid-point of the indicative Offer Price range), we estimate that the net proceeds to be received from the Global Offering will be approximately HK$607.3 million, after deducting the underwriting fees, commissions and estimated expenses payable by us in relation to the Global Offering and assuming the Over-allotment Option is not exercised. The net proceeds will be HK$589.8 million and HK$624.9 million if the Offer Price is fixed at the low-end and the high-end, respectively, without exercising the Over-allotment Option. The net proceeds will be HK$684.0 million, HK$704.2 million and HK$724.4 million, if the Offer Price is fixed at the low-end, the mid-point and the high-end, respectively, with the Over-allotment Option being exercised.

We intend to apply the net proceeds from the Global Offering for the purposes and in the amounts set out below:

- Approximately 60.0% of the net proceeds, or HK$364.4 million, will be used to pursue strategic acquisitions and investment opportunities and to establish new branches and subsidiaries in the PRC to expand our business scale, among which:

  (1) approximately 58.0% or HK$352.2 million of the net proceeds, will be used for strategic acquisitions and investment in other property management companies or downstream service providers to expand our business scale and enrich our property management services portfolio.

  Our key criteria in evaluating potential acquisition or investment targets for property management companies include, among others, that (a) share our corporate culture and value of lawful business operation, scientific management and people-oriented leadership, and suit our development or complement our businesses; (b) with at least HK$40.0 million revenue in the most recent financial year; (c) with at least HK$4.0 million net profit in the most recent financial year; (d) with GFA of at least one million sq.m. for their properties under management; and (e) with clear shareholding structure and no material legal disputes.

In terms of geographic coverage, we plan to focus on economically developed areas such as Beijing, Tianjin and Hebei, Yangtze River Delta, Greater Bay Area, Chengdu-Chongqing Urban Agglomeration. As part of our expansion strategies, we will prefer the targets located in Beijing-Tianjin-Hebei Area, Yangtze River Delta and Greater Bay Area for the first two years after the Listing and plan to look for opportunities in Chengdu, Chongqing, Wuhan and other big cities in Southwest China and Central China from 2023. In terms of the type of businesses of our investment targets, we would generally prefer property management companies with a focus on commercial and business properties. We will also consider companies with solid operation performance and development prospects in the downstream of the property management industrial chain in order to complement our business operation, such as security companies, cleaning companies and gardening companies.

We also plan to acquire the equity interests in the downstream service providers, especially providers of security services, cleaning services and gardening services, that (a) possess the requisite qualification or certificate issued by the regional industry association; (b) with at least HK$50.0 million revenue in the most recent financial year; (c) with at least HK$4.0 million net profit for the most recent financial year; and (d) with clear shareholding structure and no material legal disputes for the recent years.

We plan to set up internal approval procedures covering preliminary due diligence, target selection, internal proposal and investment approval. As at the Latest Practicable Date, we had not identified or committed to any merger and acquisition targets for our use of the net proceeds from the Global Offering. The consideration for our implementation plans for strategic acquisitions and investment is determined on the basis including but not limited to (i) reference to comparable listed companies, (ii) location of target companies, and (iii) the future development of the target companies.

(2) approximately 2.0% or HK$12.2 million of the net proceeds, will be used to establish new branches and subsidiaries, with an aim to enhancing our competitiveness in both commercial and non-commercial property management services sectors across the country.

- approximately 20.0% of the net proceeds, or HK$121.5 million, will be used to develop our value-added services business, among which:

(1) approximately 15.0% or HK$91.1 million of the net proceeds, will be used to develop our “IZEE” Brand Series, through merger and acquisition establishment of joint ventures, to expand our “IZEE” Brand Series business;

(2) approximately 1.0% or HK$6.1 million of the net proceeds, will be used to develop our “IZEE” Brand Series through further marketing and promotion;

(3) approximately 4.0% or HK$24.3 million of the net proceeds, will be used to develop and improve our operational services for commercial community and residential community.

- approximately 10.0% of the net proceeds, or HK$60.7 million, will be used to establish and upgrade our IT and intelligent facilities systems, among which:

  (1) approximately 4.0% or HK$24.3 million of the net proceeds, will be used to establish centralised monitor and control platform, complete digitalisation of such platform and set up big-data centre;

  (2) approximately 3.2% or HK$19.4 million of the net proceeds, will be used to purchase AI equipment, install intelligent equipment and upgrade our customer-end equipment;

  (3) approximately 2.8% or HK$17.0 million of the net proceeds, will be used to establish our internal data-sharing platform and database to achieve data-sharing among our various systems.

- Approximately 10.0% of the net proceeds, or HK$60.7 million, will be used as our working capital and for general corporate purposes.

The above allocation of the net proceeds from the Global Offering will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher level or a lower level compared to the mid-point of the indicative Offer Price range or that the Over-allotment Option is exercised. We plan to finance any shortfall by profit generated from our business operation.

To the extent that the net proceeds are not immediately applied to the above purposes, we intend to deposit the net proceeds into short-term demand deposits and/or money market instruments.

IMPLEMENTATION PLANS

Based on our business strategies and future plans, we intend to carry out the following implementation plans as set forth below for the period from the Latest Practicable Date to 31 December 2023. The implementation plans are drawn up based on the current economic status which are inherently subject to many uncertainties and unpredictable factors. We cannot assure you that our business strategies will be achieved and our implementation plans will materialise in accordance with the estimated time frame or at all.

Major categories	Percentage of net proceeds	Amount of net proceeds	Sub-categories	Percentage of net proceeds	Amount of net proceeds	Timeframe	Key milestones	Percentage of net proceeds	Amount of net proceeds
	%	*(HK$ in millions)*		*%*	*(HK$ in millions)*			*%*	*(HK$ in millions)*
Pursue strategic acquisitions and investment opportunities and establish new branches and subsidiaries	60.0	364.4	(a) strategic acquisitions and investment in other property management companies	58.0	352.2	From the Latest Practicable Date to 31 December 2020	• kick off the investment and merger and acquisition process	–	–
						2021	• complete the acquisition of the controlling interests in one property management company (preferred to be located in Beijing-Tianjin-Hebei Area, Yangtze River Delta and Greater Bay Area) with (i) at least HK$40.0 million revenue in the most recent financial year; (ii) at least HK$4.0 million net profit in the most recent financial year; and (iii) GFA of at least 1.0 million sq.m. for properties under management, at the aggregate contract value of approximately HK$50.0 million	–	–
							• complete the selection, due diligence, negotiation and signing of documents for acquisition of the controlling interests in one small-to-medium-scale property management company	–	–
							• complete payment of the acquisition consideration	10.0	60.7

Major categories	Percentage of net proceeds	Amount of net proceeds	Sub-categories	Percentage of net proceeds	Amount of net proceeds	Timeframe	Key milestones	Percentage of net proceeds	Amount of net proceeds
	%	*(HK$ in millions)*		%	*(HK$ in millions)*			%	*(HK$ in millions)*
						2022	• complete the acquisition of the controlling interest in any one or two property management companies (preferred to be located in Beijing-Tianjin-Hebei Area, Yangtze River Delta and Greater Bay Area) with (i) at least HK$100.0 million revenue in the most recent financial year; (ii) at least HK$10.0 million net profit in the most recent financial year; and (iii) GFA of at least 3.0 million sq.m. for properties under management, at the aggregate contract value of approximately HK$130.0 million	25.0	151.8
							• complete the selection, due diligence, signing of documents for the acquisition of the controlling interests in one large-scale property management company	–	–

Major categories	Percentage of net proceeds	Amount of net proceeds	Sub-categories	Percentage of net proceeds	Amount of net proceeds	Timeframe	Key milestones	Percentage of net proceeds	Amount of net proceeds
	%	*(HK$ in millions)*		%	*(HK$ in millions)*			%	*(HK$ in millions)*
						2023	• complete the acquisition of the controlling interests in one property management company (preferred to be located in Chengdu, Chongqing, Wuhan or other big cities in Southwest China and Central China), with (i) at least HK$40.0 million revenue in the most recent financial year; (ii) at least HK$4.0 million net profit in the most recent financial year; and (iii) at least 1.0 million sq.m. for its properties under management, and a majority interest in one downstream service provider along the property management industry with (i) HK$100.0 million revenue in the most recent financial year; and (ii) at least HK$8.5 million net profit in the most recent financial year, at the aggregate contract value of approximately HK$110.0 million	23.0	139.7
							• complete the selection, due diligence, signing of documents for the acquisition of two small-scale property management companies	–	–

Major categories	Percentage of net proceeds	Amount of net proceeds	Sub-categories	Percentage of net proceeds	Amount of net proceeds	Timeframe	Key milestones	Percentage of net proceeds	Amount of net proceeds
	%	*(HK$ in millions)*		%	*(HK$ in millions)*			%	*(HK$ in millions)*
			(b) establishment of new branches and subsidiaries	2.0	12.2	From the Latest Practicable Date to 31 December 2020	–	–	–
						2021	• establish two property management companies in each of the first half and the second half of the year	0.6	3.6
						2022	• establish two property management companies in each of the first half and the second half of the year	0.7	4.3
						2023	• establish two property management companies in each of the first half and the second half of the year	0.7	4.3
Develop our value-added services business	20.0	121.5	(a) merger and acquisition and establishment of joint ventures to expand our "IZEE" Brand Series business	15.0	91.1	From the Latest Practicable Date to 31 December 2020	–	–	–
						2021	• complete the acquisition of the controlling interests in one reputable company that satisfies the following criteria: (1) being a restaurant with brand recognition in the regional market; (2) having at least 10 stores with operating income of more than RMB20.0 million in the most recent financial year; and (3) primarily focussing on fast-food catering industry which provides coffee, baked food and light-food.	5.0	30.4

Major categories	Percentage of net proceeds	Amount of net proceeds	Sub-categories	Percentage of net proceeds	Amount of net proceeds	Timeframe	Key milestones	Percentage of net proceeds	Amount of net proceeds
	%	*(HK$ in millions)*		%	*(HK$ in millions)*			%	*(HK$ in millions)*
						2022	• complete the acquisition of or investment in an existing furnishing and decoration company in the market to expand "IZEE" Brand Series to the furnishing and decoration industry or property renovation industry and open new stores for the existing services	5.0	30.4
						2023	• complete the acquisition of or investment in an existing furnishing and decoration company in the market to expand "IZEE" Brand Series to the furnishing and decoration industry or property renovation industry and open new stores for the existing services	5.0	30.3
			(b) marketing and promotion of our "IZEE" Brand Series	1	6.1	From the Latest Practicable Date to 31 December 2020	–	–	–
						2021	• marketing and promotion activities on "IZEE" Brand Series	0.4	2.5
						2022	• marketing and promotion activities on "IZEE" Brand Series	0.3	1.8
						2023	• marketing and promotion activities on "IZEE" Brand Series	0.3	1.8

Major categories	Percentage of net proceeds	Amount of net proceeds	Sub-categories	Percentage of net proceeds	Amount of net proceeds	Timeframe	Key milestones	Percentage of net proceeds	Amount of net proceeds
	%	*(HK$ in millions)*		%	*(HK$ in millions)*			%	*(HK$ in millions)*
			(c) developing and improving our operational services for commercial and residential communities	4	24.3	From the Latest Practicable Date to 31 December 2020	–	–	–
						2021	• installation and maintenance of operational facilities for commercial and residential communities	2.0	12.1
						2022	• improvement of services for commercial and residential communities	1.0	6.1
						2023	• upgrade the layout and decoration of "IZEE" Brand Series stores, improve and maintain of the services facilities for residential communities	1.0	6.1
Establish and upgrade IT and intelligent facilities systems	10.0	60.7	(a) centralised monitor and control platform & big-data centre	4.0	24.3	From the Latest Practicable Date to 31 December 2020	• complete the feasibility study, select the supplier of centralised monitor and control platform, and complete payment of the first instalment of relevant fees	0.5	3.0
						2021	• complete the establishment of the database centre in the centralised monitor and control platform and payment of the relevant fees	1.1	6.7
						2022	• continue with the establishment and data ingestion of the centralised monitor and control platform and upgrade and maintain the system	1.2	7.3
						2023	• complete the establishment and data ingestion of the centralised monitor and control platform and upgrade of the systems	1.2	7.3

Major categories	Percentage of net proceeds	Amount of net proceeds	Sub-categories	Percentage of net proceeds	Amount of net proceeds	Timeframe	Key milestones	Percentage of net proceeds	Amount of net proceeds
	%	*(HK$ in millions)*		%	*(HK$ in millions)*			%	*(HK$ in millions)*
			(b) AI equipment, intelligent equipment and customer-end equipment	3.2	19.4	From the Latest Practicable Date to 31 December 2020	• purchase of AI equipment, e.g. robots to perform the functions of reception, internal mail/document circulation, cleaning and security patrol, for major projects (being property management projects for commercial and business properties where (1) the implementation of AI equipment may significantly reduce reliance on human labour in relation to customer services and cleaning services; (2) the security level to access these commercial and business properties can be increased (the "major AI projects")), complete the feasibility study, internal approval and signing of relevant documents regarding the development of our "96018 Financial Street Life Online" WeChat official account and provide information of car-park space availability and functions of access control (the "customer-end value-added services system")	0.3	1.8

Major categories	Percentage of net proceeds	Amount of net proceeds	Sub-categories	Percentage of net proceeds	Amount of net proceeds	Timeframe	Key milestones	Percentage of net proceeds	Amount of net proceeds
	%	*(HK$ in millions)*		%	*(HK$ in millions)*			%	*(HK$ in millions)*
						2021	• continue with the purchase and installation of AI equipment for major AI projects and the operation of the first pilot smart community project in Beijing	0.7	4.3
						2022	• continue with the purchase and installation of AI equipment for major AI projects, complete the upgrade of the system, and complete the smart community pilot projects in all six regions across China in which we operate	1.4	8.5
						2023	• continue to upgrade and improve the customer-end and value-added services system, complete the upgrade of the customer-end facilities and smart community system in all the communities under our management	0.8	4.8

Major categories	Percentage of net proceeds	Amount of net proceeds	Sub-categories	Percentage of net proceeds	Amount of net proceeds	Timeframe	Key milestones	Percentage of net proceeds	Amount of net proceeds
	%	*(HK$ in millions)*		%	*(HK$ in millions)*			%	*(HK$ in millions)*
			(c) internal data-sharing system and database	2.8	17.0	From the Latest Practicable Date to 31 December 2020	• complete the installation of new modules to ERP system and make relevant payment	0.5	3.0
						2021	• complete the installation of new modules of the ERP system	0.9	5.4
						2022	• upgrade the major management systems and realise the data-sharing of various financial management systems	0.7	4.3
						2023	• complete the upgrade of existing systems and kick off the work for integration of business operation system and financial management system	0.7	4.3

THE CORNERSTONE PLACING

The Company has entered into cornerstone investment agreements with certain investors (collectively the "**Cornerstone Investors**", and each a "**Cornerstone Investor**"), pursuant to which the Cornerstone Investors have agreed to subscribe at the Offer Price such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 H Shares) as may be purchased with an aggregate investment amount of the Hong Kong dollar equivalent of US$21.0 million[(1)] (the "**Cornerstone Placing**").

Based on an exchange rate of US$1: HK$7.7715 for illustrative purposes only and on the Offer Price of HK$7.16 (being the low-end of the indicative Offer Price range), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 22,793,000, representing approximately (i) 6.33% of the total Shares in issue upon the completion of the Global Offering and 25.33% of the Offer Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is not exercised; or (ii) 6.10% of the total Shares in issue upon completion of the Global Offering and 22.02% of the Offer Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is fully exercised.

Based on an exchange rate of US$1: HK$7.7715 for illustrative purposes only and on the Offer Price of HK$7.36 (being the mid-point of the indicative Offer Price range), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 22,172,000, representing approximately (i) 6.16% of the total Shares in issue upon the completion of the Global Offering and 24.64% of the Offer Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is not exercised; or (ii) 5.94% of the total Shares in issue upon completion of the Global Offering and 21.42% of the Offer Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is fully exercised.

Based on an exchange rate of US$1: HK$7.7715 for illustrative purposes only and on the Offer Price of HK$7.56 (being the high-end of the indicative Offer Price range), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 21,584,000, representing approximately (i) 6.00% of the total Shares in issue upon the completion of the Global Offering and 23.98% of the Offer Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is not exercised; or (ii) 5.78% of the total Shares in issue upon completion of the Global Offering and 20.85% of the Offer Shares offered pursuant to the Global Offering, assuming that the Over-allotment Option is fully exercised.

Note:

1. To be calculated based on an exchange rate quoted by The Hongkong and Shanghai Banking Corporation Limited at the closing time Hong Kong time (HKT) indicated on www.hsbc.com.hk on the business day immediately before the Price Determination Date.

To the best knowledge of the Company, each of the Cornerstone Investors and their respective ultimate beneficial owners is independent of each other, independent of the Company, its connected persons and their respective associates, and not an existing shareholder or close associates of the Company. Pursuant to their respective cornerstone investment agreements with the Company, the Cornerstone Investors have confirmed that they are not accustomed to taking any instructions from the Company, the Directors, the chief executive of the Company, Controlling Shareholders, substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or any other disposition of any interests in any H Shares or any securities of the Company. As confirmed by each of the Cornerstone Investors, their subscription under the Cornerstone Placing is not financed, directly or indirectly, by any of the foregoing parties. There are no side arrangements between the Company and the Cornerstone Investors or any benefits, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Placing.

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by the Company on or around Friday, 3 July 2020.

The Cornerstone Placing forms part of the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid Offer Shares in issue. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering (other than pursuant to their respective cornerstone investment agreements). Immediately following completion of the Global Offering, none of the Cornerstone Investors will have any Board representation in the Company, nor will any of the Cornerstone Investors become a substantial Shareholder (as defined in the Listing Rules). All Offer Shares to be subscribed by the Cornerstone Investors will be counted as part of the public float under Rule 8.08 of the Listing Rules.

The Offer Shares to be subscribed by the Cornerstone Investors may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed "Structure of the Global Offering – The Hong Kong Public Offering – Reallocation and clawback" in this prospectus.

Pursuant to the cornerstone investment agreements entered into with each of the Cornerstone Investors, the delivery of Offer Shares to be subscribed by each of the Cornerstone Investors may be deferred in order to facilitate the stabilisation by the Stabilising Manager as well as to cover over-allocations. Where deferred delivery takes place, the Cornerstone Investors have agreed that they shall nevertheless pay for the relevant Offer Shares on or before the Listing Date.

CORNERSTONE INVESTORS

The Company has entered into cornerstone investment agreements with (i) UBS Asset Management (Hong Kong) Limited (for and on behalf of Nineteen77 Global Multi-Strategy Alpha Master Limited), (ii) Atlantis Investment Management Limited (in its capacity as investment manager or investment advisor of, and on behalf of Atlantis China Fund, Atlantis China Star Fund Limited, Atlantis China Healthcare Fund, OBOR Stable Growth Fund Limited, Atlantis Star Opportunities Fund SPC on behalf of itself and the Atlantis China Vision Fund SP), (iii) J-Stone Multi Strategies Master Fund and (iv) Find Jade Limited in respect of the Cornerstone Placing as set out below.

					Assuming Over-allotment Option is not exercised		Assuming Over-allotment option is exercised in full	
		Investment Amount (USD)	Hong Kong dollar equivalent[1]	Total number of Offer Shares to be subscribed[2]	Approximate percentage of the total Shares in issue immediately upon completion of the Global offering	Approximate percentage of the total number of Offer Shares	Approximate percentage of the total Shares in issue immediately upon completion of the Global Offering	Approximate percentage of the total number of Offer Shares
	Based on the Offer Price of: **HK$7.16 (being the low-end of the indicative Offer Price range)**							
1	UBS Asset Management (Hong Kong) Limited[3]	6,000,000	46,629,000	6,512,000	1.81%	7.24%	1.74%	6.29%
2	Atlantis Investment Management Limited[4]	5,000,000	38,857,500	5,427,000	1.51%	6.03%	1.45%	5.24%
3	J-Stone Multi Strategies Master Fund	5,000,000	38,857,500	5,427,000	1.51%	6.03%	1.45%	5.24%
4	Find Jade Limited	5,000,000	38,857,500	5,427,000	1.51%	6.03%	1.45%	5.24%
	HK$7.36 (being the mid-point of the indicative Offer Price range)							
1	UBS Asset Management (Hong Kong) Limited[3]	6,000,000	46,629,000	6,335,000	1.76%	7.04%	1.70%	6.12%
2	Atlantis Investment Management Limited[4]	5,000,000	38,857,500	5,279,000	1.47%	5.87%	1.41%	5.10%
3	J-Stone Multi Strategies Master Fund	5,000,000	38,857,500	5,279,000	1.47%	5.87%	1.41%	5.10%
4	Find Jade Limited	5,000,000	38,857,500	5,279,000	1.47%	5.87%	1.41%	5.10%

		Investment Amount (USD)	Hong Kong dollar equivalent[1]	Total number of Offer Shares to be subscribed[2]	Assuming Over-allotment Option is not exercised: Approximate percentage of the total Shares in issue immediately upon completion of the Global offering	Assuming Over-allotment Option is not exercised: Approximate percentage of the total number of Offer Shares	Assuming Over-allotment option is exercised in full: Approximate percentage of the total Shares in issue immediately upon completion of the Global Offering	Assuming Over-allotment option is exercised in full: Approximate percentage of the total number of Offer Shares
	HK$7.56 (being the high-end of the indicative Offer Price range)							
1	UBS Asset Management (Hong Kong) Limited[3]	6,000,000	46,629,000	6,167,000	1.71%	6.85%	1.65%	5.96%
2	Atlantis Investment Management Limited[4]	5,000,000	38,857,500	5,139,000	1.43%	5.71%	1.38%	4.97%
3	J-Stone Multi Strategies Master Fund	5,000,000	38,857,500	5,139,000	1.43%	5.71%	1.38%	4.97%
4	Find Jade Limited	5,000,000	38,857,500	5,139,000	1.43%	5.71%	1.38%	4.97%

Notes:

1. The calculations in this table are based on the translation from U.S. dollars to Hong Kong dollars at the rate of US$1: HK$7.7715, which are for illustrative purposes only. The final amounts of H Shares to be subscribed by the Cornerstone Investors are subject to the exchange rate to be determined in accordance with the relevant cornerstone investment agreements.

2. The actual number of Offer Shares allocated to each Cornerstone Investor is subject to rounding down to the nearest whole board lot of 1,000 H Shares.

3. In its capacity as investment advisor of, and for and on behalf of Nineteen77 Global Multi-Strategy Alpha Master Limited.

4. In its capacity as investment manager or investment advisor of, and on behalf of Atlantis China Fund, Atlantis China Star Fund Limited, Atlantis China Healthcare Fund, OBOR Stable Growth Fund Limited, Atlantis Star Opportunities Fund SPC on behalf of itself and the Atlantis China Vision Fund SP.

The information about the Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing:

UBS Asset Management (Hong Kong) Limited(1)

UBS Asset Management (Hong Kong) Limited ("**UBSAM**"), a company incorporated in Hong Kong, in its capacity as investment advisor of, and for and on behalf of Nineteen77 Global Multi-Strategy Alpha Master Limited ("**Nineteen77**"), has agreed to subscribe for such number of the Offer Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be subscribed for with US$6 million at the Offer Price (excluding brokerage, SFC transaction levy and Stock Exchange trading fee). The investment objective of Nineteen77 is to realise consistently high risk-adjusted appreciation in the value of its assets through various investment strategies.

Atlantis Investment Management Limited(2)

Atlantis Investment Management Limited (西澤投資管理有限公司) ("**Atlantis**"), a company incorporated in Hong Kong, in its capacity as investment manager or investment advisor of, and on behalf of Atlantis China Fund, Atlantis China Star Fund Limited, Atlantis China Healthcare Fund, OBOR Stable Growth Fund Limited, Atlantis Star Opportunities Fund SPC on behalf of itself and the Atlantis China Vision Fund SP (collectively the "**Atlantis Funds**"), has agreed to subscribe for such number of the Offer Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US$5 million at the Offer Price (excluding brokerage, SFC transaction levy and Stock Exchange trading fee).

J-Stone Multi Strategies Master Fund

J-Stone Multi Strategies Master Fund ("**J-Stone**"), an exempted company incorporated in the Cayman Islands, has agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with US$5 million (excluding brokerage, SFC transaction levy and Stock Exchange trading fee).

J-Stone's investment objective is to achieve absolute return on a risk-managed basis by investing primarily in listed equity securities and debt securities of property developers, REITs, property management services and related value-chain companies listed on stock exchanges in jurisdictions such as Hong Kong, the PRC, Singapore and the United States. J-Stone is managed by its manager, J-Stone Capital Limited (璞石資本有限公司), which is a company incorporated in Hong Kong and licenced for Type 9 (asset management) regulated activities by the SFC under the SFO.

Notes:

1. In its capacity as investment advisor of, and for and on behalf of Nineteen77 Global Multi-Strategy Alpha Master Limited.

2. In its capacity as investment manager or investment advisor of, and on behalf of the Atlantis Funds.

Find Jade Limited

Find Jade Limited (得翠有限公司) ("**Find Jade**"), a BVI business company incorporated in the British Virgin Islands, has agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with US$5 million (excluding brokerage, SFC transaction levy and Stock Exchange trading fee).

Find Jade is wholly-owned by Kowloon Development Company Limited (九龍建業有限公司) ("**KDC**", together with its subsidiaries, the "**KDC Group**"), a property investment and investment holding company (stock code: 0034) listed on the Stock Exchange. The KDC Group is principally engaged in investment holding, property development, property investment and property management in Hong Kong, Mainland China and Macau, with exposure to property development in Macau through KDC's 70.8%-owned listed subsidiary, Polytec Asset Holdings Limited (保利達資產控股有限公司) (stock code: 0208).

CONDITIONS PRECEDENT

The obligations of each of the Cornerstone Investors to acquire for Offer Shares under the respective cornerstone investment agreement is subject to, among other things, the following conditions precedent:

(a) the Underwriting Agreements being entered into and having become unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements, and neither of the Underwriting Agreements having been terminated;

(b) the Offer Price having been agreed upon between the Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters);

(c) no laws having been enacted or promulgated by any Governmental Authority (as defined in the relevant cornerstone investment agreement) which prohibits the consummation of the transactions contemplated in the Global Offering or the subscription of the relevant Offer Shares under the relevant cornerstone investment agreement and there being no order or injunction of a court of competent jurisdiction in effect which precludes or prohibits the consummation of such transactions;

(d) the Listing Committee granting the listing of, and permission to deal in, the H Shares and such approval or permission not having been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange; and

(e) the representations, warranties, undertakings and confirmations of the Cornerstone Investor remaining true and accurate in all material respects and there being no material breach of the relevant cornerstone investment agreement on the part of the Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS' INVESTMENT

Each of the Cornerstone Investors has agreed that without the prior written consent of the Company, the Sole Sponsor and the Sole Global Coordinator, it will not, whether directly or indirectly, at any time during the period of six months commencing from and including the Listing Date, (i) dispose of any of the relevant Offer Shares or any interest in any company or entity holding any of the relevant Offer Shares, (ii) allow itself to undergo a change of control (as defined in the Hong Kong Takeovers Code) at the level of its ultimate beneficial owners, or (iii) agree or contract to (or enter into any transaction with the same economic effect), or publicly announce any intention to enter into a transaction for the disposal of the relevant Offer Shares.

HONG KONG UNDERWRITERS

Guotai Junan Securities (Hong Kong) Limited
ICBC International Securities Limited
Silk Road International Capital Limited
Wintech Securities Limited
CRIC Securities Company Limited
HTF Securities Limited
Ever-Long Securities Company Limited
Topaz Financial Group Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 9,000,000 Hong Kong Offer Shares (subject to reallocation) for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to the Listing Committee granting listing of, and permission to deal in, our H Shares in issue and to be offered as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed to subscribe or procure subscribers for its applicable proportion of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on and subject to the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

One of the conditions is that the Offer Price must be agreed between us and the Sole Global Coordinator for itself and on behalf of the Hong Kong Underwriters. For applicants applying under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering. The International Offering will be fully underwritten by the International Underwriters. 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.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. If, at any time prior to 8:00 a.m. on the Listing Date:

(a) there develops, occurs, exists or comes into effect:

(i) any 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 infectious disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, any local, national, regional or international 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 or representing any change or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions or exchange control or any monetary or trading settlement system (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 any of the Relevant Jurisdictions, 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) the imposition of economic sanctions, or the withdrawal of the trade privileges in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or

(vii) a change or development involving a prospective change in taxation, or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(viii) any materialisation of any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(ix) any litigation or claim of any third party being threatened or instigated against any member of the Group or any Director; or

(x) save as disclosed in this prospectus, a contravention by any member of the Group of the Listing Rules or applicable laws; or

(xi) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

(xii) an order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the 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 the Group or anything analogous thereto occurring in respect of any member of the Group; or

(xiii) 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

(xiv) 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 member of the Group or any Director; or

(xv) the chairman or chief executive officer of the Company vacating his or her office; or

(xvi) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the H Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or

(xvii) that a material portion of the orders placed or confirmed in the bookbuilding process, or of the investment commitments made by any cornerstone investors under agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled; or

(xviii) the issue or requirement to issue by the Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the H Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC,

which, individually or in the aggregate, in the opinion of the Sole Global Coordinator (for itself or on behalf of the Hong Kong Underwriters): (i) has or will result or may result in a material adverse change, or any development involving a prospective material adverse change, in or affecting the assets and liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition (financial or otherwise), or performance of our Company and the other members of our Group, taken as a whole; or (ii) has or will have or may 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 make it inadvisable or inexpedient or impracticable or incapable for the Global Offering to proceed as envisaged or to market the Global Offering or to deliver the Offer Shares on the terms and in the manner contemplated by this prospectus; or

(b) there has come to the notice of the Sole Global Coordinator or it has reasonable cause to believe:

(i) that any statement contained in any of the Hong Kong Public Offering documents and/or in any notices, announcements, the HK Information Packs (as defined in the Hong Kong Underwriting Agreement), communications or other documents issued by or on behalf of the 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 notices, announcements, the HK Information Packs (as defined in the Hong Kong Underwriting Agreement), communications or other documents issued by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not, in all material respects, fair and honest and based on reasonable assumptions; or

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before this prospectus date, result in a material misstatement in, or constitute an material omission from any of the Hong Kong Public Offering documents, the HK Information Packs (as defined in the Hong Kong Underwriting Agreement) and/or in any notices, announcements, communications or other documents issued or used by or on behalf of the 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 the Company or any of the Controlling Shareholders under the Hong Kong Underwriting Agreement (other than upon any of the Sole Global Coordinator, the Sole Sponsor or the Hong Kong Underwriters), as applicable; or

(iv) any event, act or omission which gives or is likely to give rise to any liability of any of the indemnifying parties pursuant to the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(v) any material adverse change; or

(vi) any breach of, or any event or circumstances rendering untrue or incorrect or misleading in any respect, any of the warranties; or

(vii) approval by the Listing Committee of the Stock Exchange 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 or sold 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

(viii) the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or

(ix) any person has withdrawn or is subject to withdraw its consent to being named or inclusion of its reports, letters, summaries of valuation and/or legal opinions (as the case may be) in any of the Hong Kong Public Offering documents or to the issue of any of the Hong Kong Public Offering documents; or

(x) a prohibition (either governmental, regulatory, judicial or otherwise) on the Company for whatever reason from offering, allotting, issuing or selling any of the H Shares (including the Over-allotment Option Shares) pursuant to the terms of the Global Offering,

then the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriter) shall be entitled by notice to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by us

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further H Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of shares or securities will be completed within six months from the Listing Date), except for H Shares issued pursuant to the Global Offering (including pursuant to the Over-allotment Option) or any of the circumstances provided under Rule 10.08 of the Listing Rules.

Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules and the Guidance Letter HKEX-GL89-16, each of the Controlling Shareholders has undertaken to our Company and the Stock Exchange that, except pursuant to the Global Offering (including any exercise of the Over-allotment Option), it shall not and shall procure that the relevant registered Shareholder(s) shall not, without the prior written consent of the Stock Exchange and unless in compliance with the requirements of the Listing Rules:

- in the period commencing from the date by reference to which disclosure of its shareholding in the 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 H Shares or securities of our Company in respect of which it is shown by this prospectus to be the beneficial owner; and

- during the period of six months commencing on the date on which the period referred to in the immediate preceding paragraph 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 H Shares or securities referred to in the immediately preceding paragraph above to such an extent that immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder of the Company for the purposes of the Listing Rules.

Note 2 to Rule 10.07 of the Listing Rules provides that such rule does not prevent a Controlling Shareholder from using the H Shares beneficially owned by it as security (including a charge or a pledge) in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has further undertaken to the Company and the Stock Exchange that, within the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will immediately inform us and the Stock Exchange of:

- any pledges or charges of any H Shares or 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 for a bona fide commercial loan, and the number of such H Shares or securities of our Company so pledged or charged; and

- any indication received by it, either verbal or written, from the pledgee or chargee that any H Shares or other securities of our Company pledged or charged will be disposed of.

We will also inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any of the Controlling Shareholders (or its respective shareholders) and disclose such matters by way of an announcement as required under the List Rules as soon as possible after being so informed by any of the Controlling Shareholders (or its respective shareholders).

Undertakings to the Hong Kong Underwriter pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Pursuant to the Hong Kong Underwriting Agreement, our Company has also undertaken to each of the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Over-allotment Option), at any time after the date of the Hong Kong Underwriting Agreement up to 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) and unless in compliance with the Listing Rules:

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, assign, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, either directly or indirectly, conditionally or unconditionally, any equity securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represents the right to receive, or any warrants or other rights to purchase any equity securities of our Company), or deposit any share capital or other securities of our Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of any equity securities of our Company or any equity interests in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any equity securities of our Company); or

(iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above;

(iv) offer to or agree to do any of the foregoing or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of such equity securities, in cash or otherwise (whether or not the issue of such equity securities will be completed within the First Six-Month Period).

The Company further agrees that, in the event the Company enters into any of the transactions described in paragraphs (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), it shall take all reasonable steps to ensure that the Company will not create a disorderly or false market in the H Shares or any other securities of our Company.

Undertakings by the Controlling Shareholders

Each of the Controlling Shareholders jointly and severally agrees and undertakes to each of the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules:

(a) during the First Six-Month Period, it will not:

(i) offer, pledge, charge, sell, contract to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, either directly or indirectly, conditionally or unconditionally, any H Shares or any other equity securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or any other equity securities of our Company); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of such H Shares or equity securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares); or

(iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or

(iv) offer to or agree to, or announce any intention to enter into any transaction described in paragraphs (i), (ii) or (iii) above,

in each case, whether any such transaction described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of such capital or securities, in cash or otherwise (whether or not such transaction will be completed with the First Six-Month Period), save as provided under Note (2) to Rule 10.07(2) of the Listing Rules and subject always to compliance with the provisions of the Listing Rules; and

(b) (i) during the Second Six-Month Period, it will not enter into any of the foregoing transactions in paragraphs (a)(i), (ii) or (iii) above or offer to or agree to or announce any intention to effect any such transactions if, immediately following such transaction or action, it will cease to be a controlling shareholder of the Company for the purposes of the Listing Rules; and

(ii) until the expiry of the Second Six-Month Period, in the event that it enters into any of the foregoing transactions in paragraphs (a)(i), (ii) or (iii) above or offers to or agrees to, or announces an intention to effect any such transactions, it will take all reasonable steps to ensure that any such transaction will not create a disorderly or false market in the securities of the Company.

Indemnity

Our Company has agreed to indemnify, among others, 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.

The International Offering

In connection with the International Offering, it is expected that our Company will enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions set out therein, agree to procure subscribers or purchasers for the International Offer Shares, failing which they agree to subscribe for or purchase the International Offer Shares which are not taken up under the International Offering.

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator on behalf of the International Underwriters at any time from the Listing Date until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 13,500,000 additional H Shares representing 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover over-allocations (if any) in the International Offering.

It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that if the International Underwriting Agreement is not entered into, or is terminated, the Global Offering will not proceed.

Total Commission and Expenses

According to the Hong Kong Underwriting Agreement, the Hong Kong Underwriters will receive an underwriting commission of 1.8% of the aggregate Offer Price payable in respect of all of the Hong Kong Offer Shares. For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the International Underwriters. In addition, our Company may, at its sole and absolute discretion, upon the successful consummation of the Global Offering, pay the Hong Kong Underwriters an additional discretionary incentive fee of up to 0.7% of the aggregate Offer Price in respect of all of the Hong Kong Offer Shares (excluding such Offer Shares reallocated to and from the Hong Kong Public Offering pursuant to the Hong Kong Underwriting Agreement).

Assuming the Over-allotment Option is not exercised at all and based on an Offer Price of HK$7.36 per H Share (being the mid-point of the indicative Offer Price range of HK$7.16 to HK$7.56 per H Share), the aggregate commissions and fees, together with listing fees, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees and printing and other expenses, payable by our Company relating to the Global Offering (collectively the "**Commissions and Fees**") are estimated to be approximately HK$438.8 million in total.

Activities by Syndicate Members

We describe below a variety of activities that underwriters of the Hong Kong Public Offering and the International Offering, together referred to as "**Syndicate Members**", and their affiliates may each individually undertake, and which do not form part of the underwriting or the stabilising process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

- the Syndicate Members (except for the Stabilising Manager, its affiliates or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

- all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

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 relation to the H Shares, those activities 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, proprietary trading in the H Shares and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the H Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling 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 or part of their underlying assets, whether on the Stock Exchange or on any other stock exchange, the rules of the relevant 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 of these activities may occur both during and after the end of the stabilising period described in the sections headed "Structure of the Global Offering — The International Offering — Over-allotment Option" and "Structure of the Global Offering — Stabilisation." These 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 their share price, and the extent to which this occurs from day to day cannot be estimated.

Hong Kong Underwriters' Interests in our Company

Save as disclosed in this prospectus and save for its obligations under the Hong Kong Underwriting Agreement, the Hong Kong Underwriters do not have any shareholding interests in our Company or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company.

Following the completion of the Global Offering, the Underwriters and their respective affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Underwriting Agreements.

Other Services to our Company

The Sole Global Coordinator, the Hong Kong Underwriters or their respective affiliates have, from time to time, provided and expect to provide in the future investment banking and other services to our Company and our respective affiliates, for which such Sole Global Coordinator, Hong Kong Underwriters or their respective affiliates have received or will receive customary fees and commissions.

Over-allotment and Stabilisation

Details of the arrangements relating to the Over-allotment Option and stabilisation are set forth in the sections headed "Structure of the Global Offering — Stabilisation", and "Structure of the Global Offering — The International Offering — Over-allotment Option".

Independence of the Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(i) the Hong Kong Public Offering of 9,000,000 H Shares (subject to reallocation) in Hong Kong as described in the paragraph headed "— The Hong Kong Public Offering" below; and

(ii) the International Offering of an aggregate of initially 81,000,000 H Shares, consisting of the offering of our H Shares outside the United States in reliance on Regulation S under the U.S. Securities Act. At any time from the Listing Date until 30 days after the last day for lodging of applications in the Hong Kong Public Offering, the Sole Global Coordinator, as representatives of the International Underwriters, have an option to require our Company to allot and issue up to 13,500,000 additional H Shares, representing approximately 15% of the Offer Shares initially available under the Global Offering, at the Offer Price to cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.6% of the Company's enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

Investors may apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 25% of the enlarged issued share capital of the Company immediately after the completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 3.6% of the enlarged issued share capital immediately after the completion of the Global Offering and the exercise of the Over-allotment Option as set out in the paragraph headed "— The International Offering — Over-allotment Option" below.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in the paragraph headed "— The Hong Kong Public Offering — Reallocation and clawback" below.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 9,000,000 H Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering. The Hong Kong Offer Shares will represent approximately 2.5% of the Company's enlarged share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional 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.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed "— Conditions of the Global Offering" below.

Allocation

Allocation of 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. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares initially available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: pool A and for pool B. The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and Stock Exchange trading fee payable) or less. The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and Stock Exchange trading fee payable) and up to the total value in pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application therefore (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 4,500,000 Hong Kong Offer Shares, being 50% of the 9,000,000 Hong Kong Offer Shares are liable to be rejected.

Reallocation and clawback

The allocation of the Offers Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation as further described below:

If the Offer Shares under the International Offering are fully subscribed or oversubscribed and, if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation (such reallocation being referred to in this prospectus as "Mandatory Reallocation"), the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 27,000,000 Offer Shares (in the case of (i)), 36,000,000 Offer Shares (in the case of (ii)) and 45,000,000 Offer Shares (in the case of (iii)), representing 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option).

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sole Global Coordinator deems appropriate. In addition to any Mandatory Reallocation which may be required, the Sole Global Coordinator may, at its discretion, allocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering, regardless of whether the Mandatory Reallocation is triggered. The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator. In the event that the Sole Global Coordinator decides to reallocate Offer Shares from the International Offering to the Hong Kong Public Offering, and such reallocation is done other than pursuant to Practise Note 18 of the Listing Rules, in accordance with Guidance Letter HKEx-GL-91-18, the maximum total number of Offer Shares that may be reallocated to the Hong Kong Public Offering will be 9,000,000 Offer Shares (representing 10% of the number of the Offer Shares being offered under the Global Offering), so that the total number of Offer Shares for subscription under the Hong Kong Public Offering will increase up to 18,000,000 H Shares, representing two times the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering and 20% of the number of Offer Shares initially available under the Global Offering, and the Offer Price shall be fixed at the low end of the Offer Price Range (i.e. HK$7.16 per Offer Share) stated in this prospectus.

If the Hong Kong Public Offering is not fully subscribed for, 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.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making 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, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$7.56 per Offer Share in addition to any brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "— Pricing of the Global Offering" below, is less than the maximum price of HK$7.56 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of Offer Shares offered

Subject to reallocation as described above, the International Offering will consist of an aggregate of 81,000,000 H Shares, representing 90% of the total number of Offer Shares initially available under the Global Offering and approximately 22.5% of the Company's enlarged share capital immediately after the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional 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. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "— Pricing of the Global Offering" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sole Global Coordinator so as to allow it to identify the relevant application under the Hong Kong Public Offering and to ensure that it is excluded from any application of Offer Shares under the Hong Kong Public Offering.

Over-allotment Option

In connection with the Global Offering, we are expected to grant an Over-allotment Option to the International Underwriters exercisable by the Sole Global Coordinator on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the Sole Global Coordinator has the right, exercisable at any time from the Listing Date until 30 days after the last date for lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to 13,500,000 additional H Shares, representing 15% of the Offer Shares initially available under the Global Offering, at the Offer Price to cover over-allocation in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.6% of our Company's enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made. The Sole Global Coordinator may also cover any over-allocation by (i) purchasing H Shares in the secondary market; (ii) a full exercise of the Over-allotment Option; or (iii) a combination of purchases of H Shares in the secondary market and a partial exercise of the Over-allotment Option. Any such secondary market purchase will be made in compliance with all applicable laws, rules and regulations.

STABILISATION

Stabilisation is a practise used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent, any decline in the market price of the securities below the offer price. In Hong Kong and certain other jurisdictions, the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilising Manager and/or any of its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilising 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 in the open market for a limited period of up to 30 calendar days after the last day for the lodging of applications under the Hong Kong Public Offering. Short sales involve the sale by the Stabilising Manager of a greater number of H Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilising Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional H Shares or purchasing H Shares in the open market. In determining the source of the H Shares to close out the covered short position, the Stabilising Manager will consider, among others, the price of H Shares in the open market as compared to the price at which they may purchase additional H Shares pursuant to the Over-allotment Option. Stabilising transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the H Shares while the Global Offering is in progress. Any market purchases of the H Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of the Stabilising Manager and may be discontinued at any time. Any such stabilising activity is required to be brought to an end within 30 days of the last day for lodging of applications under the Hong Kong Public Offering. The number of the H Shares that may be over-allocated will not exceed the number of the H Shares that may be sold under the Over-allotment Option, namely, 13,500,000 H Shares, which is 15% of the Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-allotment Option is exercised.

In Hong Kong, stabilising activities must be carried out in accordance with the Securities and Futures (Price Stabilising) Rules (Chapter 571W of the Laws of Hong Kong). Stabilising actions permitted pursuant to the Securities and Futures (Price Stabilising) Rules (Chapter 571W of the Laws of Hong Kong) include:

(a) over-allocation for the purpose of preventing or minimising any reduction in the market price;

(b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimising any deduction in the market price;

(c) subscribing, or agreeing to subscribe, for the H Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, the H Shares for the sole purpose of preventing or minimising any reduction in the market price;

(e) selling the H Shares to liquidate a long position held as a result of those purchases; and

(f) offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilising actions by the Stabilising Manager, and/or its affiliates or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilisation.

As a result of effecting transactions to stabilise or maintain the market price of the H Shares, the Stabilising Manager, and/or its affiliates or any person acting for it, may maintain a long position in the H Shares. The size of the long position, and the period for which the Stabilising Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilising Manager and is uncertain. In the event that the Stabilising Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the H Shares.

Stabilising action by the Stabilising Manager, and/or its affiliates or any person acting for it, is not permitted to support the price of the H Shares for longer than the stabilising period, which begins on the day on which trading of the H Shares commences on the Stock Exchange and ends on the thirtieth day after the last day for the lodging of applications under the Hong Kong Public Offering. As a result, demand for the H Shares, and their market price, may fall after the end of the stabilising period. These activities by the Stabilising Manager may stabilise, maintain or otherwise affect the market price of the H Shares. As a result, the price of the H Shares may be higher than the price that otherwise may exist in the open market. Any stabilising action taken by the Stabilising Manager, or any person acting for it, may not necessarily result in the market price of the H Shares staying at or above the Offer Price either during or after the stabilising period. Bids for or market purchases of the H Shares by the Stabilising Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the H Shares by purchasers. A public announcement in compliance with the Securities and Futures (Price Stabilising) Rules (Chapter 571W of the Laws of Hong Kong) will be made within seven days of the expiration of the stabilising period.

PRICING OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of 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.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Wednesday, 24 June 2020 and in any event on or before Thursday, 2 July 2020, by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and the Company and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$7.56 per H Share and is expected to be not less than HK$7.16 per H Share, unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Applicants under the Hong Kong Public Offering must pay, on application, the maximum Offer Price of HK$7.56 per H Share, plus 1% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the bottom end of the indicative Offer Price range stated in this prospectus.**

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 and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the bottom end of the indicative Offer Price range below that stated in this prospectus, at any time on or 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/or set the final Offer Price below the bottom end of the indicative Offer Price range, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be posted on the website of the Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.jrjlife.com**) notices of the reduction. Upon issue of a notice, the number of Offer Shares offered in the Global Offering and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Global Coordinator (on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range.

Applicants should have regard to the possibility that any notice of a reduction in the number of Offer Shares being offered under the Global Offering and/or the bottom end of 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. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set forth in this prospectus, and any other financial information which may change as a result of any such reduction. As soon as practicable of such reduction of the number of Offer Shares and/or the indicative Offer Price range, we will also issue a supplemental prospectus updating investors of such reduction together with an update of all financial and other information in connection with such change, where appropriate, extend the period under which the Hong Kong Public Offering was open for acceptance, and give potential investors who had applied for the Offer Shares the right to withdraw their applications.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Sole Global Coordinator may at its discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of H Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares in the Global Offering. The Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator.

The Offer Price under the Global Offering, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocation in the Hong Kong Public Offering are expected to be announced on Friday, 3 July 2020 through a variety of channels in the manner described in "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" in this prospectus.

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, and the respective Underwriting Agreements, are summarised in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Offer Shares being offered pursuant to the Global Offering (including the additional H Shares which may be made available pursuant to the exercise of the Over-allotment Option) (subject only to allotment);

(ii) the Offer Price having been fixed on or around the Price Determination Date;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements.

If, for any reason, the Offer Price is not agreed between our Company and the Sole Global Coordinator (on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be posted by our Company on the website of the Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.jrjlife.com**) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other licenced bank(s) in Hong Kong licenced under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

H Share certificates for the Offer Shares are expected to be issued on Friday, 3 July 2020 but will only become valid certificates of title at 8:00 a.m. on Monday, 6 July 2020 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" in this prospectus has not been exercised.

H SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and our Company complies 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 on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the 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.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, 6 July 2020, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, 6 July 2020. Our H Shares will be traded in board lots of 1,000 H Shares each and the stock code of our H Shares will be 1502.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest in International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or
- 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.

The Company, the Sole Global Coordinator, the **White Form eIPO** 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:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, 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 individual members' names. If you are a body corporate, the application must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Company and the Sole Global Coordinator may accept it at their discretion and on any conditions they think 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 **White Form eIPO** 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 an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- are a Director or chief executive officer of the Company and/or any of its subsidiaries;
- are a close associate (as defined in the Listing Rules) of any of the above;
- are a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in 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 **www.eipo.com.hk**.

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 between 9:00 a.m. from Friday, 19 June 2020, until 12:00 noon on Wednesday, 24 June 2020 from:

(i) the following office of the Hong Kong Underwriters:

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
Silk Road International Capital Limited	2906, 29/F, Two International Finance Centre 8 Finance Street, Central Hong Kong
Wintech Securities Limited	Unit F, 20/F, China Overseas Building 139 Hennessy Road Hong Kong
CRIC Securities Company Limited	Unit 2007 & 2403, Great Eagle Centre 23 Harbour Road, Wanchai Hong Kong
HTF Securities Limited	Unit 1807, 18/F., Office Tower, Convention Plaza 1 Harbour Road, Wanchai Hong Kong
Ever-Long Securities Company Limited	Room 1101-1102 & 1111-1112, 11/F Wing On Centre 111 Connaught Road Central, Sheung Wan Hong Kong
Topaz Financial Group Limited	18/F, The Wellington 198 Wellington Street, Central Hong Kong

(ii) any of the following branches of CMB Wing Lung Bank Limited, the receiving bank:

District	Branch Name	Address
Hong Kong Island	Head Office	45 Des Voeux Road Central
	Central District Branch	189 Des Voeux Road Central
	North Point Branch	361 King's Road
	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 a prospectus during normal business hours from 9:00 a.m. from Friday, 19 June 2020 until 12:00 noon on Wednesday, 24 June 2020 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 "**CMB Wing Lung (Nominees) Limited – Financial Street Property Public Offer**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

- Friday, 19 June 2020 – 9:00 a.m. to 5:00 p.m.
- Saturday, 20 June 2020 – 9:00 a.m. to 1:00 p.m.
- Monday, 22 June 2020 – 9:00 a.m. to 5:00 p.m.
- Tuesday, 23 June 2020 – 9:00 a.m. to 5:00 p.m.
- Wednesday, 24 June 2020 – 9:00 a.m. to 12:00 noon

The application for the Hong Kong Offer Shares will commence on Friday, 19 June 2020 through Wednesday, 24 June 2020.

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, 24 June 2020, the last application day or such later time as described in the paragraph headed "10. Effect of Bad Weather 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 **White Form eIPO** service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorise the Company and/or the Sole Global Coordinator (or its agents or nominees), as agents of the 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 Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form 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 the Company, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors 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 International Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to the Company, the H Share Registrar, receiving bank, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisors 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 the 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 advisors 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 and the Application Form;

(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 the Company to place your name(s) or the name of the HKSCC Nominees on the Company's H Share register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any H Share certificate(s) and/or e-Refund payment instructions 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 fulfil the criteria mentioned in the paragraph headed "14. Despatch/collection of H Share Certificates and Refund Monies — Personal collection" in this section 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 9,000,000 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 18,000,000 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 — The Hong Kong Public Offering — Reallocation and Clawback" in 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 the Company and the Sole Global Coordinator 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 **White Form eIPO** 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; 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 Terms and Conditions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH THE WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in “2. Who can apply” in this section may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorise the **White Form eIPO** service to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO

You may submit your application to the **White Form eIPO** service at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Friday, 19 June 2020 until 11:30 a.m. on Wednesday, 24 June 2020 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, 24 June 2020 or such later time under the paragraph headed “10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** 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 **White Form eIPO** 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 **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the 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 (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Commitment to sustainability

The obvious advantage of **White Form eIPO** service is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 for each "FINANCIAL STREET PROPERTY CO., LIMITED" **White Form eIPO** application submitted via **www.eipo.com.hk** to support sustainability.

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 money 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 the Company, the Sole Global Coordinator 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:

(i) 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;

(ii) HKSCC Nominees will do the following things on your behalf:

- 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;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you 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;

- (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;

- (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;

- confirm that you understand that the Company, the Directors and the Sole Global Coordinator 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;

- authorise the Company to place HKSCC Nominees' name on the Company's 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;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- 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;

- agree that none of the Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors 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);

- agree to disclose your personal data to the Company, our H Share Registrar, receiving bank, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisors and agents;

- 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;

- 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 us and to become binding when you give the instructions and such collateral contract to be in consideration of the 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 (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- 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 the Company's announcement of the Hong Kong Public Offering results;

- 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;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the 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 Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Special Regulations on Listing Overseas and the Articles of Association;

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong;

- agree with the Company, for itself and for the benefit of each shareholder of the Company and each Director, Supervisor, manager and other senior officer of the Company (and so that the 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 the Company and each Director, Supervisor, manager and other senior officer of the Company, with each CCASS Participant giving **electronic application instructions**):

  (a) to refer all differences and claims arising from the Articles of Association of the 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 the Company to arbitration in accordance with the Articles of Association;

  (b) that any award made in such arbitration shall be final and conclusive; and

(c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;

- agree with the Company (for the Company itself and for the benefit of each Shareholder of the Company) that H Shares in the Company are freely transferable by their holders; and

- authorise the Company to enter into a contract on its behalf with each Director and officer of the Company whereby each such Director and officer undertakes to observe and comply with his obligations to shareholders stipulated in the Articles of Association of the Company.

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 the Company or any other person in respect of the things mentioned below:

- 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;

- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and 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 Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and Stock Exchange trading fee) by crediting your designated bank account; and

- 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 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 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:

- Friday, 19 June 2020 – 9:00 a.m. to 8:30 p.m.

- Monday, 22 June 2020 – 8:00 a.m. to 8:30 p.m.
- Tuesday, 23 June 2020 – 8:00 a.m. to 8:30 p.m.
- Wednesday, 24 June 2020 – 8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, 19 June 2020 until 12:00 noon on Wednesday, 24 June 2020 (24 hours daily, except on Wednesday, 24 June 2020, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Wednesday, 24 June 2020, the last application day or such later time as described in the paragraph headed "10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

Note:

(1) These 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.

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 (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the 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 (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "— 6. Applying by Giving **Electronic Application Instructions** to HKSCC Via CCASS — Personal Data" applies to any personal data held by the Company, the 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 advisors 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 **White Form eIPO** service is also only a facility provided by the **White Form eIPO** service 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. The Company, the 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 **White Form eIPO** 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 to 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 Wednesday, 24 June 2020.

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:

- an account number; or
- 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 **White Form eIPO** 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:

- the principal business of that company is dealing in securities; and
- 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:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- 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 H Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee in full upon application for H 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 **White Form eIPO** service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 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.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, 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 more details on the Offer Price, please refer to the section headed "Structure of the Global Offering — The Hong Kong Public Offering — Allocation" in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is/are:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,
- Extreme Conditions

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 24 June 2020. 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 Wednesday, 24 June 2020 or if there is/are a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong and/or Extreme Conditions that may affect the dates mentioned in "Expected Timetable," an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indications 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 Friday, 3 July 2020 on the Company's website at **www.jrjlife.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:

- in the announcement to be posted on the Company's website at **www.jrjlife.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Friday, 3 July 2020;

- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Friday, 3 July 2020 to 12:00 midnight on Thursday, 9 July 2020;

- by telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on Friday, 3 July 2020 and from Monday, 6 July 2020 to Wednesday, 8 July 2020;

- in the special allocation results booklets which will be available for inspection during opening hours from Friday, 3 July 2020 to Monday, 6 July 2020 at all the receiving bank branches and sub-branches.

If the 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. For more details, please refer to the section headed "Structure 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 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 **White Form eIPO** service, 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 the 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 (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) 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 the Company or its agents exercise their discretion to reject your application:

The Company, the Sole Global Coordinator, the **White Form eIPO** 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 of the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- 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;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Sole Global Coordinator believe that by accepting your application, it/they would violate applicable securities or other laws, rules or regulations; or
- 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$7.56 per Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "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 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 or before Friday, 3 July 2020.

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 H 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:

- 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

- 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 Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and 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 dispatch/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 before Friday, 3 July 2020. 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 Monday, 6 July 2020 provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Pubic 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, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Friday, 3 July 2020 or such other date as notified by us on the Company's website at **www.jrjlife.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

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 or before Friday, 3 July 2020, by ordinary post and at your own risk.

(ii) 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 collecting 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 or before Friday, 3 July 2020, 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 Friday, 3 July 2020, 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 Offering Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offering Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

  The 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 "— 11. Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 3 July 2020 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.

(iii) If you apply through the White Form eIPO Service

If you apply for 1,000,000 or more Hong Kong Offer Shares and your application is wholly or partially successful, you may collect your H Share certificate(s) from the H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Friday, 3 July 2020, or such other date as notified by the Company on the Company's website at **www.jrjlife.com** and the website of the Stock Exchange at **www.hkexnews.hk** as the date of despatch/collection of H Share certificates/e-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 or before Friday, 3 July 2020 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 despatched to that bank account in the form of e-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.

(iv) 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

- 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 Friday, 3 July 2020, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the 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 "11. Publication of Results" above on Friday, 3 July 2020. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 3 July 2020 or such other date as determined by HKSCC or HKSCC Nominees.

- 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.

- 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 Friday, 3 July 2020. 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.

- 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 Offer Share initially paid on application (including brokerage, SFC transaction levy and 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 Friday, 3 July 2020.

15. ADMISSION OF THE H SHARES 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 HKSCC chooses. 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.

Investors should seek the advice of their stockbroker or other professional advisors for details of the settlement arrangement as such arrangements may affect their rights and interests.

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 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 FINANCIAL STREET PROPERTY CO., LIMITED AND GUOTAI JUNAN CAPITAL LIMITED

Introduction

We report on the historical financial information of Financial Street Property Co., Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-77, which comprises the consolidated balance sheets as at 31 December 2017, 2018 and 2019, the balance sheets of the Company as at 31 December 2017, 2018 and 2019, 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 then ended (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-77 forms an integral part of this report, which has been prepared for inclusion in the Prospectus of the Company dated 19 June 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 preparation set out in Note 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.

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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 preparation set out in Note 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 31 December 2017, 2018 and 2019 and the consolidated financial position of the Group as at 31 December 2017, 2018 and 2019 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 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 27 to the Historical Financial Information which contains information about the dividends paid by Financial Street Property Co., Limited in respect of the Track Record Period.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 19 June 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 (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

Consolidated Statements of Comprehensive Income

	Note	Year ended 31 December 2017	2018	2019
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*5*	756,682	875,199	997,014
Cost of sales and services	*8*	(611,059)	(713,555)	(805,585)
Gross profit		145,623	161,644	191,429
Administrative expenses	*8*	(39,171)	(46,724)	(54,419)
Impairment losses on financial assets		(1,605)	(3,064)	(2,294)
Other income	*6*	621	317	4,864
Other (losses)/gains, net	*7*	3,226	3,247	(305)
Operating profit		108,694	115,420	139,275
Finance income		2,668	7,342	10,428
Finance costs		(1,475)	(1,685)	(1,742)
	10	1,193	5,657	8,686
Share of profit from investment in associates	*12*	2,212	3,430	3,914
Profit before income tax		112,099	124,507	151,875
Income tax expense	*13*	(29,444)	(32,971)	(38,465)
Profit for the year		82,655	91,536	113,410
Profit attributable to:				
Owners of the Company		79,418	87,050	105,217
Non-controlling interests		3,237	4,486	8,193
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of retirement benefit obligations		453	(453)	(413)
Other comprehensive income/(loss) for the year, net of tax		453	(453)	(413)
Total comprehensive income for the year		83,108	91,083	112,997
Attributable to:				
Owners of the Company		79,863	86,597	104,804
Non-controlling interests		3,245	4,486	8,193
Earnings per share, basic and diluted *(RMB)*	*14*	0.384	0.421	0.390

Consolidated Balance Sheets

	Note	As at 31 December		
		2017	2018	2019
		RMB'000	*RMB'000*	*RMB'000*
Assets				
Non-current assets				
Investment properties	*15*	12,791	14,036	13,736
Property, plant and equipment	*16*	13,469	14,023	18,608
Right-of-use assets	*17*	12,126	16,127	35,939
Intangible assets	*18*	532	870	1,417
Investments in associates	*12*	20,978	22,491	22,484
Deferred income tax assets	*31*	19,524	13,853	12,285
Prepayments	*21*	–	–	2,654
Total non-current assets		79,420	81,400	107,123
Current assets				
Trade receivables	*20*	82,487	112,542	116,029
Prepayments	*21*	10,258	5,224	11,458
Other financial assets at amortised cost	*22*	20,003	27,659	32,566
Financial asset at fair value through profit or loss	*23*	80,650	10,800	–
Bank deposits with the maturity over three months	*24*	20,184	110,108	16,191
Restricted bank deposits	*24*	12,688	12,899	30,721
Cash and cash equivalents	*24*	422,017	393,744	666,123
Total current assets		648,287	672,976	873,088
Total assets		727,707	754,376	980,211
Equity and liabilities				
Equity attributable to owners of the Company				
Paid-in capital/Share capital	*25*	52,500	52,500	270,000
Reserves	*26*	65,654	53,279	22,338
Retained earnings		114,491	123,040	100,303
		232,645	228,819	392,641
Non-controlling interests		9,999	4,962	7,244
Total equity		242,644	233,781	399,885
Non-current liabilities				
Lease liabilities	*29*	16,825	13,841	36,208
Retirement benefit obligations	*30*	5,668	6,497	7,204
Total non-current liabilities		22,493	20,338	43,412
Current liabilities				
Trade and other payables	*28*	358,001	396,113	434,147
Contract liabilities	*5*	61,351	64,407	66,892
Current tax liabilities		34,550	27,266	23,594
Current portion of lease liabilities	*29*	8,404	12,268	11,946
Current portion of retirement benefit obligations	*30*	264	203	335
Total current liabilities		462,570	500,257	536,914
Total liabilities		485,063	520,595	580,326
Total equity and liabilities		727,707	754,376	980,211

Balance Sheets of the Company

	Note	As at 31 December		
		2017	2018	2019
		RMB'000	*RMB'000*	*RMB'000*
Assets				
Non-current assets				
Investment properties	*15*	–	3,803	6,062
Property, plant and equipment	*16*	6,418	7,087	9,328
Right-of-use assets	*17*	4,298	9,963	25,541
Intangible assets		102	134	178
Investments in subsidiaries	*11*	23,310	38,836	38,836
Investments in associates	*12*	13,317	11,635	9,577
Deferred income tax assets	*31*	16,566	10,022	7,223
Prepayments	*21*	–	–	1,091
		64,011	81,480	97,836
Current assets				
Trade receivables	*20*	61,571	69,906	86,481
Prepayments	*21*	5,344	1,876	8,305
Other financial assets at amortised cost	*22*	18,675	26,333	33,435
Financial asset at fair value through profit or loss	*23*	40,000	–	–
Bank deposits with the maturity over three months	*24*	20,184	105,067	16,191
Restricted bank deposits	*24*	8,214	8,581	26,265
Cash and cash equivalents	*24*	197,347	139,817	390,547
Total current assets		351,335	351,580	561,224
Total assets		415,346	433,060	659,060
Equity and liabilities				
Equity attributable to owners of the Company				
Paid-in capital/Share capital	*25*	52,500	52,500	270,000
Reserves	*26*	65,531	65,151	34,223
Retained earnings		96,837	102,153	82,989
Total equity		214,868	219,804	387,212
Non-current liabilities				
Lease liabilities	*29*	1,739	3,906	21,955
Retirement benefit obligations		4,703	5,407	6,146
Total non-current liabilities		6,442	9,313	28,101
Current liabilities				
Trade and other payables	*28*	136,834	145,705	183,191
Contract liabilities		26,070	30,781	33,372
Current tax liabilities		28,714	22,480	19,981
Current portion of lease liabilities	*29*	2,217	4,782	6,916
Current portion of retirement benefit obligations		201	195	287
Total current liabilities		194,036	203,943	243,747
Total liabilities		200,478	213,256	271,848
Total equity and liabilities		415,346	433,060	659,060

Consolidated Statements of Changes in Equity

	Note	Paid-in capital/ Share capital	Capital reserve	Other reserve	Statutory reserve	Retained earnings	Total	Non-controlling interests	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2017		52,500	38,621	338	23,450	91,340	206,249	12,260	218,509
Profit for the year		–	–	–	–	79,418	79,418	3,237	82,655
Other comprehensive income for the year		–	–	445	–	–	445	8	453
Total comprehensive income for the year		–	–	445	–	79,418	79,863	3,245	83,108
2016 dividends	*27*	–	–	–	–	(53,467)	(53,467)	(7,956)	(61,423)
Appropriation of statutory reserve		–	–	–	2,800	(2,800)	–	–	–
Non-controlling interests arising on business combinations	*35*	–	–	–	–	–	–	2,450	2,450
Balance at 31 December 2017		52,500	38,621	783	26,250	114,491	232,645	9,999	242,644
Balance at 1 January 2018		52,500	38,621	783	26,250	114,491	232,645	9,999	242,644
Profit for the year		–	–	–	–	87,050	87,050	4,486	91,536
Other comprehensive loss for the year		–	–	(453)	–	–	(453)	–	(453)
Total comprehensive income for the year		–	–	(453)	–	87,050	86,597	4,486	91,083
2017 dividends	*27*	–	–	–	–	(78,501)	(78,501)	(5,919)	(84,420)
Acquisition of additional interests in subsidiaries	*34*	–	(11,922)	–	–	–	(11,922)	(3,604)	(15,526)
Balance at 31 December 2018		52,500	26,699	330	26,250	123,040	228,819	4,962	233,781

	Note	**Paid-in capital/ Share capital**	**Capital reserve**	**Other reserve**	**Statutory reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2019		52,500	26,699	330	26,250	123,040	228,819	4,962	233,781
Profit for the year		–	–	–	–	105,217	105,217	8,193	113,410
Other comprehensive loss for the year		–	–	(413)	–	–	(413)	–	(413)
Total comprehensive income for the year		–	–	(413)	–	105,217	104,804	8,193	112,997
Capital contribution from owners	*1*	16,000	160,093	–	–	–	176,093	–	176,093
Transfer from reserves to share capital	*1*	201,500	(174,877)	(373)	(26,250)	–	–	–	–
Non-controlling interests arising on a newly established subsidiary		–	–	–	–	–	–	400	400
2018 dividends	*27*	–	–	–	–	(117,075)	(117,075)	(6,311)	(123,386)
Appropriation of statutory reserve		–	–	–	10,879	(10,879)	–	–	–
Balance at 31 December 2019		270,000	11,915	(456)	10,879	100,303	392,641	7,244	399,885

Consolidated Statements of Cash Flows

	Note	Year ended 31 December		
		2017	2018	2019
		RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities				
Cash generated from operations	*33(a)*	110,844	145,559	186,783
Income tax paid		(12,037)	(34,444)	(40,433)
Net cash generated from operating activities		98,807	111,115	146,350
Cash flows from investing activities				
Investment in wealth management products	*3.3(c)*	(166,680)	(41,500)	(14,700)
Purchases of property, plant and equipment		(4,299)	(5,058)	(10,848)
Loans to an associate	*36(e)*	(900)	(1,300)	(2,524)
Purchase of intangible assets		(69)	(483)	(818)
Change in bank deposits with the maturity over three months		27,889	(89,924)	93,917
Proceeds from redemption of wealth management products	*3.3(c)*	119,344	112,813	25,984
Dividends received	*12*	2,202	1,917	3,921
Net proceeds from disposal of property, plant and equipment		291	229	18
Capital injection to associates	*12*	(11,200)	–	–
Acquisition of a subsidiary, net of cash	*35*	2,966	–	–
Net cash generated from/(used in) investing activities		(30,456)	(23,306)	94,950
Cash flows from financing activities				
Dividends paid to owners of the Company	*27*	(53,467)	(78,501)	(117,075)
Principal elements and interest elements of lease payments	*33(b)*	(10,142)	(16,018)	(16,194)
Dividends paid to non-controlling interests	*27*	(7,956)	(5,919)	(6,311)
Listing expenses paid		–	(142)	(5,842)
Capital contribution from owners	*1*	–	–	176,093
Capital contribution from non-controlling interests arising on a newly established subsidiary		–	–	400
Payment for acquisition of non-controlling interests in subsidiaries	*34*	–	(15,526)	–
Net cash generated from/(used in) financing activities		(71,565)	(116,106)	31,071
Net increase/(decrease) in cash and cash equivalents		(3,214)	(28,297)	272,371
Cash and cash equivalents at beginning of the year		425,260	422,017	393,744
Exchange effect on cash and cash equivalents		(29)	24	8
Cash and cash equivalents at end of the year		422,017	393,744	666,123

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

Financial Street Property Co., Limited (the "Company", formerly known as "Beijing Financial Street Property Management Co., Ltd.") was incorporated in the People's Republic of China (the "PRC") as a limited liability company on 20 May 1994. On 19 September 2019, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The address of the Company's registered office is No. 33, Financial Street, Xicheng District, Beijing, the PRC.

The Company and its subsidiaries (together, the "Group") are primarily engaged in the provision of property management and related services in the PRC.

The Company's parent company is Beijing Huarong Zonghe Investment Co., Ltd. (the "Parent Company"), an investment company established in the PRC under the control of Beijing Financial Street Investment (Group) Co., Ltd..

Upon the incorporation of the Company, the shareholders of the Company were Beijing Financial Street Construction and Development Company and Beijing Jinhuan Industrial Co., Ltd.. On 25 December 2000 and 25 June 2003, Beijing Financial Street Construction and Development Company and Beijing Jinhuan Industrial Co., Ltd. transferred 52% and 48% of the equity interests in the Company to the Parent Company and Beijing Tiantai Real Estate Co., Ltd., respectively.

On 23 July 2015, the registered capital of the Company was increased from RMB30,000,000 to RMB52,500,000, and one existing shareholder and one then new shareholder subscribed for a total capital of RMB22,500,000 at a consideration of RMB61,121,000 determined with reference to the valuation of the net assets of the Company as at 31 December 2014. The then new shareholder is Beijing Rongxin Hetai Enterprise Management Co., Ltd..

On 29 November 2018, the registered capital of the Company was increased from RMB52,500,000 to RMB68,500,000 and two existing shareholders subscribed for a total capital of RMB16,000,000 at a consideration of RMB176,093,000 determined with reference to the valuation of the net assets of the Company as at 30 June 2018. The consideration was settled on 3 January 2019.

On 19 September 2019, the Company converted from a limited liability company into a joint stock company with limited liability. By reference to the Company's net asset value as at 28 February 2019, the Company issued 270,000,000 shares at a par value of RMB1 each to the shareholders.

As at the date of this report, the shareholders of the Company are the Parent Company, Beijing Tiantai Real Estate Co., Ltd. and Beijing Rongxin Hetai Enterprise Management Co., Ltd., which hold 47.52%, 29.49% and 22.99% of the equity interests in the Company, respectively.

This Historical Financial Information is presented in Renminbi ("RMB"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The principal accounting policies applied in the preparation of the Historical Financial Information which are in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") are set out below. The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

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 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 year beginning 1 January 2018 and 2019, including HKFRS 9 "Financial Instruments", HKFRS 15 "Revenue from Contracts with Customers" and HKFRS 16 "Leases", are consistently applied to the Group throughout the Track Record Period.

New standards and amendments not yet been adopted

Standards and amendments that have been issued but not yet effective on 1 January 2019 and not been early adopted by the Group are as follows:

	Effective for annual periods beginning on or after
Amendments to HKAS 1 and HKAS 8 – Definition of material	1 January 2020
Amendments to HKFRS 3 – Definition of business	1 January 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7 – Interest Rate Benchmark Reform	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020
HKFRS 17 – Insurance contract	1 January 2021
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current	1 January 2022
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 director of the Company are of the view that the above new standards and amendments to existing standards that have been issued are not expected to have any significant impact on the Group.

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2.3).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (c) below), after initially being recognised at cost.

(c) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Company.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.10.

(d) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

2.3 Business combinations

The acquisition method of accounting is used to account for business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred to the former owners of the acquired business and the equity interests issued by the Group, the fair value of any asset or liability resulting from a contingent consideration arrangement, and the 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, the amount of any non-controlling interest in the acquired entity and the 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.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of 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, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of the Company that makes strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial information 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 the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the statements of comprehensive income, within finance income/(costs). All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other gains/(losses), net.

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 the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

– Office and operating equipments	5-6 years
– Vehicles	6 years
– Leasehold improvements	Estimated useful lives or remaining lease terms whichever is shorter

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

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 statement of comprehensive income.

2.8 Investment properties

Investment properties are stated at historical cost less depreciation. Investment properties, principally stores, are held for long-term rental yields and are not occupied by the Group. Investment properties also include right-of-use assets that meet the definition of investment properties. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives of within 34 years or the leasing period and after taking into account of their estimated residual value, using the straight-line method.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

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 statement of comprehensive income.

2.9 Intangible assets

Acquired software use rights are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 10 years on a straight-line basis, which reflects the pattern in which the intangible assets future economic benefits are expected to be consumed.

2.10 Impairment of non-financial assets

Assets that are subject to depreciation and amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.11 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 OCI 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 OCI. For investments in equity instruments that are not held for trading, 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 (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular may trades) are recognised on the trade date, i.e., the date that 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 (FVPL), 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 interest 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 OCI, 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 OCI is reclassified from equity to profit or loss and recognised in other gains/(losses), net. Interest income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), net and impairment expenses are presented as separate line item in the statement of comprehensive income.

- 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 within other gains/(losses), net in the period in which it arises.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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 receivables, see Note 3.1(b) and 20 for further details.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.13 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within one year and therefore are all classified as current.

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. For details of the Group's accounting for trade receivables and description of the Group's impairment policies, see Note 3.1(b) and 20.

2.14 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.15 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.

2.16 Trade and other payables

Trade payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. The 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

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 financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax is provided on temporary differences arising on investments in associates, 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 tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, 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.

2.18 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Post-employment obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by an independent actuary, Towers Watson, using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of comprehensive income.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in other reserve in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(d) Bonus plans

The Group recognises a liability and an expense for bonuses, where contractually obliged or where there is a past practise that has created a constructive obligation.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of 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.

2.20 Revenue recognition

The Group provides property management and related services and catering services. The following is a description of the accounting policy for the principal revenue streams of the Group:

(a) Property management and related service income

Revenue from property management and related services (both under lump sum basis and commission basis) 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.

For property management and related services, the Group bills a fixed amount for each month of service provided and recognises as revenue in the amount to which the Group has a right to invoice and corresponds directly with the value of performance completed.

For property management service income from properties managed under lump sum basis, where the Group acts as a principal and is primary responsible for providing the property management services to the property owners, The Group recognises the fee received or receivable from property owners as its revenue and all related property management costs as its cost of services.

For property management service income from properties managed under commission basis, the Group acts as an agent and is primarily responsible for arranging and monitoring the services as provided by other suppliers to the property owners. The Group recognises the commission, which is calculated by certain fixed amount or percentage of the total property management fees received or receivable from the property units.

(b) Catering service income

The control of catering services is transferred at a point in time and revenue is recognised when the related services have been rendered to customers.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer. Incremental costs incurred to obtain a contact, if recoverable, are capitalised and presented as assets and subsequently amortised when the related revenue is recognised.

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 consideration 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.

2.21 Earnings per share

(i) 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.

(ii) 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.

2.22 Lease

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.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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.

Rental income from operating leases where the Group is a lessor is recognised on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as rental income. The respective leased assets are included in the balance sheet based on their nature.

2.23 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.24 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 expenses are deferred and recognised in the profit or loss or deducted against related expenses over the period necessary to match them with the expenses that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.25 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in the statement of comprehensive income as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 10 below. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

(a) Market risk

Foreign exchange risk

The Group's businesses are principally conducted in RMB. The Group is exposed to foreign exchange risk with respect to primarily US dollar. Foreign exchange risk arises from a foreign currency deposit account. The impact of the changes in foreign exchange rate is not expected to be material.

The Group did not enter into any forward contract to hedge its exposure to foreign exchange risk for the Track Record Period.

Interest rate risk

The Group has no significant interest-bearing assets, other than cash and cash equivalents, bank deposits with the maturity over three months and restricted bank deposits. The impact of the changes in interest rate is not expected to be material.

(b) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt instruments carried at amortised cost and at fair value through profit or loss (FVPL), deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

(i) Risk management

Credit risk is managed on a group basis.

The Group's bank balances are deposited in banks and financial institutions with good reputation in the PRC. Accordingly, the credit risk on these bank balances is limited.

For trade and other receivables, the Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The Group's investment in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

(ii) Impairment of financial assets

The Group has the following types of financial assets subject to expected credit loss model:

– trade receivables
– other financial assets at amortised cost

While cash and cash equivalents, bank deposits with the maturity over three months and restricted bank deposits are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the historical credit losses and adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified economic policies, macroeconomic conditions, industry risks, probabilities of default and expected operating performance of the debtors in which it sells its services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

See Note 20 for further details.

Impairment of other financial assets at amortised cost is measured as either 12-month expected credit losses or lifetime expected credit loss, 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. See Note 22 for further details.

(iii) Financial assets at fair value through profit or loss

The Group is also exposed to credit risk in relation to debt investments that are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments.

(c) Liquidity risk

The management of the Company aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents through having available sources of financing.

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Contractual maturities of financial liabilities						
At 31 December 2017						
Trade and other payables (excluding payroll and welfare payables and other tax payables)	298,384	–	–	–	298,384	298,384
Lease liabilities	10,086	8,799	9,430	–	28,315	25,229
	308,470	8,799	9,430	–	326,699	323,613
At 31 December 2018						
Trade and other payables (excluding payroll and welfare payables and other tax payables)	340,197	–	–	–	340,197	340,197
Lease liabilities	14,503	5,049	10,288	–	29,840	26,109
	354,700	5,049	10,288	–	370,037	366,306
At 31 December 2019						
Trade and other payables (excluding payroll and welfare payables and other tax payables)	374,385	–	–	–	374,385	374,385
Lease liabilities	12,956	13,078	23,192	3,317	52,543	48,154
	387,341	13,078	23,192	3,317	426,928	422,539

3.2 Capital management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can 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, return capital to shareholders, issue new shares or sell assets to reduce debt.

As part of the capital risk management process, the Group monitors capital on the basis of the liability-to-asset ratio. This ratio is calculated as total liabilities divided by total assets.

The liability-to-asset ratios at 31 December 2017, 2018 and 2019 are as follows:

	As at 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Total liabilities	485,063	520,595	580,326
Total assets	727,707	754,376	980,211
Liability-to-asset ratio	67%	69%	59%

There is no significant change in the liability-to-asset ratio as at 31 December 2017 and 2018.

The change of the liability-to-asset ratio as at 31 December 2019 is mainly due to the capital contribution from owners. Please refer to Note 1.

3.3 Fair values estimation

(a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Recurring fair value measurements At 31 December 2017	Level 3 *RMB'000*
Financial assets at FVPL	
Investments in wealth management products	80,650

Recurring fair value measurements At 31 December 2018	Level 3 *RMB'000*
Financial assets at FVPL	
Investments in wealth management products	10,800

Recurring fair value measurements At 31 December 2019	Level 3 *RMB'000*
Financial assets at FVPL	
Investments in wealth management products	–

There are no transfers among levels 1, 2 and 3 for recurring fair value measurements during the year.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments, and
- for other financial instruments – discounted cash flow analysis.

(c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the Track Record Period:

	Investments in wealth management products
Opening balance 1 January 2017	30,000
Investment in wealth management products	166,680
Redemption of wealth management products	(119,344)
Change in fair value	3,314
Closing balance 31 December 2017	80,650
Opening balance 1 January 2018	80,650
Investment in wealth management products	41,500
Redemption of wealth management products	(112,813)
Change in fair value	1,463
Closing balance 31 December 2018	10,800
Opening balance 1 January 2019	10,800
Investment in wealth management products	14,700
Redemption of wealth management products	(25,984)
Change in fair value	484
Closing balance 31 December 2019	–

(d) Valuation inputs and relationships to fair value

The main level 3 inputs used by the Group are the expected rates of return.

If the expected rate of return of the investment in wealth management products held by the Group had been 10% higher/lower, pre-tax profit for the Track Record Period would have been RMB8,065,000, RMB1,080,000 and nil higher/lower.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Historical Financial Information requires the use of accounting estimates which, by definition, will seldom equal the actual results. The management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates

(a) Impairment of trade receivables

The loss allowances for financial assets are based on assumptions about risk of default and expected credit loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 20.

(b) Estimation of defined benefit pension obligation

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations. Details of key assumptions and impact of possible changes in key assumptions are disclosed in Note 30.

4.2 Critical judgement

(a) Principal and agent assessment under property management services

The Group charges property management fees in respect of the property management services on a lump sum basis or a commission basis.

On a lump sum basis, the Group is entitled to retain the full amount of received property management fees. From the property management fees, the Group shall bear expenses associated with, among others, staff, cleaning and security. During the term of the contract, if the amount of property management fees the Group collected is not sufficient to cover all the expenses incurred, the Group is not entitled to request the property owners to pay the shortfall. Based the above assessment, the Group recognise the revenues from property management on a lump sum basis as a principal.

On a commission basis, the Group is entitled to a fixed amount of or percentage property management fees the property owners, tenants and property developers are obligated to pay over a specific contract period. The remainder of the property management fees is used as property management working capital to cover the property management expenses associated with the property management work. In the event of a surplus of working capital after deducting the relevant property management expenses, the surplus is generally repayable to customer. In the event of a shortfall of working capital to pay for the relevant property management expenses, the Group may need to make up for the shortfall and pay on behalf of property owners, tenants and property developers first, with a right to recovering from them subsequently. However, the uncollected payments on behalf of the property owners, tenants and property developers would be written off. Based the above assessment, the Group recognises the revenue from property management on a commission basis as an agent.

The Group recognises the revenue from property management services based on the judgement of the above 2 revenue models determined by the property management contracts with the property owners, tenants and property developers.

5 SEGMENT INFORMATION

The board of directors of the Company is the Group's chief operating decision-maker ("CODM"). The board of directors has determined the operating segments for the purposes of allocating resources and assessing performance.

During the Track Record Period, the Group is principally engaged in the provision of property management and related services in the PRC and resources are allocated based on what is beneficial to the Group in enhancing the value as a whole. The board of directors considers the performance assessment of the Group should be based on the results of the Group as a whole. Therefore, the board of directors considers there to be only one operating segment during the Track Record Period, under the requirement of HKFRS 8.

Revenues recognised during the Track Record Period are as follows:

	Year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Property management and related services (including rental services)			
– recognised on a lump sum basis from properties management and related services	729,597	845,071	960,626
– recognised on a commission basis from property management services	9,809	10,221	12,625
– rental services	4,135	5,303	5,948
Catering services	13,141	14,604	17,815
	756,682	875,199	997,014

For the Track Record Period, Financial Street Group and its joint ventures and associates (the "Financial Street Affiliates Group") contribute 16%, 15% and 17%, of the Group's revenue, respectively. Other than the Financial Street Affiliates Group, the Group has a large number of customers, none of whom contribute 10% or more of the Group's revenue during the Track Record Period.

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	Year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue			
– recognised over time	739,406	855,292	973,251
– recognised at a point in time	13,141	14,604	17,815
Rental income	4,135	5,303	5,948
	756,682	875,199	997,014

As the Group is domiciled in the PRC from where all of its revenues from external customers for the Track Record Period are derived and in where all of its assets are located, no geographical segment information is shown.

Revenue recognised in relation to contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	As at 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities			
– related parties	160	160	730
– third parties	61,191	64,247	66,162
	61,351	64,407	66,892

(i) Significant changes in contract liabilities

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. The contract liabilities is relatively stable for the Track Record Period.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year			
Property management and related services	51,463	58,443	60,907
Catering services	3,397	2,908	3,500
	54,860	61,351	64,407

(iii) Unsatisfied performance obligations

For property management and related services, the Group recognises revenue in the amount that equals 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. For catering services, which are rendered in short period of time less than one year, as permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(iv) Assets recognised from incremental cost to obtain a contract

During the Track Record Period, there is no significant incremental cost to obtain a contract.

6 OTHER INCOME

	Year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Additional deduction of input VAT	–	–	3,957
Refund of service fee for withholding IIT	621	317	907
	621	317	4,864

7 OTHER (LOSSES)/GAINS, NET

	Year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Fair value gains on investment in wealth management products	3,314	1,463	484
Payables waived	–	2,691	–
Net losses on disposal of property, plant and equipment	(51)	(282)	(73)
Donation	–	(550)	(190)
Others	(37)	(75)	(526)
	3,226	3,247	(305)

8 EXPENSES BY NATURE

Expenses included in cost of cleaning, security and maintenance services, employee benefit expense, utilities and other costs are further analysed as follows:

	Year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Cost of cleaning, security and maintenance services	249,588	303,605	367,836
Employees benefit expense *(Note 9)*	246,915	289,085	326,749
Utilities	50,265	58,901	51,478
Raw material and components used in property management and related services	54,381	50,049	46,453
Depreciation and amortisation	13,224	17,927	23,428
Cost of raw material and consumables for catering services	11,053	12,117	14,708
Taxes and surcharges	3,813	4,028	4,899
Auditors' remuneration			
– Audit services	1,175	2,204	1,942
– Non-audit services	–	–	–
Other expenses	19,816	22,363	22,511
Total cost of sales and services and administrative expenses	650,230	760,279	860,004

9 EMPLOYEE BENEFIT EXPENSE

	Year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	185,082	214,757	249,517
Pension costs – defined contribution plans *(note a)*	26,277	30,824	31,696
Other social security costs	16,917	19,719	21,336
Housing funds	10,401	13,337	14,604
Pension costs – defined benefit plan *(Note 30)*	425	439	571
Other employee benefits	7,813	10,009	9,025
	246,915	289,085	326,749

(a) Employees of the Group's entities are required to participate in a defined contribution plan administrated and operated by the local municipal government. The Group's entities contribute funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the plan to fund the retirement benefits of the employees.

Some of the Group's entities also provide an annuity plan to some senior employees, which is also a defined contribution plan.

The Group has no other material obligation for the payment of retirement benefits associated with these plans beyond the annual contributions described above.

(b) Five highest paid individuals

The five individuals whose emoluments are the highest in the Group for the Track Record Period include 2, 1 and 1 director respectively whose emoluments are reflected in the analysis shown in Note 37. The emoluments payable to the remaining 3, 4 and 4 individuals during the Track Record Period respectively are as follows:

	Year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	1,505	1,843	2,122
Pension costs – defined contribution plans	261	364	358
Other social security costs	97	140	155
Housing funds	96	140	153
	1,959	2,487	2,788

During the Track Record Period, the emoluments of each of the above staff paid by the Group are all below HK$1,000,000 individually.

10 FINANCE INCOME/(COSTS)

	Year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Finance income			
Interest income on bank deposits	2,668	7,318	10,232
Interest income on loans to an associate	–	–	188
Exchange gains, net	–	24	8
	2,668	7,342	10,428
Finance costs			
Interest expenses for lease liabilities	(1,446)	(1,685)	(1,742)
Exchange losses, net	(29)	–	–
	(1,475)	(1,685)	(1,742)
	1,193	5,657	8,686

11 SUBSIDIARIES

The Group's principal subsidiaries at 31 December 2017, 2018 and 2019 are set out below. Unless otherwise stated, the proportion of ownership interests held equals to the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

	Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid-in capital (In thousand)	Ownership interest held by the Group			Ownership interest held by non-controlling interest			Statutory auditors for the years ended 31 December 2017, 2018 and 2019
					As at 31 December			As at 31 December			
					2017	2018	2019	2017	2018	2019	
(1)	Ronglutong Consulting	the PRC, limited liability company	Parking management	100	100%	100%	100%	–	–	–	Beijing Guanzheng Certified Public Accountants Co., Ltd.
(2)	Xidan Dongnan Mansion	the PRC, limited liability company	Property management	1,010	100%	100%	100%	–	–	–	Beijing Guanzheng Certified Public Accountants Co., Ltd.
(3)	Financial Street Residential Property	the PRC, limited liability company	Residential property management	6,000	100%	100%	100%	–	–	–	Beijing Guanzheng Certified Public Accountants Co., Ltd.
(4)	Xima Real Estate	the PRC, limited liability company	Property management	1,000	70%	100%	100%	30%	–	–	Beijing Guanzheng Certified Public Accountants Co., Ltd.
(5)	Jinxi Litai	the PRC, limited liability company	Hotel and catering management	10,000	100%	100%	100%	–	–	–	Beijing TianZhengHua Certified Public Accountants Co., Ltd. (2017), Beijing Guanzheng Certified Public Accountants Co., Ltd. (2018 and 2019)
(6)	Jinxi Lilin	the PRC, limited liability company	Elderly care services	2,000	100%	100%	100%	–	–	–	Beijing Guanzheng Certified Public Accountants Co., Ltd.

	Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid-in capital (In thousand)	Ownership interest held by the Group			Ownership interest held by non-controlling interest			Statutory auditors for the years ended 31 December 2017, 2018 and 2019
					As at 31 December			As at 31 December			
					2017	2018	2019	2017	2018	2019	
(7)	Financial Street Savills	the PRC, limited liability company	Property management	5,000	70%	80%	80%	30%	20%	20%	Beijing Guanzheng Certified Public Accountants Co., Ltd.
(8)	Jintongtai Catering	the PRC, limited liability company	Catering management	500	100%	100%	100%	–	–	–	Beijing Dongshendingli Certified Public Accountants Co., Ltd. (2017), Beijing Guanzheng Certified Public Accountants Co., Ltd. (2018 and 2019)
(9)	Financial Street Jingnan *(note a)*	the PRC, limited liability company	Property management	5,000	36% (Indirect)	41% (Indirect)	41% (Indirect)	64%	59%	59%	Beijing Guanzheng Certified Public Accountants Co., Ltd.
(10)	IZEE Mitsuyado *(note b)*	the PRC, limited liability company	Catering management	1,000	—	—	60% (Indirect)	—	—	40%	Beijing Guanzheng Certified Public Accountants Co., Ltd. (2019)
(11)	Huigu Conference Centre *(note c)*	the PRC, limited liability company	Property management	–	100% (Indirect)	100% (Indirect)	100% (Indirect)	–	–	–	—
(12)	Tianjin Financial Street Savills Property Service Co., Ltd. *(note d)*	the PRC, limited liability company	Property management	–	70% (Indirect)	80% (Indirect)	—	30%	20%	—	—

(a) As at 31 December 2017, 2018 and 2019, Financial Street Savills holds 51% of the equity interests of Financial Street Jingnan.

(b) IZEE Mitsuyado was established in the first half year of 2019. As at 31 December 2019, Jinxi Litai holds 60% of the equity interests of IZEE Mitsuyado.

(c) As at 31 December 2017, 2018 and 2019, Jinxi Litai holds 100% of the equity interests of Huigu Conference Centre.

(d) As at 31 December 2017 and 2018, Financial Street Savills holds 100% of the equity interests of Tianjin Financial Street Savills Property Service Co., Ltd.. The entity was dissolved in April 2019.

(e) Material non-controlling interests

The total non-controlling interests as 31 December 2017, 2018 and 2019 are RMB9,999,000, RMB4,962,000 and RMB7,244,000. No subsidiary has non-controlling interests that are material to the Group.

12 INVESTMENTS IN ASSOCIATES

Set out below are the associates of the Group as at 31 December 2017, 2018 and 2019 which, in the opinion of the directors, none of the Group's associates is individually material to the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/ country of incorporation	% of ownership interest As at 31 December			Nature of relationship	Measurement method	Carrying amount As at 31 December		
		2017	2018	2019			2017	2018	2019
							RMB'000	*RMB'000*	*RMB'000*
Beijing Financial Street Insurance Agency Co., Ltd.	the PRC	20%	20%	20%	Associate	Equity method	9,955	8,382	6,043
Chongqing Jiangbeizui Property Service Co., Ltd. *(note b)*	the PRC	28%	32%	32%	Associate	Equity method	4,767	5,377	5,596
Nanjing Financial Street Savills Property Service Co., Ltd. *(note b)*	the PRC	31.5%	36%	36%	Associate	Equity method	2,894	5,479	7,311
Harbin Financial Street Property Management Co., Ltd.	the PRC	45%	45%	45%	Associate	Equity method	1,479	1,495	1,522
Huai'an Guolian Financial Centre Property Service Co., Ltd.	the PRC	40%	40%	40%	Associate	Equity method	1,303	1,072	1,267
Beijing Huarong Property Agency Co., Ltd.	the PRC	30%	30%	30%	Associate	Equity method	580	686	745
Financial Street Shengda (Beijing) Technology Co., Ltd. *(note a)*	the PRC	10%	10%	10%	Associate	Equity method	–	–	–
							20,978	22,491	22,484

(a) Financial Street Shengda (Beijing) Technology Co., Ltd. ("Shengda") has a negative net asset due to consecutive operating losses. The Group is not obliged to bear any additional losses of Shengda. Therefore, the carrying amount of long-term equity investments is reduced down to nil in recognising the Group's share of net losses incurred by Shengda. The unrecognised investment losses for the Track Record Period amount to RMB686,000, RMB661,000 and RMB1,246,000 and as at 31 December 2017, 2018 and 2019, the accumulated unrecognised investment losses are RMB686,000, RMB1,347,000 and RMB2,593,000. Pursuant to the Articles of Association of Shengda, the Group is eligible to appoint one of the three directors of Shengda. By holding the board seat, the Group is able to exercise significant influence over Shengda. As such, Shengda is classified as an associate of the Group.

(b) Except that Chongqing Jiangbeizui Property Service Co., Ltd. and Nanjing Financial Street Savills Property Service Co., Ltd. are held by Financial Street Savills (40% and 45% respectively), all other associates are directly held by the Company.

The movement in investment in associates in the balance sheet is as follows:

	Year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	9,768	20,978	22,491
Additions *(note a)*	11,200	–	–
Share of profit from investment in associates	2,212	3,430	3,914
Dividend from associates	(2,202)	(1,917)	(3,921)
At end of year	20,978	22,491	22,484

(a) In 2017, the Group acquired 40% of the equity interests in Huai'an Guolian Financial Centre Service Co., Ltd. with a consideration of RMB1,200,000 and acquired 20% of the equity interests in Beijing Financial Street Insurance Broker Co., Ltd. with a consideration of RMB10,000,000.

13 INCOME TAX EXPENSE

This note provides an analysis of the Group's income tax expense and shows how the tax expense is affected by non-assessable and non-deductible items.

	Year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	34,660	27,160	36,761
Deferred income tax *(Note 31)*	(5,216)	5,811	1,704
	29,444	32,971	38,465

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 consolidated entities as follows:

	Year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	112,099	124,507	151,875
Tax calculated at a tax rate of 25%	28,025	31,127	37,969
Tax effects of:			
Expenses not deductible for tax purposes	1,376	2,292	668
Changes in tax rate *(note a)*	441	–	360
Difference in tax rate *(note a)*	155	409	198
Reversal of previously recognised deferred tax assets	–	–	140
Tax losses for which no deferred tax assets were recognised	–	–	108
Income not subject to tax	(553)	(857)	(978)
	29,444	32,971	38,465

(a) Under the Law of the PRC on Corporate Income Tax (the "CIT Law") and implementation regulations of the CIT Law, the income tax rate of 25% is applicable to all of the Group's subsidiaries during the Track Record Period, except that:

(i) Jinxi Lilin and Financial Street Jingnan are qualified as small and micro businesses and enjoy a preferential income tax rate of 10% as approved by the local tax authority for the Track Record Period;

(ii) Jintongtai Catering are qualified as small and micro businesses and enjoys a preferential income tax rate of 10% as approved by the local tax authority for the years ended 31 December 2017 and 2018 and a preferential income tax rate of 5% as approved by the local tax authority for the years ended 31 December 2019, respectively;

(iii) Ronglutong Consulting is qualified as small and micro businesses and enjoys a preferential income tax rate of 10% as approved by the local tax authority for the year ended 31 December 2018 and a preferential income tax rate of 5% as approved by the local tax authority for the year ended 31 December 2019, respectively;

(iv) Financial Street Residential Property and part of "IZEE" Catering Series cafés are qualified as small and micro businesses and enjoy a preferential income tax rate of 5% as approved by the local tax authority for the year ended 31 December 2019; and

(v) IZEE Mitsuyado was established in the first half year of 2019 and is qualified as small and micro businesses and enjoys a preferential income tax rate of 10% as approved by the local tax authority for the year ended 31 December 2019.

14 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.

	Year ended 31 December		
	2017	**2018**	**2019**
Profit attributable to owners of the Company *(RMB'000)*	79,418	87,050	105,217
Weighted average number of ordinary shares in issue *(note i)*	206,934	206,934	269,654
Basic earnings per share *(RMB)*	0.384	0.421	0.390

(i) In addition, the number of ordinary shares outstanding during the Track Record Period have also been adjusted retroactively for the proportional changes in the number of ordinary shares outstanding as a result of the conversions from reserves to share capital as described in Note 1 in the computation of both basic and diluted earnings per share for the Track Record Period.

(b) Diluted earnings per share

No diluted earnings per share is presented as the Group has no dilutive potential ordinary shares during the Track Record Period.

15 INVESTMENT PROPERTIES

Investment properties also present right-of-use assets that meet the definition of investment properties.

The Group

	Year ended 31 December 2017		
	Buildings	**Leased properties**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At beginning of year	–	15,349	15,349
Additions	–	–	–
At end of year	–	15,349	15,349
Accumulated depreciation			
At beginning of year	–	–	–
Depreciation charge for the year	–	(2,558)	(2,558)
At end of year	–	(2,558)	(2,558)
Net book amount			
At end of year	–	12,791	12,791

	Year ended 31 December 2018		
	Buildings	**Leased properties**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At beginning of year	–	15,349	15,349
Additions	3,822	–	3,822
At end of year	3,822	15,349	19,171
Accumulated depreciation			
At beginning of year	–	(2,558)	(2,558)
Depreciation charge for the year	(19)	(2,558)	(2,577)
At end of year	(19)	(5,116)	(5,135)
Net book amount			
At end of year	3,803	10,233	14,036

	Year ended 31 December 2019		
	Buildings	Leased properties	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At beginning of year	3,822	15,349	19,171
Additions	–	2,663	2,663
At end of year	3,822	18,012	21,834
Accumulated depreciation			
At beginning of year	(19)	(5,116)	(5,135)
Depreciation charge for the year	(109)	(2,854)	(2,963)
At end of year	(128)	(7,970)	(8,098)
Net book amount			
At end of year	3,694	10,042	13,736

The Company

	Year ended 31 December 2018		
	Buildings	Leased properties	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At beginning of year	–	–	–
Additions	3,822	–	3,822
At end of year	3,822	–	3,822
Accumulated depreciation			
At beginning of year	–	–	–
Depreciation charge for the year	(19)	–	(19)
At end of year	(19)	–	(19)
Net book amount			
At end of year	3,803	–	3,803

	Year ended 31 December 2019		
	Buildings	Leased properties	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At beginning of year	3,822	–	3,822
Additions	–	2,663	2,663
At end of year	3,822	2,663	6,485
Accumulated depreciation			
At beginning of year	(19)	–	(19)
Depreciation charge for the year	(109)	(295)	(404)
At end of year	(128)	(295)	(423)
Net book amount			
At end of year	3,694	2,368	6,062

Investment properties mainly consist of leased properties, which represent right-of-use assets that meet the definition of investment properties. They are initially measured based on the initial amount of the relevant lease liability. The lease liability is initially measured at the net present value of lease payments discounted using the implicit interest rate in the lease. The ownership of such leased properties are not transferred to the Group from the lessors. The leased properties are depreciated over the lease term which is shorter than their useful life on a straight-line basis. As at 31 December 2017, 2018 and 2019, the Group has one, one and two such lease contracts respectively. The fair value of leased properties is approximately the same as their net book amount since the accumulated depreciation reflected the value decline for the leased properties.

16 PROPERTY, PLANT AND EQUIPMENT

The Group

	Year ended 31 December 2017			
	Office and operating equipments	Vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
At beginning of year	16,530	11,878	1,413	29,821
Additions	1,737	2,562	–	4,299
Disposals and other decreases	(1,054)	(1,344)	–	(2,398)
At end of year	17,213	13,096	1,413	31,722
Accumulated depreciation				
At beginning of year	(9,907)	(5,781)	(519)	(16,207)
Depreciation charge for the year	(2,018)	(1,562)	(522)	(4,102)
Disposals and other decreases	930	1,126	–	2,056
At end of year	(10,995)	(6,217)	(1,041)	(18,253)
Net book amount				
At end of year	6,218	6,879	372	13,469

	Year ended 31 December 2018			
	Office and operating equipments	Vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
At beginning of year	17,213	13,096	1,413	31,722
Additions	3,550	594	914	5,058
Disposals and other decreases	(2,270)	(1,341)	–	(3,611)
At end of year	18,493	12,349	2,327	33,169
Accumulated depreciation				
At beginning of year	(10,995)	(6,217)	(1,041)	(18,253)
Depreciation charge for the year	(1,717)	(1,949)	(327)	(3,993)
Disposals and other decreases	2,057	1,043	–	3,100
At end of year	(10,655)	(7,123)	(1,368)	(19,146)
Net book amount				
At end of year	7,838	5,226	959	14,023

	Year ended 31 December 2019			
	Office and operating equipments	Vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
At beginning of year	18,493	12,349	2,327	33,169
Additions	5,444	1,602	3,802	10,848
Disposals and other decreases	(1,282)	–	–	(1,282)
At end of year	22,655	13,951	6,129	42,735
Accumulated depreciation				
At beginning of year	(10,655)	(7,123)	(1,368)	(19,146)
Depreciation charge for the year	(2,276)	(1,631)	(2,265)	(6,172)
Disposals and other decreases	1,191	–	–	1,191
At end of year	(11,740)	(8,754)	(3,633)	(24,127)
Net book amount				
At end of year	10,915	5,197	2,496	18,608

Depreciation expenses are charged to the following categories in the consolidated statements of comprehensive income:

	Year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales and services	2,852	2,815	5,059
Administrative expenses	1,250	1,178	1,113
	4,102	3,993	6,172

The Company

	Year ended 31 December 2017			
	Office and operating equipments	Vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
At beginning of year	9,348	3,800	1,413	14,561
Additions	1,034	728	–	1,762
Disposals and other decreases	(116)	(139)	–	(255)
At end of year	10,266	4,389	1,413	16,068
Accumulated depreciation				
At beginning of year	(5,118)	(2,087)	(519)	(7,724)
Depreciation charge for the year	(1,132)	(480)	(522)	(2,134)
Disposals and other decreases	105	103	–	208
At end of year	(6,145)	(2,464)	(1,041)	(9,650)
Net book amount				
At end of year	4,121	1,925	372	6,418

	Year ended 31 December 2018			
	Office and operating equipments	**Vehicles**	**Leasehold improvements**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
At beginning of year	10,266	4,389	1,413	16,068
Additions	1,541	422	914	2,877
Disposals and other decreases	(1,176)	(797)	–	(1,973)
At end of year	10,631	4,014	2,327	16,972
Accumulated depreciation				
At beginning of year	(6,145)	(2,464)	(1,041)	(9,650)
Depreciation charge for the year	(1,097)	(619)	(327)	(2,043)
Disposals and other decreases	1,099	709	–	1,808
At end of year	(6,143)	(2,374)	(1,368)	(9,885)
Net book amount				
At end of year	4,488	1,640	959	7,087

	Year ended 31 December 2019			
	Office and operating equipments	**Vehicles**	**Leasehold improvements**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
At beginning of year	10,631	4,014	2,327	16,972
Additions	2,410	1,061	2,052	5,523
Disposals and other decreases	(455)	–	–	(455)
At end of year	12,586	5,075	4,379	22,040
Accumulated depreciation				
At beginning of year	(6,143)	(2,374)	(1,368)	(9,885)
Depreciation charge for the year	(1,384)	(517)	(1,326)	(3,227)
Disposals and other decreases	400	–	–	400
At end of year	(7,127)	(2,891)	(2,694)	(12,712)
Net book amount				
At end of year	5,459	2,184	1,685	9,328

17 RIGHT-OF-USE ASSETS

The Group

	Year ended 31 December		
	2017	**2018**	**2019**
	Leased properties	**Leased properties**	**Leased properties**
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At beginning of year	18,306	18,576	33,789
Additions	270	15,213	33,834
Lease expiration and termination	–	–	(24,285)
At end of year	18,576	33,789	43,338
Accumulated depreciation			
At beginning of year	–	(6,450)	(17,662)
Depreciation charge for the year	(6,450)	(11,212)	(14,022)
Lease expiration and termination	–	–	24,285
At end of year	(6,450)	(17,662)	(7,399)
Net book amount			
At end of year	12,126	16,127	35,939

Amounts recognised in the consolidated statements of comprehensive income:

	Year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets			
Leased properties	6,450	11,212	14,022
Interest expense (included in finance cost)	1,446	1,685	1,742
Expense relating to short-term leases (included in cost of sales and services and administrative expenses)	830	2,615	2,591
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	2	2	5

The total cash outflow for leases for the Track Record Period is RMB10,478,000, RMB17,819,000 and RMB18,241,000, respectively.

The Company

	Year ended 31 December		
	2017	**2018**	**2019**
	Leased properties	**Leased properties**	**Leased properties**
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At beginning of year	6,828	6,890	19,074
Additions	62	12,184	24,505
Lease expiration	–	–	(13,278)
At end of year	6,890	19,074	30,301
Accumulated depreciation			
At beginning of year	–	(2,592)	(9,111)
Depreciation charge for the year	(2,592)	(6,519)	(8,927)
Lease expiration	–	–	13,278
At end of year	(2,592)	(9,111)	(4,760)
Net book amount			
At end of year	4,298	9,963	25,541

18 INTANGIBLE ASSETS

	Year ended 31 December		
	2017	**2018**	**2019**
	Software use rights	**Software use rights**	**Software use rights**
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At beginning of year	1,104	1,173	1,656
Additions	69	483	818
At end of year	1,173	1,656	2,474
Accumulated amortisation			
At beginning of year	(527)	(641)	(786)
Amortisation charge for the year	(114)	(145)	(271)
At end of year	(641)	(786)	(1,057)
Net book amount			
At end of year	532	870	1,417

Amortisation of intangible assets has been charged to the following categories in the consolidated statements of comprehensive income:

	Year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales and services	99	127	194
Administrative expenses	15	18	77
	114	145	271

19 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	As at 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at amortised cost			
Trade receivables	82,487	112,542	116,029
Other financial assets at amortised cost	20,003	27,659	32,566
Cash and deposits at banks and other financial institution	454,889	516,751	713,035
Financial assets at fair value through profit or loss	80,650	10,800	–
	638,029	667,752	861,630
Financial liabilities			
Liabilities at amortised cost			
Trade and other payables (excluding payroll and welfare payables and other tax payables)	298,384	340,197	374,385
Lease liabilities	25,229	26,109	48,154
	323,613	366,306	422,539

20 TRADE RECEIVABLES

The Group

	As at 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
– related parties *(Note 36)*	19,760	33,405	41,714
– third parties	65,948	85,284	82,734
	85,708	118,689	124,448
Less: allowance for impairment of trade receivables	(3,221)	(6,147)	(8,419)
Trade receivables – net	82,487	112,542	116,029

The Company

	As at 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
– related parties	12,721	19,703	24,196
– third parties	51,198	54,583	68,818
	63,919	74,286	93,014
Less: allowance for impairment of trade receivables	(2,348)	(4,380)	(6,533)
Trade receivables – net	61,571	69,906	86,481

(a) The credit terms given to trade customers are determined on an individual basis with normal credit period mainly within 180 days. The ageing analysis of the trade receivables base on invoice date is as follows:

The Group

	As at 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	83,621	115,762	120,097
1 – 2 years	1,604	932	2,920
Over 2 years	483	1,995	1,431
Total	85,708	118,689	124,448

The Company

	As at 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	62,380	73,007	89,811
1 – 2 years	1,394	743	1,941
Over 2 years	145	536	1,262
Total	63,919	74,286	93,014

(b) Fair values of trade receivables

Due to the short-term nature of trade receivables, their carrying amount is considered to be same as their fair value.

(c) Impairment and risk exposure

The expected credit loss rate for the provision matrix is for trade receivables which are mainly related to our property management and related services. As there is no significant change in the business operation of property management and related services, actual loss rates for trade receivables, customer profile and adjustments for forward looking macroeconomic data during the Track Record Period, the change in the expected credit loss rates for the provision matrix is insignificant throughout the Track Record Period.

On the basis as described in Note 3.1(b), the loss allowance for trade receivables as at 31 December 2017, 2018 and 2019 are determined as follows:

The Group

As at 31 December 2017, the loss allowance of individually impaired trade receivables is determined as follows:

Individual	**Trade receivables**	**Expected credit loss rate**	**Loss allowance**	**Reason**
Trade receivables 1	1,522	100.0%	1,522	The likelihood of recovery

31 December 2017	**Current**	**No more than 1 year past due**	**1 year to 2 years past due**	**More than 2 years past due**	**Total**
Related parties					
Expected credit loss rate	0.10%	0.10%	0.10%	0.11%	
Gross carrying amount-trade receivables	14,782	4,927	–	51	19,760
Loss allowance	15	5	–	0	20
Third parties					
Expected credit loss rate	1.00%	10.00%	50.00%	100.00%	
Gross carrying amount-trade receivables	56,491	7,186	707	42	64,426
Loss allowance	565	719	353	42	1,679

As at 31 December 2018, the loss allowance of individually impaired trade receivables is determined as follows:

Individual	**Trade receivables**	**Expected credit loss rate**	**Loss allowance**	**Reason**
Trade receivables 1	1,954	100.0%	1,954	The likelihood of recovery

31 December 2018	**Current**	**No more than 1 year past due**	**1 year to 2 years past due**	**More than 2 years past due**	**Total**
Related parties					
Expected credit loss rate	0.10%	0.10%	0.10%	0.11%	
Gross carrying amount-trade receivables	28,454	4,889	29	33	33,405
Loss allowance	28	5	0	0	33
Third parties					
Expected credit loss rate	1.00%	10.00%	50.00%	100.00%	
Gross carrying amount-trade receivables	57,251	24,978	24	1,077	83,330
Loss allowance	573	2,498	12	1,077	4,160

As at 31 December 2019, the loss allowance of individually impaired trade receivables is determined as follows:

Individual	Trade receivables	Expected credit loss rate	Loss allowance	Reason
Trade receivables 1	1,975	100.0%	1,975	The likelihood of recovery

31 December 2019	Current	No more than 1 year past due	1 year to 2 years past due	More than 2 years past due	Total
Related parties					
Expected credit loss rate	0.10%	0.10%	0.10%	0.11%	
Gross carrying amount-trade receivables	10,144	31,288	162	120	41,714
Loss allowance	10	31	0	0	41
Third parties					
Expected credit loss rate	1.00%	10.00%	50.00%	100.00%	
Gross carrying amount-trade receivables	45,918	30,290	3,273	1,278	80,759
Loss allowance	459	3,029	1,637	1,278	6,403

The movements on the provision for impairment of trade receivables are as follows:

	Year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	1,743	3,221	6,147
Provision for impairment of trade receivables	1,478	2,998	2,285
Receivables written off during the year as uncollectible	–	(72)	(13)
At end of year	3,221	6,147	8,419

The Company

As at 31 December 2017, the loss allowance of individually impaired trade receivables is determined as follows:

Individual	Trade receivables	Expected credit loss rate	Loss allowance	Reason
Trade receivables 1	1,238	100.0%	1,238	The likelihood of recovery

31 December 2017	Current	No more than 1 year past due	1 year to 2 years past due	More than 2 years past due	Total
Related parties					
Expected credit loss rate	0.10%	0.10%	0.10%	0.11%	
Gross carrying amount-trade receivables	12,427	294	–	–	12,721
Loss allowance	13	0	–	–	13
Third parties					
Expected credit loss rate	1.00%	10.00%	50.00%	100.00%	
Gross carrying amount-trade receivables	46,335	2,969	639	17	49,960
Loss allowance	463	297	320	17	1,097

As at 31 December 2018, the loss allowance of individually impaired trade receivables is determined as follows:

Individual	Trade receivables	Expected credit loss rate	Loss allowance	Reason
Trade receivables 1	1,668	100.0%	1,668	The likelihood of recovery

31 December 2018	Current	No more than 1 year past due	1 year to 2 years past due	More than 2 years past due	Total
Related parties					
Expected credit loss rate	0.10%	0.10%	0.10%	0.11%	
Gross carrying amount-trade receivables	14,819	4,884	–	–	19,703
Loss allowance	15	5	–	–	20
Third parties					
Expected credit loss rate	1.00%	10.00%	50.00%	100.00%	
Gross carrying amount-trade receivables	29,103	23,777	24	11	52,915
Loss allowance	291	2,378	12	11	2,692

As at 31 December 2019, the loss allowance of individually impaired trade receivables is determined as follows:

Individual	**Trade receivables**	**Expected credit loss rate**	**Loss allowance**	**Reason**
Trade receivables 1	1,675	100.0%	1,675	The likelihood of recovery

31 December 2019	**Current**	**No more than 1 year past due**	**1 year to 2 years past due**	**More than 2 years past due**	**Total**
Related parties					
Expected credit loss rate	0.10%	0.10%	0.10%	0.11%	
Gross carrying amount-trade receivables	1,908	22,126	162	–	24,196
Loss allowance	2	22	0	–	24
Third parties					
Expected credit loss rate	1.00%	10.00%	50.00%	100.00%	
Gross carrying amount-trade receivables	42,890	20,754	2,339	1,160	67,143
Loss allowance	429	2,075	1,170	1,160	4,834

The movements on the provision for impairment of trade receivables are as follows:

	Year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	1,045	2,348	4,380
Provision for impairment of trade receivables	1,303	2,032	2,153
At end of year	2,348	4,380	6,533

21 PREPAYMENTS

The Group

	As at 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Prepaid operating expenses	3,697	3,661	6,369
Prepaid listing expenses	–	142	5,984
Input VAT to be deducted	6,209	1,391	1,486
Others	352	30	273
	10,258	5,224	14,112
Less: non-current portion *(note a)*	–	–	(2,654)
	10,258	5,224	11,458

The Company

	As at 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Prepaid listing expenses	–	142	5,984
Prepaid operating expenses	1,939	1,489	3,200
Input VAT to be deducted	3,405	245	212
	5,344	1,876	9,396
Less: non-current portion *(note a)*	–	–	(1,091)
	5,344	1,876	8,305

(a) This balance represents the prepayments related to long-term assets.

22 OTHER FINANCIAL ASSETS AT AMORTISED COST

Other financial assets at amortised cost include the following:

The Group

	As at 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Other receivables			
– related parties *(Note 36)*	5,698	6,998	11,428
– third parties			
Payments on behalf of property owners, tenants and property developers	9,532	16,053	16,532
Deposits	2,567	2,729	2,261
Other	2,356	2,095	2,570
	20,153	27,875	32,791
Less: provision for impairment of other receivables	(150)	(216)	(225)
	20,003	27,659	32,566

The Company

	As at 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Other receivables			
– related parties	12,653	16,119	19,479
– third parties			
Payments on behalf of property owners, tenants and property developers	2,965	7,603	12,930
Deposits	466	1,185	424
Other	2,665	1,545	763
	18,749	26,452	33,596
Less: provision for impairment of other receivables	(74)	(119)	(161)
	18,675	26,333	33,435

(a) Fair values of other financial assets at amortised cost

Due to the short-term nature of other receivables, their carrying amount is considered to be same as their fair value.

(b) Impairment and risk exposure

The Group uses three categories for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings. The expected credit loss rate for the provision matrix is for other financial assets at amortised cost. As there is no significant change in the business operation of property management and related services, actual loss rates for other financial assets at amortised cost, customer profile and adjustments for forward looking macroeconomic data during the Track Record Period, the change in the expected credit loss rates for the provision matrix is insignificant throughout the Track Record Period.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	**Group definition of category**	**Basis for recognition of expected credit loss provision**	**Basis for calculation of interest revenue**
Stage one	Customers have a low risk of default and a strong capacity to meet contractual cash flow	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected credit losses are measured at its expected lifetime.	Gross carrying amount
Stage two	Receivables for which there is a significant increase in credit risk since initial recognition	Lifetime expected credit losses	Gross carrying amount
Stage three	Receivables for which there is credit loss since initial recognition	Lifetime expected credit losses	Amortised cost carrying amount (net of credit allowance)

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.

Since credit risk has not significantly increased after initial recognition, the loss allowance recognised was therefore limited to 12 months expected credit losses.

The Group

	Due from related parties	Due from third parties	Total
31 December 2017			
Carrying amount of other receivables	5,698	14,455	20,153
Expected credit loss rate	0.1%	1.0%	
Loss allowance	(6)	(144)	(150)
Other receivables – net	5,692	14,311	20,003

	Due from related parties	Due from third parties	Total
31 December 2018			
Carrying amount of other receivables	6,998	20,877	27,875
Expected credit loss rate	0.1%	1.0%	
Loss allowance	(7)	(209)	(216)
Other receivables – net	6,991	20,668	27,659

	Due from related parties	Due from third parties	Total
31 December 2019			
Carrying amount of other receivables	11,428	21,363	32,791
Expected credit loss rate	0.1%	1.0%	
Loss allowance	(11)	(214)	(225)
Other receivables – net	11,417	21,149	32,566

The movements on the provision for impairment of other financial assets at amortised cost are as follows:

	Year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	23	150	216
Provision for impairment of other receivables	127	66	9
At end of year	150	216	225

The Company

	Due from related parties	Due from third parties	Total
31 December 2017			
Carrying amount of other receivables	12,653	6,096	18,749
Expected credit loss rate	0.1%	1.0%	
Loss allowance	(13)	(61)	(74)
Other receivables – net	12,640	6,035	18,675

	Due from related parties	Due from third parties	Total
31 December 2018			
Carrying amount of other receivables	16,119	10,333	26,452
Expected credit loss rate	0.1%	1.0%	
Loss allowance	(16)	(103)	(119)
Other receivables – net	16,103	10,230	26,333

	Due from related parties	Due from third parties	Total
31 December 2019			
Carrying amount of other receivables	19,479	14,117	33,596
Expected credit loss rate	0.1%	1.0%	
Loss allowance	(20)	(141)	(161)
Other receivables – net	19,459	13,976	33,435

The movements on the provision for impairment of other financial assets at amortised cost are as follows:

	Year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	–	74	119
Provision for impairment of other receivables	74	45	42
At end of year	74	119	161

All of the financial assets at amortised cost are denominated in RMB. As a result, there is no exposure to foreign exchange risk.

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Financial assets measured at FVPL include the following:

The Group

	As at 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Current assets			
Investments in wealth management products	80,650	10,800	–

The Company

Current assets			
Investments in wealth management products	40,000	–	–

The wealth management products during the Track Record Period, were managed by banks in the PRC to invest principally in certain financial assets including cash funds, bonds, and bond funds, with a maturity of less than 1 year, an expected interest rate of 3.0%-4.5% per annum and interest paid on the maturity date.

(b) **Amounts recognised in profit or loss**

During the years, the following gains are recognised in profit or loss:

	Year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Current assets			
Fair value gains on debt instruments at FVPL recognised in other gains/(losses), net	3,314	1,463	484

24 CASH AND DEPOSITS AT BANK AND OTHER FINANCIAL INSTITUTION

The Group

	As at 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Cash on hand	275	353	219
Deposits placed with a related party *(Note 36 and note a)*	–	155,793	274,171
Bank deposits	421,742	237,598	391,733
Cash and cash equivalents	422,017	393,744	666,123
Deposits placed with a related party *(Note 36 and note a)*	–	91,800	16,000
Bank deposits	20,184	18,308	191
Bank deposits with the maturity over three months	20,184	110,108	16,191
Restricted bank deposits *(note b)*	12,688	12,899	30,721
	454,889	516,751	713,035

The Company

	As at 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Cash on hand	120	75	48
Deposits placed with a related party *(note a)*	–	35,477	164,567
Bank deposits	197,227	104,265	225,932
Cash and cash equivalents	197,347	139,817	390,547
Deposits placed with a related party *(note a)*	–	91,800	16,000
Bank deposits	20,184	13,267	191
Bank deposits with the maturity over three months	20,184	105,067	16,191
Restricted bank deposits *(note b)*	8,214	8,581	26,265
	225,745	253,465	433,003

(a) Deposits are placed with a subsidiary of the Ultimate Parent Company, which is a financial institution, bear interests no less than prevailing market rates.

(b) When the Group is contracted to manage properties under commission basis, the Group essentially acts as an agent of the property owners. Restricted cash represent cash deposited in banks as joint accounts with property owners, including (i) the property management fees the Group collected from the projects under commission basis, and (ii) maintenance services deposits according to the relevant regulations.

25 PAID-IN CAPITAL/SHARE CAPITAL

The Group and the Company

	Number of shares	Paid-in capital/ Share capital
		RMB'000
Issued and fully paid		
Balances as at 1 January 2017, 31 December 2017 and 2018	—	52,500
Balance as at 1 January 2019	—	52,500
Capital contribution from owners *(Note 1)*	—	16,000
Transfer from reserves to share capital *(Note 1)*	270,000	201,500
Balance as at 31 December 2019	270,000	270,000

Please refer to Note 1 General Information for further details in relation to the capital injection and the stock conversion.

26 RESERVES

(a) Capital reserve

The capital reserve of the Group includes the consideration in excess of the paid-in capital upon capital contributions and the difference between the consideration and net asset acquired paid by the Company for the further acquisition of non-controlling interests in subsidiaries.

(b) Other reserve

The other reserve represents actuarial gains and losses after tax from experience adjustments and changes in actuarial assumptions for the defined benefit plan.

(c) Statutory reserve

In accordance with the relevant laws and regulations of the PRC and the Articles of Association of the Company, when distributing the net profit of each year, the Company shall appropriate 10% of its profit after taxation (based on the Company's local statutory financial statements) for the statutory surplus reserve fund (except where the reserve balance has reached 50% of the Company's registered capital).

(d) The reserve of the Company

	Capital reserve	Other reserve	Statutory reserve	Total reserves
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2017	38,621	283	23,450	62,354
Other comprehensive income for the year	–	377	–	377
Appropriation of statutory reserve	–	–	2,800	2,800
Balance at 31 December 2017	38,621	660	26,250	65,531
Balance at 1 January 2018	38,621	660	26,250	65,531
Other comprehensive income for the year	–	(380)	–	(380)
Balance at 31 December 2018	38,621	280	26,250	65,151
Balance at 1 January 2019	38,621	280	26,250	65,151
Other comprehensive income for the year	–	(400)	–	(400)
Capital contribution from owners	160,093	–	–	160,093
Transfer from reserves to share capital	(174,877)	(373)	(26,250)	(201,500)
Appropriation of statutory reserve	–	–	10,879	10,879
Balance at 31 December 2019	23,837	(493)	10,879	34,223

27 DIVIDENDS

	Year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Dividends declared and paid to owners of the Company	53,467	78,501	117,075
Dividend declared and paid to non-controlling interests	7,956	5,919	6,311
	61,423	84,420	123,386

In the Board meeting of the Company on 22 April 2020, the Board proposed a dividend of RMB82,980,000 which represented the Company's accumulated distributable retained profits as at 31 December 2019. The proposed dividend was then approved in the shareholders' general meeting on 6 May 2020. The dividend has been paid in full and will be reflected as an appropriation of retained earnings for the year ending 31 December 2020.

In addition, Financial Street Jingnan, the non-wholly owned subsidiary of the Company, also declared a dividend of RMB1,627,000 to its then shareholders in March 2020. The dividend has been paid in full.

28 TRADE AND OTHER PAYABLES

The Group

	As at 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	76,413	74,722	80,818
Other payables	221,971	265,475	293,567
– Deposits *(note a)*	125,105	125,142	138,714
– Receipts on behalf of property owners, tenants and property developers	81,122	119,823	133,465
– Others	15,744	20,510	21,388
Payroll and welfare payables	55,062	47,355	50,862
Other tax payables	4,555	8,561	8,900
Total	358,001	396,113	434,147

The Company

	As at 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	60,834	56,711	62,948
Other payables	46,102	65,429	94,178
– Deposits *(note a)*	32,473	33,668	38,199
– Receipts on behalf of property owners, tenants and property developers	8,620	24,604	45,570
– Others	5,009	7,157	10,409
Payroll and welfare payables	27,358	19,207	19,276
Other tax payables	2,540	4,358	6,789
Total	136,834	145,705	183,191

(a) The balances mainly represent the deposits paid by the property owners, tenants and property developers for property management and refurbishment.

(b) The carrying amounts of trade and other payables are considered to be same as their fair values, due to their short-term nature.

(c) The ageing analysis of trade payables based on invoice date is as follows:

The Group

	As at 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	75,373	73,167	77,615
1 – 2 years	336	710	2,584
Over 2 years	704	845	619
	76,413	74,722	80,818

The Company

	As at 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	60,424	55,948	60,924
1 – 2 years	145	436	1,675
Over 2 years	265	327	349
	60,834	56,711	62,948

29 LEASE LIABILITIES

The Group

	As at 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Current lease liabilities	8,404	12,268	11,946
Non-current lease liabilities	16,825	13,841	36,208
	25,229	26,109	48,154

The Company

	As at 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Current lease liabilities	2,217	4,782	6,916
Non-current lease liabilities	1,739	3,906	21,955
	3,956	8,688	28,871

30 RETIREMENT BENEFIT OBLIGATIONS

As at 31 December 2017, 2018 and 2019, the retirement benefit obligations recognised in the balance sheet are as follows:

	As at 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Pension subsidies	5,932	6,700	7,539
Less: amounts due within one year included in current liabilities	(264)	(203)	(335)
	5,668	6,497	7,204

The movement in the liability recognised in the balance sheet is as follows:

	Year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	6,325	5,932	6,700
Total cost	425	439	571
Other comprehensive income/(losses) – actuarial gain and loss	(593)	593	549
Payment made in the year	(225)	(264)	(281)
At end of year	5,932	6,700	7,539

The amounts recognised in the statement of comprehensive income are as follows:

	Year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Service cost	208	192	335
Net interest cost	217	247	236
	425	439	571

The principal actuarial assumptions at the balance sheet date are as follows:

	As at 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Discount rate	4.25%	3.50%	3.50%
Employee withdrawal rate	17.00%	17.00%	17.00%
Mortality rate	*note (a)*	*note (a)*	*note (a)*

note (a): Mortality rates for male and female are made reference to the China Life Incurrence Mortality Table (2010-2013) published by the China Insurance Regulatory commission in 2016.

The sensitivity of the retirement benefit obligations to changes in the weighted principal assumptions are:

	Impact on defined benefit obligation		
31 December 2017	**Change in assumption**	**Impact on change in obligation if increase in assumption**	**Impact on change in obligation if decrease in assumption**
Discount rate	0.25%	(183)	192
Employee withdrawal rate	1%	(85)	91

	Impact on defined benefit obligation		
31 December 2018	**Change in assumption**	**Impact on change in obligation if increase in assumption**	**Impact on change in obligation if decrease in assumption**
Discount rate	0.25%	(206)	217
Employee withdrawal rate	1%	(96)	103

	Impact on defined benefit obligation		
31 December 2019	**Change in assumption**	**Impact on change in obligation if increase in assumption**	**Impact on change in obligation if decrease in assumption**
Discount rate	0.25%	(223)	234
Employee withdrawal rate	1%	(99)	106

31 DEFERRED INCOME TAX

The Group

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As at 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets:			
– Deferred tax assets to be recovered after more than 12 months	6,583	8,513	14,263
– Deferred tax assets to be recovered within 12 months	19,098	11,872	9,458
	25,681	20,385	23,721
Deferred tax liabilities:			
– Deferred tax liabilities to be recovered after more than 12 months	(3,942)	(2,718)	(8,511)
– Deferred tax liabilities to be recovered within 12 months	(2,215)	(3,814)	(2,925)
	(6,157)	(6,532)	(11,436)
	19,524	13,853	12,285

The gross movement on the deferred income tax account is as follows:

	Year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	14,448	19,524	13,853
(Charged)/credited to income tax expense *(Note 13)*	5,216	(5,811)	(1,704)
Charged/(credited) to other comprehensive income	(140)	140	136
At end of year	19,524	13,853	12,285

The movements in deferred income tax assets and deferred income tax liabilities during the year are as follows:

	Deferred tax assets-accrued expenses and others	Deferred tax assets-leases liabilities	Deferred tax assets-retirement benefit obligations	Deferred tax assets-impairment losses	Deferred tax liabilities-right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2017	12,534	8,328	1,472	442	(8,328)	14,448
Credited/(charged) to income tax expense	4,703	(2,111)	52	401	2,171	5,216
Credit to other comprehensive income	–	–	(140)	–	–	(140)
As at 31 December 2017	17,237	6,217	1,384	843	(6,157)	19,524

	Deferred tax assets-accrued expenses and others	Deferred tax assets-leases liabilities	Deferred tax assets-retirement benefit obligations	Deferred tax assets-impairment losses	Deferred tax liabilities-right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2018	17,237	6,217	1,384	843	(6,157)	19,524
(Charged)/credited to income tax expense	(6,464)	234	46	748	(375)	(5,811)
Charged to other comprehensive income	–	–	140	–	–	140
As at 31 December 2018	10,773	6,451	1,570	1,591	(6,532)	13,853

	Deferred tax assets-accrued expenses and others	Deferred tax assets-leases liabilities	Deferred tax assets-retirement benefit obligations	Deferred tax assets-impairment losses	Deferred tax liabilities-right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2019	10,773	6,451	1,570	1,591	(6,532)	13,853
(Charged)/credited to income tax expense	(2,891)	5,446	75	570	(4,904)	(1,704)
Charged to other comprehensive income	–	–	136	–	–	136
As at 31 December 2019	7,882	11,897	1,781	2,161	(11,436)	12,285

The Company

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As at 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets:			
– Deferred tax assets to be recovered after more than 12 months	2,168	4,078	8,225
– Deferred tax assets to be recovered within 12 months	15,473	8,435	5,975
	17,641	12,513	14,200
Deferred tax liabilities:			
– Deferred tax liabilities to be recovered after more than 12 months	(425)	(930)	(5,223)
– Deferred tax liabilities to be recovered within 12 months	(650)	(1,561)	(1,754)
	(1,075)	(2,491)	(6,977)
	16,566	10,022	7,223

The gross movement on the deferred income tax account is as follows:

	Year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	12,972	16,566	10,022
(Charged)/credited to income tax expense	3,720	(6,670)	(2,932)
Charged/(credited) to other comprehensive income	(126)	126	133
At end of year	16,566	10,022	7,223

The movements in deferred income tax assets and deferred income tax liabilities during the year/period are as follows:

	Deferred tax assets-accrued expenses and others	Deferred tax assets-leases liabilities	Deferred tax assets-retirement benefit obligations	Deferred tax assets-impairment losses	Deferred tax liabilities-right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2017	11,414	1,707	1,297	261	(1,707)	12,972
Credited/(charged) to income tax expense	3,406	(718)	55	345	632	3,720
Credited to other comprehensive income	–	–	(126)	–	–	(126)
As at 31 December 2017	14,820	989	1,226	606	(1,075)	16,566

	Deferred tax assets-accrued expenses and others	Deferred tax assets-leases liabilities	Deferred tax assets-retirement benefit obligations	Deferred tax assets-impairment losses	Deferred tax liabilities-right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2018	14,820	989	1,226	606	(1,075)	16,566
(Charged)/credited to income tax expense	(7,004)	1,183	48	519	(1,416)	(6,670)
Charged to other comprehensive income	–	–	126	–	–	126
As at 31 December 2018	7,816	2,172	1,400	1,125	(2,491)	10,022

	Deferred tax assets-accrued expenses and others	Deferred tax assets-leases liabilities	Deferred tax assets-retirement benefit obligations	Deferred tax assets-impairment losses	Deferred tax liabilities-right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2019	7,816	2,172	1,400	1,125	(2,491)	10,022
(Charged)/credited to income tax expense	(4,052)	4,983	75	548	(4,486)	(2,932)
Charged to other comprehensive income	–	–	133	–	–	133
As at 31 December 2019	3,764	7,155	1,608	1,673	(6,977)	7,223

32 COMMITMENTS

The investment properties are leased to tenants under operating leases with rentals payable quarterly or annually.

Minimum lease payments receivable on leases of investment properties are as follows:

	As at 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	4,873	5,130	6,371
Between 1 and 2 years	5,130	5,400	971
Between 2 and 3 years	5,400	–	591
Between 3 and 4 years	–	–	100
	15,403	10,530	8,033

The Group leases various offices, carparks and stores under non-cancellable operating leases expiring within one year to ten years. The leases have varying terms and renewal rights. On renewal, the terms of the leases are renegotiated.

From 1 January 2017, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases, see Note 15 and 17 for further information.

Minimum lease payments under non-cancellable operating leases of right-of-use assets not recognised in the financial statements are as follows:

	As at 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	470	464	1,290
Later than 1 year and no later than 5 years	4	12	21
Later than 5 years	–	4	45
	474	480	1,356

33 CASH GENERATED FROM OPERATIONS

(a) Cash generated from operations

Reconciliation of profit for the year to cash generated from operations:

	Year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	112,099	124,507	151,875
Adjustments for:			
Depreciation of property, plant and equipment and investment properties	6,660	6,570	9,135
Depreciation of rights-of-use assets	6,450	11,212	14,022
Amortisation of intangible assets	114	145	271
Provision for impairment of trade receivables and other financial assets at amortised cost	1,605	3,064	2,294
Losses on disposal of property, plant and equipment	51	282	73
Interest expense	1,446	1,685	1,742
Interest income	–	–	(188)
Exchange (gains)/losses, net	29	(24)	(8)
Fair value gain on investments in wealth management products	(3,314)	(1,463)	(484)
Share of profit of investments in associates	(2,212)	(3,430)	(3,914)
Retirement benefit obligations	200	175	290
Changes in working capital:			
Trade receivables, prepayments and other financial assets at amortised cost	(30,181)	(38,121)	(11,022)
Trade and other payables and contract liabilities	26,836	41,168	40,519
Restricted bank deposits	(8,939)	(211)	(17,822)
	110,844	145,559	186,783

(b) Net debt reconciliation

This section sets out an analysis of net debt and the movement in net debt for each of the period presented.

	As at 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	422,017	393,744	666,123
Liquidity investment	80,650	10,800	–
Current lease liabilities	(8,404)	(12,268)	(11,946)
Non-current lease liabilities	(16,825)	(13,841)	(36,208)
Net debt	477,438	378,435	617,969

	Other assets	Lease liabilities	Lease liabilities
	Cash and cash equivalents	due within 1 year	due after 1 year
	RMB'000	*RMB'000*	*RMB'000*
Net debt as at 1 January 2017	425,260	8,090	25,565
Additional in lease	–	23	247
Cash flows	(3,214)	(10,142)	–
Interest expense	–	1,446	–
Foreign exchange adjustments	(29)	–	–
Non-cash movements	–	8,987	(8,987)
Net debt as at 31 December 2017	422,017	8,404	16,825
Additional in lease	–	4,141	11,072
Cash flows	(28,297)	(16,018)	–
Interest expense	–	1,685	–
Foreign exchange adjustments	24	–	–
Non-cash movements	–	14,056	(14,056)
Net debt as at 31 December 2018	393,744	12,268	13,841
Additional in lease	–	3,065	33,432
Cash flows	272,371	(16,194)	–
Interest expense	–	1,742	–
Foreign exchange adjustments	8	–	–
Non-cash movements	–	11,065	(11,065)
Net debt as at 31 December 2019	666,123	11,946	36,208

34 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On 16 April 2018, the Group acquired an additional 30% of the equity interest of Xima Real Estate at a consideration of RMB700,000. The carrying amount of the non controlling interests in the Group on the date of acquisition was RMB1,653,000. The Group recognised a decrease in non-controlling interests of RMB1,653,000 and an increase in equity attributable to owners of the Company of RMB953,000.

The effect of changes in the equity interests of the Group on the equity attributable to owners of the Company during the year is summarised as follows:

	Year ended 31 December 2018
	RMB'000
Carrying amount of non-controlling interests acquired	1,653
Consideration paid to non-controlling interests	(700)
Less of consideration paid recognised within equity	953

On 14 May 2018, the Group acquired an additional 10% of the equity interests of Financial Street Savills at a consideration of RMB14,826,000. The carrying amount of the non controlling interests in the Group on the date of acquisition was RMB1,951,000. The Group recognised a decrease in non-controlling interests of RMB1,951,000 and a decrease in equity attributable to owners of the Company of RMB12,875,000.

The effect of changes in the equity interest of the Group on the equity attributable to owners of the Company during the year is summarised as follows:

	Year ended 31 December 2018
	RMB'000
Carrying amount of non-controlling interests acquired	1,951
Consideration paid to non-controlling interests	(14,826)
Excess of consideration paid recognised within equity	(12,875)

35 BUSINESS COMBINATION

On 15 March 2017, the Group, through a subsidiary, acquired 51% of the equity interests of Financial Street Jingnan, a property management company in Beijing, the PRC. Upon completion of the acquisition, Financial Street Jingnan became an indirect non-wholly-owned subsidiary of the Company.

(a) Consideration

The total cash consideration for the acquisition was RMB2,550,000, of which was paid to the former shareholder of Financial Street Jingnan.

(b) Recognised amounts of identifiable assets acquired and liabilities assumed

The fair value of net assets of Financial Street Jingnan acquired as at the date of completion is as follows:

	Fair Value
	RMB'000
Current assets	
Cash and cash equivalents	5,516
Current liabilities	
Trade and other payables	(516)
Total identifiable net assets acquired	5,000
Less: non-controlling interests	(2,450)
Net assets acquired	2,550

(c) Cash inflow for the acquisition

	For the year ended 31 December 2017
Inflow of cash for the acquisition, net of cash acquired	
– Cash and bank balances acquired	5,516
– Cash consideration paid	(2,550)
Cash inflow for the acquisition	2,966

(d) Revenue and profit contribution impact

The impact of the revenue and profit contribution from Financial Street Jingnan is immaterial.

36 RELATED PARTY TRANSACTIONS

(a) Parent company

The Group is controlled by the following company:

			Ownership interest		
Name	**Type**	**Place of incorporation**	**As at 31 December 2017**	**As at 31 December 2018**	**As at 31 December 2019**
Huarong Zonghe	Parent company	Beijing	40%	40%	47.52%

The ultimate parent company of the Company is Financial Street Group (the "Ultimate Parent Company").

(b) Subsidiaries

Interests in subsidiaries are set out in Note 11.

(c) Key management personnel compensation

	Year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, bonuses and other benefits	6,697	6,110	6,338

(d) Transactions with other related parties

Save as disclosed elsewhere in the Historical Financial Information, the following is a summary of the significant transactions carried out between the Group and its related parties during the Track Record Period, and balances as at 31 December 2017, 2018 and 2019.

In addition to those disclosed in other sections of the Historical Financial Information, the following significant related party transactions have been entered into by the Group during the Track Record Period.

The following transactions are carried out with related parties:

Provision of services

	Year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Provision of property management and related services to subsidiaries of the Ultimate Parent Company	118,276	130,166	154,436
Provision of property management and related services to associates of the Ultimate Parent Company	–	698	11,556
Provision of property management and related services to associates	–	301	4,176
Provision of property management and related services to the parent company of the Company's shareholder	–	–	69

Finance income

	Year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Interest income from a subsidiary of the Ultimate Parent Company	–	2,657	7,101

Purchase of services and brand licences

	Year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Brand licencing from the Ultimate Parent Company	25	50	50
Purchase of services from an associate	–	–	3,543

Rentals

	Year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Rental expenses to subsidiaries of the Ultimate Parent Company	–	333	572

	Year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Recognition of right-of-use assets on leased assets from subsidiaries of the Ultimate Parent Company	61	12,955	26,494

Interest expenses

	Year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Interest expenses for lease liabilities to subsidiaries of the Ultimate Parent Company	1,199	1,297	1,554

(e) Loans to related parties

	Year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Loans to an associate	900	1,300	2,524
Interest income	–	–	188

(f) Balances with related parties

	As at 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Trade in nature			
Trade receivables from subsidiaries of the Ultimate Parent Company	19,760	32,636	33,761
Trade receivables from an associate of the Ultimate Parent Company	–	450	7,917
Trade receivables from an associate	–	319	36
Other receivables from subsidiaries of the Ultimate Parent Company – Rental deposit	–	–	1,718
Trade and other payables to subsidiaries of the Ultimate Parent Company	16,507	20,874	22,985
Contract liabilities to subsidiaries of the Ultimate Parent Company	160	160	730
Lease liabilities to subsidiaries of the Ultimate Parent Company	20,885	21,206	30,430
Deposit placed with a subsidiary of the Ultimate Parent Company	–	247,593	290,171
Non-trade in nature			
Other receivables from the Parent Company – non trade	4,798	4,798	4,798
Other receivables of loans to an associate and related interests – non trade	900	2,200	4,912

Other receivables due from subsidiaries of the Ultimate Parent Company mainly consist of rental deposits, which were ongoing and occurred in the ordinary course of the business.

Other receivables due from the Parent Company set out above had been settled before the date of this report; other receivables of loans to an associate and related interests will be fully settled by the end of 2020.

37 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and Supervisors' emoluments

The aggregated amounts of emoluments payable to directors and supervisors of the Company during the years are as follows:

	Year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Salaries	825	350	450
Discretionary bonuses	418	350	425
Pension costs – defined contribution plans	176	95	107
Other social security costs	64	35	55
Housing funds	64	35	49
	1,547	865	1,086

The remuneration of directors and supervisors of the Company for the year ended 31 December 2017 is set out below:

	Salaries	**Discretionary bonuses**	**Pension costs – defined contribution plans**	**Other social security costs**	**Housing funds**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Name of director						
Chairman						
Sun Jie *(note ii)*	426	418	88	32	32	996
Executive directors						
Zhang Hai *(note iii)*	399	–	88	32	32	551
Non-executive directors						
Liang Jianping *(note i and v)*	–	–	–	–	–	–
Jiang Rui *(note i)*	–	–	–	–	–	–
Chen Guanglei *(note i and v)*	–	–	–	–	–	–
Xu Shuangchun *(note i and vi)*	–	–	–	–	–	–
Xu Zixi *(note i and vii)*	–	–	–	–	–	–
Name of supervisor						
Liu Anpeng *(note i)*	–	–	–	–	–	–
Yu Jian *(note i and ix)*	–	–	–	–	–	–
	825	418	176	64	64	1,547

The remuneration of directors and supervisors of the Company for the year ended 31 December 2018 is set out below:

	Salaries	Discretionary bonuses	Pension costs – defined contribution plans	Other social security costs	Housing funds	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Name of director						
Chairman						
Sun Jie	350	350	95	35	35	865
Non-executive directors						
Zhang Hai *(note i and iii)*	–	–	–	–	–	–
Zhou Peng *(note i and iv)*	–	–	–	–	–	–
Liang Jianping *(note i and v)*	–	–	–	–	–	–
Jiang Rui *(note i)*	–	–	–	–	–	–
Xu Zixi *(note i and vii)*	–	–	–	–	–	–
Shen Mingsong *(note i and viii)*	–	–	–	–	–	–
Name of supervisor						
Liu Anpeng *(note i)*	–	–	–	–	–	–
Yu Jian *(note i and ix)*	–	–	–	–	–	–
	350	350	95	35	35	865

The remuneration of directors and supervisors of the Company for the year ended 31 December 2019 is set out below:

	Salaries	Discretionary bonuses	Pension costs – defined contribution plans	Other social security costs	Housing funds	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Name of director						
Chairman						
Sun Jie	352	400	92	39	38	921
Non-executive directors						
Zhou Peng *(note i and iv)*	–	–	–	–	–	–
Liang Jianping *(note i and v)*	–	–	–	–	–	–
Jiang Rui *(note i)*	–	–	–	–	–	–
Shen Mingsong *(note i and viii)*	–	–	–	–	–	–
Name of supervisor						
Lyu Min *(note x)*	28	7	5	5	3	48
Liu Hongwu *(note x)*	70	18	10	11	8	117
Liu Anpeng *(note i)*	–	–	–	–	–	–
	450	425	107	55	49	1,086

Notes:

(i) The emoluments of these directors and supervisors were paid by owners/shareholders of the Company.

(ii) Mr. Sun Jie was appointed as Chairman of the Company with effect from 28 November 2017.

(iii) Mr. Zhang Hai was resigned from Chairman of the Company with effect from 28 November 2017, and was resigned from director with effect from 16 July 2018.

(iv) Mr. Zhou Peng was appointed as director with effect from 16 July 2018.

(v) Mr. Liang Jianping was appointed as director and Mr. Chen Guanglei was resigned from director with effect from 28 November 2017.

(vi) Mr. Xu Shuangchun was resigned from director with effect from 10 March 2017.

(vii) Mr. Xu Zixi was appointed as director with effect from 10 March 2017 and resigned with effect from 22 August 2018.

(viii) Mr. Shen Mingsong was appointed as director with effect from 22 August 2018.

(ix) Mr. Yu Jian was resigned from supervisor with effect from 16 July 2018.

(x) Mr. Liu Hongwu and Ms. Lyu Min were appointed as supervisor with effect from 19 September 2019.

(b) Directors' and supervisors' retirement benefits

During the Track Record Period, no retirement benefits are paid or receivable by any director or supervisor in respect of their services as a director or supervisor of the Company.

(c) Directors' and supervisors' termination benefits

During the Track Record Period, no termination benefits are paid or receivable by any director or supervisor as compensation for their early termination of the appointment.

(d) Consideration provided to third parties for making available directors' and supervisors' services

During the Track Record Period, no payment is made to the former employer of directors or supervisors for making available the service as a director or supervisor of the Company.

(e) 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 Track Record Period, there is no loans, quasi-loans and other dealings in favour of directors and supervisors, controlled bodies corporate by and connected entities with such directors and supervisors.

(f) Directors' and supervisors' material interests in transactions, arrangements or contracts

During the Track Record Period, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group is a party and in which a director and a supervisor of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(g) Directors' emoluments

The remuneration of directors is set out below:

For year ended 31 December 2017

Aggregate emoluments paid to or receivable by directors in respect of their services as directors	Aggregate emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the Company	Total
RMB'000	*RMB'000*	*RMB'000*
–	1,547	1,547

For year ended 31 December 2018

Aggregate emoluments paid to or receivable by directors in respect of their services as directors	Aggregate emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the Company	Total
RMB'000	*RMB'000*	*RMB'000*
–	865	865

For year ended 31 December 2019

Aggregate emoluments paid to or receivable by directors in respect of their services as directors	Aggregate emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the Company	Total
RMB'000	*RMB'000*	*RMB'000*
–	921	921

38 EVENTS AFTER THE BALANCE DATE

Impacts on COVID-19 Outbreak

Following the outbreak of Coronavirus Disease 2019 (the "COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country, including extension of the Chinese New Year holiday nationwide, postponement of work resumption after the Chinese New Year holiday in some regions, certain level of restrictions and controls over the travelling of people and traffic arrangements, quarantine of certain residents, heightening of hygiene and epidemic prevention requirements in factories and offices and encouraged social distancing, etc.

In light of the negative impact brought upon by the COVID-19 outbreak in short term, temporary delay in payment of fees for property management and related services may occur and the revenue generated from our operation of catering services may be temporarily affected, as well as increase of costs incurred by additional hygiene and epidemic prevention requirements when rendering property management services and related services.

The Group will pay close attention to the development of the COVID-19 outbreak, perform further assessment of its impact and take relevant measures.

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 31 December 2019 up to the date of this report. Except the dividend made by the Company and Financial Street Jingnan as disclosed in Note 27, there is no other dividend or distribution declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2019.

The information set out in this Appendix II does not form part of the "Accountant's Report" from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative purpose only.

The unaudited pro forma financial information should be read in conjunction with the section entitled "Financial Information" in this 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 and 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 and on the basis as set out on page II-1 for the purpose of illustrating the effect of the Global Offering on the net tangible assets of the Group attributable to owners of the Company as at 31 December 2019 as if the Global Offering had taken place on that date.

This unaudited pro forma 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 net tangible assets of the Group had the Global Offering been completed as at 31 December 2019 or at any future date.

	Audited consolidated net tangible assets attributable to owners of the Company as at 31 December 2019(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted net tangible assets attributable to owners of the Company as at 31 December 2019	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$7.16 per H Share	391,224	528,320	919,544	2.55	2.85
Based on an Offer Price of HK$7.56 per H Share	391,224	559,761	950,985	2.64	2.95

Notes:

(1) The audited consolidated net tangible assets attributable to owners of the Company as at 31 December 2019 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 at 31 December 2019 of RMB392,641,000 with adjustments for other intangible assets as at 31 December 2019 of RMB1,417,000 respectively.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK$7.16 and HK$7.56 per H Share after deduction of 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 360,000,000 Shares were in issue assuming that the Global Offering has been completed on 31 December 2019 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 are converted into Hong Kong dollars at the rate of RMB1.00 to HK$1.1163. No representation is made that Renminbi amounts have been, could have been or may be converted into Hong Kong dollars, or vice versa, at that rate.

(5) No adjustment has been made to reflect the dividend of RMB82,980,000 or any trading result or other transactions of the Group entered into subsequent to 31 December 2019.

(6) The unaudited pro forma adjusted net tangible assets of the Group does not take into account the dividend of RMB82,980,000 approved by the shareholders' meeting on 6 May 2020. The unaudited pro forma adjusted net tangible assets per Share would have been HK$2.59 (equivalent to RMB2.32) and HK$2.69 (equivalent to RMB2.41) per Share based on the Offer Price of HK$7.16 and HK$7.56, being the low-end and high-end, respectively, after taking into account the declaration and payment of the dividend.

B. REPORT FROM THE REPORTING ACCOUNTANT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

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 Financial Street Property Co., Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Financial Street Property Co., Limited (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 net tangible assets of the Group as at 31 December 2019, 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 19 June 2020, in connection with the proposed initial public offering of the H 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 31 December 2019 as if the proposed initial public offering had taken place at 31 December 2019. 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 31 December 2019, 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").

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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.

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 31 December 2019 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 judgement, 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.

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, 19 June 2020

HONG KONG TAXATION

Dividend Taxation

Under the current practise of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes.

Trading gains from sales of H Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Stock Exchange realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including H Shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

Pursuant to the Revenue (Abolition of Estate Duty) Ordinance 2005, estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after 11 February 2006.

TAXATION OF OUR COMPANY IN HONG KONG

Our Directors do not consider that any of our Company's income is derived from or arose in Hong Kong for the purpose of Hong Kong taxation. Our Company will therefore not be subject to Hong Kong taxation.

PRC LAWS AND REGULATIONS RELATING TO TAXES

(i) Income Tax

Pursuant to the EIT Law (《中華人民共和國企業所得稅法》), which was promulgated by the NPC on 16 March 2007 and came into effect on 1 January 2008 and was amended on 24 February 2017 and 29 December 2018, and the Implementation Regulations of EIT Law (《企業所得稅法實施條例》), which was promulgated by the State Council on 6 December 2007 and came into effect on 1 January 2008, the income tax rate of 25% applies to all companies in the PRC.

These enterprises are classified as either resident enterprises or non-resident enterprises. An enterprise that is established in China in accordance with PRC laws, or that is established in accordance with the law of a foreign country (region) but whose "de facto management bodies" is inside China is resident enterprise, which is subject to enterprise income tax at the rate of 25% on their global income. The Implementation Regulations of EIT Law defines the term "de facto management bodies" as "bodies that conduct substantial and all-round management and control with respect to the production, operations, personnel, finance, property, etc. of the enterprise."

An enterprise that is established according to the law of a foreign country (region) and whose "de facto management bodies" are not in China, but which have established institutions or premises in China or which have not established institutions or premises in China but have income earned in China is non-resident enterprise. According to the Implementation Regulations of EIT Law, non-resident enterprises which have not established institutions or premises in China or which have established institutions in China but whose incomes have no actual connection to its institution or establishment inside China shall be subject to a reduced enterprise income tax rate of 10% on incomes derived from China.

(ii) Income Tax relating to Dividend Distribution

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on 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》) and relevant protocols, which was promulgated by State Administration of Taxation on 21 August 2006 and came into effect on 8 December 2006, the withholding tax rate 5% applies to dividends paid by a PRC company to a Hong Kong company if such Hong Kong company directly holds at least 25% of the equity interests in the PRC company, otherwise the 10% withholding tax rate applies.

Pursuant to Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81) which was promulgated and became effective on 20 February 2009, to enjoy the treatment under the tax agreement, the fiscal resident of the other contracting party shall meet all of the following requirements (i) the fiscal resident of the other contracting party shall be limited to a company; (ii) both the proportion of all ownership interest and the proportion of all voting shares in the Chinese resident company of the fiscal resident of the other contracting party shall meet the prescribed proportions; and (iii) the proportion of capital of the Chinese resident company directly owned by the fiscal resident of the other contracting party shall meet the proportion prescribed in the tax agreement at any time during 12 consecutive months before dividends are obtained.

Pursuant to the Administrative Measures on Entitlement of Non-resident Taxpayers to Preferential Treatment under Tax Treaties (《非居民納稅人享受協定待遇管理辦法》) which was promulgated by the State Administration of Taxation on October 14, 2019 and will become effective on 1 January 2020, non-resident taxpayers are entitled to preferential treatment under tax treaties through self-determination, self-declaration and keeping and documenting relevant information for inspection. A non-resident taxpayer may enjoy the preferential tax treatment at the time of tax return filings or withholding declaration through a withholding agent if it determines that it is eligible for the preferential tax treatment keeps and documents relevant information for future inspection in accordance with the regulations under the treaties, subject to the relevant follow-up administration by the tax authority.

(iii) Value-added Tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council on 13 December 1993, came into effect on 1 January 1994, and was amended on 10 November 2008, 6 February 2016, 19 November 2017, organisations and individuals engaging in sale of goods or processing, repair and assembly services, sale of services, intangible assets, immovables and importation of goods in the PRC shall be taxpayers of Value-added Tax. The tax rate for taxpayers engaging in sale of services and intangible assets shall be 6% unless otherwise stipulated.

Pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (Cai Shui [2018] No. 32) (《財政部 稅務總局關於調整增值稅稅率的通知》), which was promulgated by the MOF and the State Administration of Taxation on 4 April 2018, and came into force as at 1 May 2018, the VAT rates shall be adjusted, including for VAT taxable sales originally subject to 17% and 11% shall be adjusted to 16% and 10%, respectively.

Pursuant to the Announcement of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on Policies for Deepening the VAT Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》), which was promulgated by the MOF, the State Taxation Administration and the General Administration of Customs on 20 March 2019, and came into force as at 1 April 2019, the VAT rates were further adjusted, including for general VAT payers' sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rates shall be adjusted to 13% or 9% respectively. Furthermore, from 1 April 2019 to 31 December 2021, a taxpayer engaged in production or livelihood services is allowed to have a 10% weighted deduction of creditable input VAT in the current period from the tax amount payable.

(iv) Stamp Duty

Pursuant to the Provisional Regulations of the PRC on Stamp Duty (《中華人民共和國印花稅暫行條例》), which was issued by the State Council on 6 August 1988, came into effect on 1 October 1988, and was amended on 8 January 2011 and the Implementation Provisions of Provisional Regulations of the PRC on Stamp Duty (《中華人民共和國印花稅暫行條例施行細則》), which was promulgated by the MOF on 29 September 1988 and came into effect on 1 October 1988, PRC stamp duty only applies to specific taxable document executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE CONTROL IN THE PRC

Pursuant to the Regulations on Foreign Exchange Administration of the PRC (《中華人民共和國外匯管理條例》), which was promulgated by the State Council of on 29 January 1996 and came into effect since 1 April 1996 and was amended on 14 January 1997 and 5 August 2008, PRC imposes no restrictions on regular international payments and transfers, such as trade and service-related foreign exchange transactions and dividend payments, but it shall be based on true and legitimate transactions and financial institutions engaging in conversion and sale of foreign currencies shall carry out reasonable examination, and the foreign exchange control authorities shall have the right to carry out supervision and inspection.

For capital account items, such as capital transfer, direct investment, investment in securities, derivative products or loans, shall be conducted upon the prior approval by or registration/filing with the administration of foreign exchange unless otherwise stipulated.

Pursuant to the Circular on Relevant Issues Concerning the Foreign Exchange Administration of Overseas Listing (Hui Fa [2014] No. 54) (《國家外匯管理局關於境外上市外匯管理有關問題的通知》(匯發[2014]54號)), which was promulgated and implemented by the State Administration of Foreign Exchange on 26 December 2014, a company limited by shares registered in the PRC shall, within 15 working days after the completion of the overseas listing, register overseas listing with the Foreign Exchange Bureau at the place of its incorporation. After overseas listing, a domestic shareholder intending to increase or reduce his shares of overseas listed companies shall register his shareholding with the local Foreign Exchange Bureau at the place where he resides within 20 working days before the increase and reduction of shares with related materials in accordance with relevant regulations. The proceeds raised from overseas listing can be repatriated to the PRC or deposited overseas, and the usage of such proceeds shall be consistent with the relevant contents set out in the prospectus and other public disclosure documents.

Pursuant to the Notice of State Administration of Foreign Exchange on Reforming and Regulating the policies for the Administration of Foreign Exchange Settlement under the Capital Account (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知), which was issued by the State Administration of Foreign Exchange on 9 June 2016 and came into effect on the same day, the settlement of foreign exchange receipts under the capital account (including foreign exchange capital, external debts, proceeds repatriated from overseas listing, etc.) entitled to discretionary settlement according to relevant policies, shall be conducted in the banks as actually needed for business operation. The discretionary exchange settlement ratio of foreign exchange receipts under the capital account of domestic entities is tentatively set as 100%. The State Administration of Foreign Exchange may adjust the above ratio in due course in accordance with the balance of payment status.

Pursuant to the Notice of the State Administration of Foreign Exchange on Further Facilitating Cross-border Trade and Investment (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知, "Circular 28"), which was promulgated by the State Administration of Foreign Exchange on 23 October 2019, non-investment foreign-invested enterprises are permitted to use their capital funds to make equity investments in the PRC, provided that such investments do not violate the Special Administrative Measures for the Access of Foreign Investment (Negative List) (外商投資准入特別管理措施(負面清單)) and the target investment projects in the PRC are genuine and in compliance with laws.

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 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 the Companies Ordinance, a company with share capital shall be incorporated by the Registrar of Companies in Hong Kong and the company will acquire an independent corporate existence upon its incorporation. 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 provisions that restrict a member's right to transfer shares. A public company's articles of association do not contain such 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 26 October 2018, has no provisions on minimum registered capital of joint stock limited 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 limited companies, in which case the company should follow such provisions.

Hong Kong law does not prescribe minimum capital requirement for a Hong Kong company.

Share Capital

Under Hong Kong law, 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 Securities Law, a joint stock limited company which applies for the listing of its shares must have a total share capital of not less than RMB30 million. There is no such restriction on companies incorporated in Hong Kong under Hong Kong law.

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 the Hong Kong law.

Restrictions on Shareholding and Transfer of Shares

Under PRC laws, our Company's Domestic Shares, which are denominated and subscribed for in Renminbi, may only be subscribed for and traded by the State, PRC legal persons, natural persons, qualified foreign institutional investors, or eligible foreign strategic investors. Overseas listed H shares, which are denominated in Renminbi and subscribed for in a foreign currency, may only be subscribed for and traded by investors from Hong Kong, Macau, Taiwan or any country and territory outside the PRC, or qualified domestic institutional investors. However, qualified institutional investors and individual investors may trade the Southbound Hong Kong Trading Link and the Northbound Shanghai Trading Link (or the Northbound Shenzhen Trading Link) shares via participating in the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

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 shareholding and transfers of shares under Hong Kong law apart from six-month lockup on the company's issue of shares and the 12-month lockup on controlling shareholders' disposal of shares.

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 V – Summary of 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 approval of a special resolution of the holders of the relevant class of shares at a separate meeting, (ii) with the consent in writing of the holders representing at least 75% of the total voting rights of the relevant class of shares, or (iii) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions.

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

Pursuant to Hong Kong law, minority shareholders may 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, a shareholder who complains that the business of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to the court to either appoint a receiver or manager over the property or business of the company or make an appropriate order regulating the affairs of the company. In addition, if the application of members reaches a specified number, 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 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 minimum period of notice is 21 days in the case of an annual general meeting and 14 days in other cases.

Quorum for Shareholders' General Meetings

Under the Companies Ordinance, the quorum for a general meeting must be at least two shareholders unless the articles of association of the company otherwise provided. For companies with only one shareholder, the quorum must be one shareholder. The PRC Company Law does not specify the quorum for a shareholders' general meeting.

Voting

Under the Companies Ordinance, an ordinary resolution of shareholders' general meetings should be passed by more than half of the votes and a special resolution of shareholders' general meetings should be passed by no less than 75% of such votes. 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 financial statements, auditors' report and directors' report, which are to be presented before the company's annual general meeting, not less than 21 days before such meeting. 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 Reorganisation

Reorganisation 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 under Division 2 of Part 13 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 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.

Documents available for Inspection

A PRC issuer is required to make available at a place in Hong Kong for inspection by the public and shareholders free of charge, and for copying by its shareholders at reasonable charges of the following:

- a complete duplicate register of shareholders;
- a report showing the state of our Company's issued share capital;
- our Company's latest audited financial statements and the reports of the directors, auditors and supervisors, if any, thereon;
- special resolutions;
- reports showing the number and nominal value of securities repurchased by our Company since the end of the last financial year, the aggregate amount paid for such securities and the maximum and minimum amounts paid in respect of each class of securities repurchased (including a classification by class shares);
- copy of the latest annual reports with the SAIC or other competent PRC authority; and
- for shareholders only, copies of minutes of shareholders' general meetings.

Receiving Agents

Under Hong Kong law, a PRC issuer is required to appoint one or more receiving agents in Hong Kong and pay to such agent(s) dividends declared and other monies owed in respect of the H Shares. Such monies will be held by the receiving agents, pending payment, in trust for the holders of such H Shares.

Statements in Share Certificates

A PRC issuer is required to ensure that all of its listing documents and share certificates include the statements stipulated below and to instruct and cause each of its share registrars not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder delivers to the share registrar a signed form in respect of such shares bearing statements to the following effect, that the acquirer of shares:

- agrees with the company and each shareholder, and it agrees with each shareholder, to observe and comply with the PRC Company Law, the Special Regulations and its articles of association;

- agrees with the company, each shareholder, director, supervisor, manager and other senior management and it (acting both for the company and for each director, supervisor, manager and other senior management) agrees with each shareholder to refer all differences and claims arising from the articles of association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws or administrative regulations concerning its affairs to arbitration in accordance with the articles of association. Any reference to arbitration shall be deemed to authorise the arbitration bodies to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;

- agrees with the company and each shareholder that shares are freely transferable by the holder thereof; and

- authorises the company to enter into a contract on his behalf with each director and senior management whereby such directors and senior management undertake to observe and comply with their obligations to shareholders as stipulated in the articles of association.

Legal Compliance

A PRC issuer is required to observe and comply with the PRC Company Law, the Special Regulations and its articles of association.

Contract between the PRC Issuer and Directors, Senior Management and Supervisors

A PRC issuer is required to enter into a contract in writing with every director and senior management containing at least the following provisions:

- an undertaking by the director or senior management to the company to observe and comply with the PRC Company Law, the Special Regulations, its articles of association, the Hong Kong Takeovers Code and an agreement that it must have the remedies provided in its articles of association and that neither the contract nor his office is capable of assignment;

- an undertaking by the director or senior management to the company acting as agent for each shareholder to observe and comply with every obligation to the Shareholders as stipulated in the articles of association; and

- an arbitration clause which provides that whenever any differences or claims arise from the contract, the articles of association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant law and administrative regulations concerning affairs between our Company and its directors or senior management and between a holder of H Shares and a director or senior management, such differences or claims shall be referred to arbitration at either the China

International Economic and Trade Arbitration Commission in accordance with its rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules, at the election of the claimant and that once a claimant refers a dispute or claim to arbitration, the other party shall also submit to the arbitral body elected by the claimant. Such arbitration shall be final and conclusive. If the party seeking arbitration elects to arbitrate the dispute or claim at Hong Kong International Arbitration Centre, then either party may apply to have such arbitration conducted in Shenzhen, according to the Securities Arbitration Rules of the Hong Kong International Arbitration Centre. The arbitration of disputes or claims referred to above are applicable to PRC laws, unless otherwise provided by law or administrative regulations. The arbitral award of the arbitral body is final and shall be binding on the parties thereto. Disputes over who is a shareholder and over the share register do not have to be resolved through arbitration.

A PRC issuer is also required to enter into a contract in writing with every supervisor containing statements in substantially the same terms as the provisions above.

Subsequent Listing

A PRC issuer must not apply for the listing of its H Shares on a PRC stock exchange unless the Stock Exchange is satisfied that the relative rights of the holders of its H Shares are adequately protected.

English Translation

All notices or other documents required under the Listing Rules to be sent by a PRC issuer to the Stock Exchange or to holders of the H Shares are required to be in English, or accompanied by a certified English translation.

General

If any change in the PRC laws or market practise materially alters the validity or accuracy of any basis upon which the additional requirements have been prepared, the Stock Exchange may impose additional requirements or make listing of H Shares by a PRC issuer subject to special conditions as the Stock Exchange may consider appropriate. Whether or not such changes in the PRC laws or market practise occur, the Stock Exchange retains its general power under the Listing Rules to impose additional requirements and make special conditions in respect of any company's listing of shares.

Other Legal And Regulatory Provisions

Upon the listing on the Stock Exchange, the relevant provisions of the SFO, the Hong Kong Takeovers Code and other relevant ordinances and regulations will apply to a PRC issuer.

Securities Arbitration Rules

The Securities Arbitration Rules of the Hong Kong International Arbitration Centre contain provisions allowing, upon application by any party, an arbitral tribunal may conduct a hearing in Shenzhen for cases involving the affairs of companies incorporated in the PRC and listed on the Stock Exchange so that PRC parties and witnesses may attend. Where any party applies for a hearing to take place in Shenzhen, the arbitral tribunal shall, where satisfied that such application is based on bona fide grounds, order the arbitration to take place in Shenzhen conditional upon all parties, including witnesses and the arbitrators, being permitted to enter Shenzhen for the purpose of the hearing. Where a party, other than a PRC party, or any arbitrator is not permitted to enter Shenzhen, then the arbitral tribunal shall order that the hearing be conducted in any practicable manner, including the use of electronic media. For the purpose of the Securities Arbitration Rules, a PRC party means a party domiciled in the PRC other than the territories of Hong Kong, Macau and Taiwan.

Any person wishing to have detailed advice on PRC laws or the laws of any jurisdiction is recommended to seek independent legal advice.

This Appendix contains a summary of laws and regulations on companies and securities in the PRC, certain major differences between the PRC Company Law and Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Companies Ordinance as well as the additional regulatory provisions of the Stock Exchange on joint stock limited companies of the PRC. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulations applicable to us.

This summary is with no intention to include all the information which may be important to the potential investors. For discussion of laws and regulations specifically governing the business of the Company, please refer to section entitled "Regulatory Overview" in this prospectus.

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "**Constitution**") and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the "**Legislation Law**"), the National People's Congress (the "NPC") and the Standing Committee of the NPC ("SCNPC") are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The Standing Committee of the NPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, PBOC, the State Audit Administration as well as the other organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people's congresses of larger cities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the comparatively larger cities may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the comparatively larger cities within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The SCNPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on 10 June 1981, the Supreme People's Court of the PRC (the "**Supreme People's Court**") has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local laws and regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

PRC JUDICIAL SYSTEM

Under the Constitution and the PRC Law on the Organisation of the People's Courts (《中華人民共和國人民法院組織法》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts, military courts and other special people's courts.

The local people's courts are comprised the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are organised into civil, criminal, administrative, supervision and enforcement divisions. The intermediate people's courts are organised into divisions similar to those of the primary people's courts, and are entitled to organise other courts as needed such as the intellectual property division.

The higher level people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the judicial administration of the people's courts at all levels.

The people's courts apply a two-tier appellate system. A party may appeal against a judgement or order of a local people's court to the people's court at the next higher level. Second judgements or orders given at the next higher level are final. First judgements or orders of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at a higher level finds an error in a judgement or an order which has been given in any people's court at a lower level, or the presiding judge of a people's court finds an error in a judgement which has been given in the court over which he presides, the case may then be retried according to the judicial supervision procedures.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》) (the "**Civil Procedure Law**") sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgement or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff's or the defendant's domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgement or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same.

There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgement made by the court within the stipulated time, the court will, upon application by either party, enforce the judgement in accordance with the law.

A party seeking to enforce a judgement or ruling of a people's court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgement or ruling.

A foreign judgement or ruling may also be recognised and enforced by the people's court according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgement or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgement or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest.

THE PRC COMPANY LAW, SPECIAL REGULATIONS AND MANDATORY PROVISIONS

A joint stock limited company which is incorporated in the PRC and seeking a listing on the Stock Exchange is mainly subject to the following three laws and regulations in the PRC:

- The PRC Company Law (《中華人民共和國公司法》) which was promulgated by the SCNPC on 29 December 1993, came into effect on 1 July 1994, revised on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013 and 26 October 2018 respectively and the latest revision of which was implemented on 26 October 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 4 August 1994 pursuant to Articles 85 and 155 of the PRC Company Law in force at that time, and were applicable, to the overseas share offering and listing of joint stock limited companies; and

- The Mandatory Provisions of Articles of Association of Companies Listing Overseas (《到境外上市公司章程必備條款》) (the "**Mandatory Provisions**") which were issued jointly by the former Securities Commission of the State Council and the former State Economic Restructuring Commission on 27 August 1994, stating the mandatory provisions which must be incorporated into the articles of association of a joint stock limited company seeking an overseas listing. As such, the Mandatory Provisions are set out in the Articles of Association of the Company, the summary of which is set out in "Appendix V – Summary of Articles of Association" to this prospectus.

Set out below is a summary of the major provisions of the PRC Company Law, the Special Regulations and the Mandatory Provisions applicable to the Company.

General

A joint stock limited company refers to an enterprise legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A state-owned enterprise ("**SOE**") that is reorganised into a joint stock limited company shall comply with the conditions and requirements specified by laws and administrative regulations for the modification of its operation mechanisms, the disposal and valuation of the company's assets and liabilities and the establishment of internal management organisations.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of two but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. According to the Special Regulations, SOEs or enterprises with the majority of their assets owned by the PRC government may be restructured into joint stock limited companies which may issue shares to overseas investors in accordance with the relevant regulations. These companies, if incorporated by promotion, may have less than five promoters and may issue new shares once incorporated.

According to the Securities Law of the PRC (《中華人民共和國證券法》) (the "**PRC Securities Law**"), the total share capital of a company seeking to list its shares on a stock exchange shall be no less than RMB30 million.

The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting. Within 30 days after the conclusion of the inaugural meeting, the board of directors must apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business licence has been issued by the relevant registration authority. Joint stock limited companies established by the subscription method shall file the approval on the offering of shares issued by the securities administration department of the State Council with the company registration authority for record.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company. According to the Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) promulgated by the State Council on 22 April 1993 (which is only applicable to the issuance and trading of shares in the PRC and their related activities), if a company is established by means of public subscription, the promoters of such company are required to sign on this document to ensure that this document does not contain any misrepresentation, serious misleading statements or material omissions, and assume joint and several responsibility for it.

Share Capital

The promoters of a company can make capital contributions in cash or in kind, which can be valued in currency and transferable according to law such as intellectual property rights or land use rights based on their appraised value. If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

A company may issue registered or bearer share. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered share and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

The Mandatory Provisions provide that shares issued to foreign investors and listed overseas shall be issued in registered form and shall be denominated in Renminbi and subscribed for in foreign currency. Under Mandatory Provisions, shares issued by the company in RMB to domestic investors shall be called domestic shares. Shares issued by the company in foreign currency to foreign investors shall be called foreign shares. Foreign shares which are listed overseas shall be called overseas listed and foreign invested shares.

A company may offer its shares to the public overseas with approval by the securities administration department of the State Council. Specific provisions shall be specifically formulated by the China Securities Regulatory Commission (the "**CSRC**"). Under the Special Regulations, upon approval of the CSRC, a company may agree, in the underwriting agreement in respect of an issue of overseas listed and foreign invested shares, to retain not more than 15% of the aggregate number of overseas listed and foreign invested shares proposed to be issued after accounting for the number of underwritten shares.

The share offering price may be equal to or greater than nominal value, but shall not be less than nominal value.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of registered shares by a shareholder must be made by means of an endorsement or by other means stipulated by laws or administrative regulations.

Bearer shares are transferred by delivery of the share certificates to the transferee.

Shares held by a promoter of a company shall not be transferred within one year after the date of the company's incorporation. Shares issued by a company prior to the public offer of its shares shall not be transferred within one year from the date of listing of the shares of the company on a stock exchange. Directors, supervisors and senior management of a company shall not transfer over 25% of the shares held by each of them in the company each year during their term of office and shall not transfer any share of the company held by each of them within one year after the listing date.

There is no restriction under the PRC Company Law as to the percentage of shareholding a single shareholder may hold in a company.

Transfers of shares may not be entered in the register of shareholders within 20 days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

A company shall obtain the approval of the CSRC to offer its shares to the overseas public. Under the Special Regulations, shares issued to foreign investors by joint stock limited companies and listed overseas are known as "overseas listed and foreign invested shares." Shares issued to investors within the PRC by joint stock limited companies, which also issues overseas listed and foreign invested shares, are known as "domestic shares." Upon approval of the securities regulatory authority of the State Council, a company issuing overseas listed and foreign invested shares in total shares determined by the issuance programme may agree with underwriters in the underwriting agreement to retain not more than 15% of the aggregate number of overseas listed and foreign invested shares outside the underwritten amount. The issuance of the retained shares is deemed to be a part of this issuance.

Registered Shares

Under the PRC Company Law, the shareholders may make capital contributions in cash, or alternatively may make capital contributions with such valuated non-monetary property as physical items, intellectual property rights, and land-use rights that may be valued in monetary term and may be transferred in accordance with the law. Pursuant to the Special Regulations, overseas listed and foreign invested shares issued shall be in registered form, denominated in Renminbi and subscribed for in a foreign currency. Domestic shares issued shall also be in registered form.

Under the PRC Company Law, when the company issues shares in registered form, it shall maintain a register of shareholders, stating the following matters:

- the name and domicile of each shareholder;
- the number of shares held by each shareholder;
- the serial numbers of shares held by each shareholder; and
- the date on which each shareholder acquired the shares.

Increase of Share Capital

According to the PRC Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' general meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders.

When the company launches a public issuance of new shares with the approval of the securities regulatory authorities of the State Council, it shall publish a prospectus and financial and accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders' general meeting;
- it shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper within 30 days after the resolution approving the reduction has been passed;
- creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts;
- it shall apply to the relevant administration of industry and commerce for the registration of the reduction in registered capital.

Repurchase of Shares

According to the PRC Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares to its employees as incentives; (iv) to purchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at a shareholders' general meeting; (v) where its shares are used to convert corporate bonds issued by a listed company that can be converted into stocks; or (vi) where it is necessary for a listed company to maintain its corporate value and stockholders' equity.

The purchase of shares on the grounds set out in (i) to (ii) above shall require approval by way of a resolution passed by the shareholders' general meeting. Following the purchase of shares in accordance with the foregoing, such shares shall be cancelled within 10 days from the date of purchase in the case of (i) above and transferred or cancelled within six months in the case of (ii) or (iv) above, or in the event of a purchase made pursuant to Item (iii), (v) or (vi), hold a total number of its own shares not more than 10% of the total shares issued by the company and transfer or cancel within three years of the purchase.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the PRC Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail. Pursuant to the Mandatory Provisions, no modifications of registration in the share register caused by transfer of shares shall be carried out within 30 days prior to convening of shareholder's general meeting or five days prior to any base date for determination of dividend distributions.

Under the PRC Company law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Directors, supervisors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the company.

Shareholders

Under the PRC Company Law and the Mandatory Provisions, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;
- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;
- the right to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of shareholder's general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquires on the company's operations;
- the right to bring an action in the people's court to rescind resolutions passed by shareholder's general meetings and board of directors where the articles of association is violated by the above resolutions;
- the right to receive dividends and other types of interest distributed in proportion to the number of shares held;
- in the event of the termination or liquidation of the company, the right to participate in the distribution of residual properties of the company in proportion to the number of shares held; and
- other rights granted by laws, administrative regulations, other regulatory documents and the company's articles of association.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

Shareholders' General Meetings

The shareholders' general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law.

Under the PRC Company Law, the shareholders' general meeting exercises the following principal powers:

- to decide on the company's operational policies and investment plans;
- to elect or remove the directors and supervisors (other than the supervisor representative of the employees of the company) and to decide on matters relating to the remuneration of directors and supervisors;
- to examine and approve reports of the board of directors;
- to examine and approve reports of the board of supervisors;
- to examine and approve the company's proposed annual financial budget and final accounts;
- to examine and approve the company's proposals for profit distribution plans and loss recovery plans;
- to decide on any increase or reduction of the company's registered capital;
- to decide on the issue of bonds by the company;
- to decide on issues such as merger, division, dissolution and liquidation of the company and other matters;
- to amend the company's articles of association; and
- other powers as provided for in the articles of association.

Shareholders' annual general meetings are required to be held once every year. Under the PRC Company Law, an extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two-thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company's total paid-up share capital;
- when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting;
- whenever the board of directors deems necessary;

- when the board of supervisors so requests; or
- other circumstances as provided for in the articles of associations.

Under the PRC Company Law, shareholders' general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. In case the board of supervisors fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

Under the PRC Company Law, notice of shareholders' general meeting shall state the time and venue and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary shareholder's general meetings shall be given to all shareholders 15 days prior to the meeting.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting. Pursuant to the Special Regulations and the Mandatory Provisions, shareholder's general meeting may be convened where the number of voting shares held by the shareholders present at the meeting reaches one half or more of the company's total voting shares. If this is not attained, the company shall within five days notify the shareholders again of the matters to be considered and time and venue of the meeting to shareholders in the form of public announcement. The company may convene the shareholders' general meeting after such public announcement. Pursuant to the Mandatory Provisions, modification or abrogation of rights conferred to any class of shareholders shall be passed both by special resolution of shareholders' general meeting and by class meeting convened respectively by shareholders of the affected class.

Pursuant to the Special Regulations, where the company convenes annual shareholders' general meeting, shareholders holding more than 5% of voting shares have a right to submit to the company new proposals in writing, in which the matters falling within the scope of shareholders' general meeting shall be placed in the agenda of the meeting.

Under the PRC Company Law, shareholders present at shareholders' general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the shareholders' general meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the PRC Company Law and the Mandatory Provisions, resolutions of the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the issue of any types of shares, warrants or other similar securities; (iv) the issue of debentures; (v) the merger, division, dissolution, liquidation or change in the form of the company; (vi) other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the PRC Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' general meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board

Under the PRC Company Law, a joint stock limited company shall have a board of directors, which shall consist of 5 to 19 members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors mainly exercises the following powers:

- to convene the shareholders' general meetings and report on its work to the shareholders' general meetings;

- to implement the resolutions passed in shareholders' general meetings;

- to decide on the company's business plans and investment proposals;
- to formulate the company's proposed annual financial budget and final accounts;
- to formulate the company's profit distribution proposals and loss recovery proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution and change in the form of the company;
- to formulate the company's basic management system; and
- to exercise any other power under the articles of association.

Board Meetings

Under the PRC Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorisation to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from that liability.

Chairman of the Board

Under the PRC Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

Qualification of Directors

The PRC Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;
- a person who has been convicted of an offence of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence;
- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- a person who has been a legal representative of a company or an enterprise that has had its business licence revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation; or
- a person who is liable for a relatively large amount of debts that are overdue.

Other circumstances under which a person is disqualified from acting as a director are set out in the Mandatory Provisions.

Board of Supervisors

A joint stock limited company shall have a board of supervisors composed of not less than three members. The board of supervisors is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one-third of the supervisors. Representatives of the employees of the company in the board of supervisors shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise.

The directors and senior management may not act concurrently as supervisors.

The board of supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the board of supervisors are elected with approval of more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the chairman of the board of supervisors is incapable of performing or not performing his duties, the vice chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the vice chairman of the board of supervisors is incapable of performing or not performing his duties, a supervisor nominated by more than half of the supervisors shall convene and preside over the meetings of the board of supervisors.

Each term of office of a supervisor is three years and he or she may serve consecutive terms if re-elected. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The board of supervisors exercises the following powers:

- to review the company's financial position;
- to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or the resolutions of shareholders' meeting;
- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;
- to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' general meeting under this law;
- to initiate proposals for resolutions to shareholders' general meeting;
- to initiate proceedings against directors and senior management; and
- other powers specified in the articles of association.

Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The board of supervisors may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

Manager and Senior Management

Under the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall report to the board of directors and may exercise the following powers:

- to supervise the business and administration of the company and arrange for the implementation of resolutions of the board of directors;
- to arrange for the implementation of the company's annual business plans and investment proposals;
- to formulate the general administration system of the company;
- to formulate the company's detailed rules;
- to recommend the appointment and dismissal of deputy managers and person in charge of finance;
- to appoint or dismiss other administration officers (other than those required to be appointed or dismissed by the board of directors); and
- to other powers conferred by the board of directors or the articles of association.

The manager shall comply with other provisions of the articles of association concerning his/her powers. The manager shall attend board meetings.

According to the PRC Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating of the company's properties. Directors and senior management are prohibited from:

- misappropriation of the company's capital;
- depositing the company's capital into accounts under his own name or the name of other individuals;
- loaning company funds to others or providing guarantees in favour of others supported by the company's assets in violation of the articles of association or without prior approval of the shareholders' general meeting or board of directors;
- entering into contracts or deals with the company in violation of the articles of association or without prior approval of the shareholders' general meeting;
- using their position and powers to procure business opportunities for themselves or others that should have otherwise been available to the company or operating for their own benefits or managing on behalf of others businesses similar to that of the company without prior approval of the shareholders' general meeting;
- accept and possess commissions paid by a third party for transactions conducted with the company;
- unauthorised divulgence of confidential business information of the company; or
- other acts in violation of their duty of loyalty to the company.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable to the company.

Finance and Accounting

Under the PRC Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the PRC Company Law, the company shall deliver its financial and accounting reports to all shareholders within the time limit stipulated in the articles of association and make its financial and accounting reports available at the company for inspection by the shareholders at least 20 days before the convening of an annual general meeting of shareholders. It must also publish its financial and accounting reports.

When distributing each year's after-tax profits, it shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After allocation of the statutory common reserve fund from after-tax profits, it may, upon a resolution passed at the shareholders' general meeting, allocate discretionary common reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of common reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association.

Shares held by the Company shall not be entitled to any distribution of profit.

The premium received through issuance of shares at prices above par value and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The Company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. However, the capital reserve fund may not be applied to make up the company's losses. Upon the conversion of statutory common reserve fund into capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Retirement of Accounting Firms

Pursuant to the PRC Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' general meeting or board of directors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting or board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

The Special Regulations provide that a company shall employ an independent accounting firm complying with the relevant regulations of the State to audit its annual report and review and check other financial reports of the company. The accounting firm's term of office shall commence from their appointment at a shareholders' annual general meeting to the end of the next shareholders' annual general meeting.

Distribution of Profits

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn. Under the Mandatory Provisions, a company shall appoint receiving agents on behalf of holders of the overseas listed and foreign invested shares to receive on behalf of such shareholders dividends and other distributions payable in respect of their overseas listed and foreign invested shares.

Amendments to Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. Any amendment of provisions incorporated in the articles of association in connection with the Mandatory Provisions will only be effective after approval by the company's approval department authorised by the State Council and the CSRC. In relation to matters involving the company's registration, its registration with the authority must also be changed.

Dissolution and Liquidation

According to the PRC Company Law, a company shall be dissolved by reason of the following: (i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' general meeting have resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business licence is revoked; the company is ordered to close down or be dissolved; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the company would bring significant losses for shareholders.

In the event of (i) above, it may carry on its existence by amending its articles of association. The amendment of the articles of association in accordance with provisions set out above shall require approval of more than two-thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved in the circumstances described in subparagraphs (i), (ii), (iv), or (v) above, a liquidation group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution. The members of the company's liquidation group shall be composed of its directors or the personnel appointed by the shareholders' general meeting. If a liquidation group is not established within the stipulated period, creditors may apply to the people's court and request the court to appoint relevant personnel to form the liquidation group. The people's court should accept such application and form a liquidation group to conduct liquidation in a timely manner.

The liquidation group shall exercise the following powers during the liquidation period:

- to handle the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the company's outstanding businesses related to liquidation;
- to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- to claim credits and pay off debts;
- to handle the company's remaining assets after its debts have been paid off; and
- to represent the company in civil lawsuits.

The liquidation group shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' general meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy.

Following such declaration, the liquidation group shall hand over all matters relating to the liquidation to the people's court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' general meeting or the people's court for verification. Thereafter, the report shall be submitted to the registration authority of the company in order to cancel the company's registration, and a public notice of its termination shall be issued. Members of the liquidation group are required to discharge their duties honestly and in compliance with the relevant laws. Members of the liquidation group shall be prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

A member of the liquidation group is liable to indemnify the company and its creditors in respect of any loss arising from his intentional or gross negligence.

Overseas Listing

According to the Special Regulations, a company shall obtain the approval of the CSRC to list its shares overseas. A company's plan to issue overseas listed and foreign invested shares and domestic shares which has been approved by the CSRC may be implemented by the board of directors of the company by way of separate issue within 15 months after approval is obtained from the CSRC.

Loss of Share Certificates

If a registered share certificate is lost, stolen or destroyed, the relevant shareholder may apply, in accordance with the relevant provisions set out in the Civil Procedure Law, to a people's court to declare such certificate invalid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate. A separate procedure regarding the loss of overseas listed and foreign invested share certificates is provided for in the Mandatory Provisions.

Suspension and Termination of Listing

The PRC Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law stipulates that the trading of shares of a company on a stock exchange may be suspended if so decided by the stock exchange under one of the following circumstances:

(i) the registered capital or shareholding distribution no longer complies with the necessary requirements for a listed company;

(ii) the company failed to make public its financial position in accordance with the requirements or there is false information in the company's financial report with the possibility of misleading investors;

(iii) the company has committed a major breach of the law;

(iv) the company has incurred losses for three consecutive years; or

(v) other circumstances as required by the listing rules of the relevant stock exchange(s).

Under the PRC Securities Law, in the event that the conditions for listing are not satisfied within the period stipulated by the relevant stock exchange in the case described in (i) above, or the company has refused to rectify the situation in the case described in (ii) above, or the company fails to become profitable in the next subsequent year in the case described in (iv) above, the relevant stock exchange shall have the right to terminate the listing of the shares of the company.

Merger and Demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

SECURITIES LAW AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the draughting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the draughting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) deals with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

On 25 December 1995, the State Council promulgated and implemented the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations deal mainly with the issue, subscription, trading and declaration of dividends and other distributions of domestic listed and foreign invested shares and disclosure of information of joint stock limited companies having domestic listed and foreign invested shares.

The PRC Securities Law took effect on 1 July 1999 and was revised on 28 August 2004, 27 October 2005, 29 June 2013 and 31 August 2014, respectively. This is the first national securities law in the PRC, which is divided into 12 chapters and 240 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 238 of the PRC Securities Law provides that domestic enterprises shall obtain prior approval from the State Council's regulatory authorities to list its shares outside the PRC. Currently, the issue and trading of foreign issued shares (including H shares) are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

Shanghai-Hong Kong Stock Connect

On 10 April 2014, CSRC and SFC issued the Joint Announcement of China Securities Regulatory Commission and Hong Kong Securities and Futures Commission – Principles that Should be Followed when the Pilot Programme that Links the Stock Markets in Shanghai and Hong Kong is Expected to be Implemented and approved in principle the launch of the pilot programme 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 programme, 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 programme, it is required by SFC 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 10 November 2014, CSRC and SFC 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 17 November 2014.

On 30 September 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 Programme for the Deepening Reforms on Overseas Listing Systems and the "Full Liquidity" of H Shares (《中國證監會深化境外上市制度改革開展H股"全流通"試點》) issued by the CSRC on 29 December 2017 and the Reply to the Press by the CSRC Spokesperson, Chang Depeng regarding the implementation of the "Full Liquidity" Pilot Programme of H Shares (《中國證監會新聞發言人常德鵬就開展H股"全流通"試點相關事宜答記者問》) issued by the CSRC on 29 December 2017 and approved by the State Council, the CSRC carried out the "Full Liquidity" Pilot Programme of H-share Listed Companies, which required enterprises involved in the pilot programme to perform some procedures and meet the following four basic conditions:

(1) fulfilled the relevant legal provisions and policy requirements of foreign investment access, state-owned assets management, state security and industrial policy.

(2) their respective industries are in line with the development concept of innovative, coordinated, green, open and sharing, the development direction of the industrial policy of the state, as well as the national strategy of serving the real economy and supporting the "One Belt, One Road" construction, they also have to be high-quality enterprises.

(3) the equity structures of existing shares are relatively simple and their respective market value will be not less than HK$1 billion.

(4) the corporate governance is standard, the internal decision-making procedures are in compliance with the laws, which can practicably and adequately protect shareholders' rights of knowledge, participation and voting.

On 14 November 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 15 November 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 31 August 1994, became effective on 1 September 1995 and was amended on 27 August 2009 and 1 September 2017. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid.

The Mandatory Provisions require an arbitration clause to be included in the articles of association of an issuer. Matters in arbitration include any disputes or claims in relation to the issuer's affairs or as a result of any rights or obligations arising under its articles of association, the PRC Company Law or other relevant laws and administrative regulations.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, must comply with the arbitration. Disputes in respect of the definition of shareholder and disputes in relation to the issuer's register of shareholders need not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會) ("**CIETAC**") in accordance with its rules or the Hong Kong International Arbitration Centre ("**HKIAC**") in accordance with its Securities Arbitration Rules (the "**Securities Arbitration Rules**"). Once a claimant refers a dispute or claim to arbitration, the other party shall submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the HKIAC, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules. In accordance with the Arbitration Regulations of CIETAC (《中國國際經濟貿易仲裁委員會仲裁規則》) which was amended on

4 November 2014 and implemented on 1 January 2015, CIETAC shall deal with economic and trading disputes over contractual or non-contractual transactions, including disputes involving Hong Kong based on the agreement of the parties. The arbitration commission is established in Beijing and its branches and centres have been set up in Shenzhen, Shanghai, Tianjin and Chongqing.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognised and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**") adopted on 10 June 1958 pursuant to a resolution of the Standing Committee of the NPC passed on 2 December 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognised and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognise and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On 18 June 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 1 February 2000. In accordance with this arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

Judicial judgement and its enforcement

According to the Arrangement on Mutual Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) promulgated by the Supreme People's Court on 3 July 2008 and implemented on 1 August 2008, in the case of final judgement, defined with payment amount and enforcement power, made between the court of China and the court of the Hong Kong Special Administrative Region in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement. "Choice of court agreement in written" refers to a written agreement defining the exclusive jurisdiction of either the People's Court of China or the court of the Hong Kong Special Administrative Region in order to resolve dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the party concerned may apply to the Court of China or the court of the Hong Kong Special Administrative Region to recognise and enforce the final judgement made in China or Hong Kong that meet certain conditions of the aforementioned regulations.

This appendix contains the summary of the principal provisions of the Articles of Association adopted by our Company on 13 December 2019. The Articles of Association of the Company shall take effect on the date of the H Shares being listed on the Stock Exchange. The main purpose of this appendix is to provide an overview of the Company's Articles of Association for potential investors, so it may not contain all the information that is important to potential investors.

1. SHARES AND REGISTERED CAPITAL

All the shares issued by the Company are ordinary shares. The Company may create other classes of shares according to it needs, upon approval by the authorities that are authorised by the State Council. The shares of the Company shall take the form of share certificates.

All the shares issued by the Company shall have a par value, which shall be RMB1 for each share.

The shares of the Company shall be issued in accordance with the principles of openness, equitability and fairness. Each share of the same class shall carry the same rights.

Shares of the same class and in the same issue shall be issued on the same conditions and at the same price. Any entity or individual shall pay the same price for each of the shares it/he/she subscribes for.

2. INCREASE AND REDUCTION OF CAPITAL AND BUYBACK OF SHARES

(1) Capital Increase

Based on its business and development requirements, the Company may increase its capital in accordance with the laws and subject to relevant requirements of these Articles of Association, by any of the following methods:

(I) public offering of shares;

(II) private placement of shares;

(III) allotment of new shares to existing shareholders;

(IV) conversion of capital reserve to share capital; or

(V) other methods permitted by laws and administrative regulations and approved by relevant competent authorities.

If the Company is to increase its capital by an offering of new shares, it shall do so by the procedure provided for in relevant state laws after such increase has been approved in accordance with these Articles of Association.

(2) Reduction of Capital

The Company may reduce its registered capital. If the Company reduces its registered capital, it shall do so by the procedures set forth in the Company Law, other relevant regulations and these Articles of Association.

If the Company is to reduce its registered capital, it must prepare a balance sheet and a list of its property.

The Company shall notify its creditors to reduce its registered capital and publish a public announcement in accordance with the Company Law, and pay its debts or provide a corresponding security for repayment as required by the creditors.

(3) Repurchase of Shares

The Company shall not acquire its shares. However, the Company may, in the following circumstances, buy back its own outstanding shares by the procedures provided for in laws and these Articles of Association, after the approval by the approval authority authorised by the State Council:

(I) to reduce the capital of the Company;

(II) to merge with other companies that hold shares in the Company;

(III) to use the shares for employee shareholding schemes or as share incentives;

(IV) to acquire the shares of shareholders (upon their request) who vote against to any resolution adopted at any general meetings on the merger or division of the Company;

(V) to use the shares to satisfy the conversion of those corporate bonds convertible into shares issued by the listed company; or

(VI) to safeguard corporate value and shareholders' equity as the listed company deems necessary.

Unless the Company has already entered the liquidation stage, it must comply with the following provisions in buying back its outstanding shares:

(I) if the Company buys back shares at their par value, the amount thereof shall be deducted from the book balance of distributable profit of the Company and/or from the proceeds of the new shares offer made to repurchase the old shares;

(II) if the Company buys back shares at a price higher than their par value, the portion corresponding to their par value shall be deducted from the book balance of distributable profit of the Company and/or from the proceeds of the new shares offer made to repurchase the old shares; and the portion in excess of the par value shall be handled according to the following methods:

(i) if the shares being bought back were issued at their par value, the amount shall be deducted from the book balance of distributable profit of the Company;

(ii) if the shares being bought back were issued at a price higher than their par value, the amount shall be deducted from the book balance of distributable profit of the Company and/or the proceeds of the new share offer made to repurchase the old shares, provided that the amount paid out of the proceeds of the new share offer shall not exceed the aggregate of the premiums received on the issue of the old shares repurchased nor shall it exceed the amount in the Company's premium account (or capital reserve account) (including the premiums from the new share offer) at the time of the buyback;

(III) the Company shall make payments for the following applications out of the Company's distributable profits:

(1) acquisition of the right to buy back its own shares;

(2) modification of any contract for the buy back of its shares;

(3) release from any of its obligations under a buyback contract.

(IV) after the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with relevant regulations, the amount deducted from the distributable profit for payment of the par value of the repurchased shares shall be credited to the Company's premium account (or capital reserve account).

3. FINANCIAL ASSISTANCE FOR THE PURCHASE OF COMPANY SHARES

Neither the Company nor its wholly-owned or controlled companies or companies within the scope of the its consolidated financial statements ("subsidiaries") shall at any time provide any financial assistance in any form to purchasers or prospective purchasers of shares of the Company. Purchasers of shares of the Company as referred to above shall include persons that directly or indirectly assumes obligations as a result of purchasing shares of the Company.

Neither the Company nor its subsidiaries shall at any time provide any financial assistance in any form to the above obligors in order to reduce or release them from their obligations.

The term "financial assistance" shall include but not be limited to financial assistance in the forms set forth below:

(I) gift;

(II) security (including the assumption of liability or the provision of property by the guarantor to secure the performance of obligations by the obligor), indemnity (not including, however, indemnity arising from the Company's own fault), release or waiver of any rights;

(III) provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled before the fulfilment of obligations of the other party to the contract, or a change in the parties to, or the assignment of rights under, such loan or contract; and

(IV) any other form of financial assistance given by the Company when the Company is insolvent or has no net asset or when its net assets would thereby be reduced to a material extent.

The "assumption of obligations" means the assumption of obligations by way of contract or by way of arrangement (irrespective of whether such contract or arrangement is enforceable or not, and irrespective of whether such obligations are to be borne by the obligor solely or jointly with other persons), or by any other means which results in a change in the obligor's financial position.

The following acts shall not be deemed to be prohibited:

(I) the provision of financial assistance by the Company where the financial assistance is provided in good faith in the interests of the Company and the principal purpose of which is not for the acquisition of shares in the Company, or where the provision of financial assistance is an incidental part of certain overall plan of the Company;

(II) the lawful distribution of the Company's properties by way of dividends;

(III) the allotment of bonus shares as dividends;

(IV) a reduction of registered capital, buyback of shares or adjustment of the share capital structure effected in accordance with these Articles of Association;

(V) the provision by the Company of a loan within its scope of operation and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of its distributable profit);

(VI) the monetary contribution by the Company to the employee share option schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of its distributable profit).

4. SHARE CERTIFICATES AND REGISTER OF MEMBERS

(1) Share Certificates

The share certificates of the Company shall be in registered form.

The share certificates of the Company shall contain items provided in the Company Law and other items required to be specified by the Stock Exchange.

The share certificates shall be signed by a legal representative of the Company. Where the stock exchange on which the shares of the Company are listed requires the share certificates to be signed by other senior management of the Company, the share certificates shall also be signed by such senior management. The share certificates shall take effect after being affixed or printed with the seal of the Company. The share certificates shall only be affixed with the Company's seal with the authorisation of the Board. The signatures of the chairman of the Board or other relevant senior management on the share certificates may also be in printed form.

If the Company's shares are issued and traded in paperless form, the regulations of the securities regulator of the place where the shares of the Company are listed shall apply.

(2) Register of Members

The Company shall keep a register of shareholders, in which the following particulars shall be recorded:

(I) the name, address (place of domicile), occupation or nature of business of each shareholder;

(II) the class and number of shares held by each shareholder;

(III) the amount paid-up or payable in respect of shares held by each shareholder;

(IV) the serial numbers of the shares held by each shareholder;

(V) the date on which each shareholder was registered as a shareholder;

(VI) the date on which any shareholder ceased to be a shareholder.

Unless there is evidence to the contrary, the register of members shall be the sufficient evidence of the shareholders' shareholding in the Company.

The Company may, in accordance with the mutual understanding and agreements made between the CSRC and overseas securities regulatory authorities, keep its register of holders of overseas-listed foreign shares outside of the PRC and appoint overseas agent(s) to manage such register. The original register of holders of H shares shall be maintained in Hong Kong.

The Company shall maintain a duplicate of the register of holders of overseas listed foreign shares at its place of domicile. The appointed overseas agent(s) shall ensure consistency between the original version and the duplicate register of holders of overseas listed foreign shares at all times. If there is any inconsistency between the original and the duplicate register of holders of overseas-listed foreign shares, the original version shall prevail.

The Company shall maintain a complete register of members. The register of members shall include the following parts:

(I) the register of members which is maintained at the Company's place of domicile (other than those share registers which are described in paragraphs (II) and (III) of this Article);

(II) the register of members in respect of the holders of overseas-listed foreign shares of the Company which is maintained at the place where the overseas stock exchange on which the shares are listed is located;

(III) the register of members which is maintained in such other place as the Board may consider necessary for the purpose of listing of the Company's shares.

Different parts of the register of members shall not overlap one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of members.

Alteration or rectification of each part of the register of members shall be made in accordance with the laws of the place where that part of the register of members is maintained.

Applicable laws, regulations and the provisions of the Listing Rules of the Stock Exchange on the period of suspension of share registration and transfers before the convening of the shareholders' meeting or the benchmark date, on which the company decides to distribute dividends, shall prevail.

When the Company intends to convene a general meeting, distribute dividends, enter into liquidation and engage in other activities that involve determination of shareholdings, the Board shall determine a specific date for the determination of rights attaching to shares (record date). Shareholders whose names appear on the register of members by the end of the date for the determination of rights attaching to shares (record date) shall be the shareholders entitled to the relevant rights and interests.

Any person who challenges the register of members and requests to have his/her name included in or removed from the register of members may apply to the court having jurisdiction in the place of incorporation of the Company for rectification of the register of members.

Any shareholder who is registered in, or any person who requests to have his name (title) entered into, the register of members may apply to the Company for issuance of a replacement share certificate in respect of such shares (the "relevant shares") if his/her share certificate (the "original share certificate") is lost.

The Company shall not have any obligation to indemnify any person for any damage suffered thereby arising out of the cancellation of the original share certificate or the issuance of a replacement share certificate, unless such person concerned can prove fraud on the part of the Company.

5. RIGHTS AND OBLIGATIONS OF THE SHAREHOLDERS

A shareholder of the Company is a person who lawfully holds shares of the Company and whose name (title) is recorded in the register of members.

A shareholder shall enjoy relevant rights and assume relevant obligations in accordance with the class and number of shares he/she holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Where the shareholder of the Company is a legal person, its legal representative or a person authorised by the resolution of the board of directors or other decision-making authorities shall exercise its rights on its behalf.

Holders of the ordinary shares of the Company shall enjoy the following rights in accordance with applicable laws and these Articles of Association:

(I) the right to dividends and other profit distributions in proportion to the number of shares held;

(II) the right to propose, convene and preside over, to attend or appoint proxies to attend general meetings and to exercise the corresponding voting right;

(III) the right to supervise, present proposals or raise enquiries about the Company's business operations;

(IV) the right to transfer, give as a gift or pledge the shares in their possession in accordance with laws, administrative regulations, the Listing Rules of the Stock Exchange and the Articles of Association;

(V) the right to obtain relevant information in accordance with the Articles of Association, including:

1. The right to obtain a copy of the Articles of Association, subject to payment of a reasonable fee;

2. The right to inspect and copy, subject to a payment of a reasonable fee:

   (1) All parts of the register of members;

   (2) Personal particulars of each of the Company's directors, supervisors, general manager, and other senior management, including:

      a) present and former name or alias;

      b) principal address (place of domicile);

      c) nationality;

      d) full-time and all other part-time occupations and positions;

      e) identity document and its number.

(3) the state of the Company's issued share capital and special resolution of the shareholders;

(4) reports showing the aggregate par value, quantity, the maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the end of the last financial year, and the aggregate amount paid by the Company for this purpose;

(5) counterfoils of corporate bonds, minutes of general meetings, resolutions of the board meetings, resolutions of the Supervisory Committee meetings and financial and accounting reports;

(6) copy of the latest annual return filed with the company registration authorities of the PRC or other competent authorities (if applicable).

The Company shall make the foregoing documents available for inspection by shareholders at its domicile and at its place of business in Hong Kong.

(VI) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining property of the Company in proportion to the number of shares held;

(VII) with respect to shareholders who vote against any resolution adopted at the general meeting on the merger or division of the Company, the right to demand the Company to acquire the shares held by them;

(VIII) such other rights conferred by laws, administrative regulations and the Articles of Association.

Shareholders of the Company shall have the following obligations:

(I) to abide by laws, administrative regulations and the Articles of Association;

(II) to pay the share subscription price based on the shares subscribed for by them and the method of acquiring such shares;

(III) not to withdraw their shares except in circumstances specified in laws and regulations;

(IV) not to abuse their shareholders' rights to prejudice the interests of the Company or other shareholders; not to abuse the independent status of the Company as a legal entity and the limited liability of shareholders to prejudice the interests of the Company's creditors; If a shareholder of the Company abuses the rights of shareholder and thereby causes loss on the Company or other shareholders, such shareholder shall be liable for indemnity in accordance with the law. If a shareholder of the Company abuses the Company's independent status as a legal entity and the limited liability of shareholders for the purposes of avoiding debts, thereby materially impairing the interests of the creditors of the Company, such shareholder shall be jointly and severally liable for the debts owed by the Company;

(V) to assume other obligations required by laws, administrative regulations and the Articles of Association.

Shareholders shall not be liable to make any further contributions to the share capital other than according to the terms agreed by the subscribers at the time of share subscription.

6. RESTRICTION ON RIGHTS OF THE CONTROLLING SHAREHOLDERS

In addition to obligations imposed by laws or required by the Listing Rules of the Stock Exchange, a controlling shareholder of the Company exercises his/her right as a shareholder, he/she shall not exercise his/her voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of the Company:

(I) to waive a director or supervisor of his responsibility to act honestly in the best interests of the Company;

(II) to approve the expropriation by a director or supervisor (for his/her own benefits or for the benefits of another person), in any way, of the Company's properties, including but not limited to any opportunities beneficial to the Company;

(III) to approve the expropriation by a director or supervisor (for his own benefits or for the benefits of another person) of personal rights of other shareholders, including but not limited to rights to distributions and voting rights save pursuant to a corporate restructuring tabled at a general meeting for approval in accordance with the Articles of Association.

7. GENERAL MEETING

(1) General Rules for Convening a General Meeting

The general meeting is the organ of the highest authority of the Company and shall exercise the following functions and powers in accordance with the law:

(I) to decide on the operating policies and investment plans of the Company;

(II) to elect and replace directors and to decide on matters relating to their remuneration;

(III) to elect and replace supervisors who are not representatives of the employees and to decide on matters relating to their remuneration;

(IV) to consider and approve reports of the Board;

(V) to consider and approve reports of the Supervisory Committee;

(VI) to consider and approve the annual financial budgets and final accounts of the Company;

(VII) to consider and approve the profit distribution plans and loss recovery plans of the Company;

(VIII) to make resolutions on increasing or reducing the registered capital of the Company;

(IX) to make resolutions on the issuance of corporate bonds;

(X) to make resolutions on the merger, division, dissolution, liquidation or change in corporate form of the Company;

(XI) to make resolutions on the engagement, dismissal or non-renewal of the engagement of accounting firms by the Company;

(XII) to amend these Articles of Association and their annexes;

(XIII) to consider matters relating to the external guarantees of the Company;

(XIV) to consider matters relating to the purchases or disposal of material assets by the Company within one year in an amount representing more than 30 percent of the latest audited total assets of the Company;

(XV) equity incentive plans;

(XVI) to consider other matters that required to be resolved by the general meeting as prescribed by the law, administrative regulations, departmental rules and these Articles of Association.

Except under unusual circumstances such as a crisis, the Company shall not conclude any contract with any person other than a director, a supervisor, a general manager or other senior management whereby such person is put in charge of the management of the whole or a substantial part of the Company's business without the approval of the general meeting by way of a special resolution.

General meetings include annual general meetings and extraordinary general meetings. In general, general meetings shall be convened by the Board. Annual general meetings shall be convened once a year and within six months after the end of the preceding fiscal year.

The Company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

(I) the number of directors is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in these Articles of Association;

(II) the losses of the Company that have not been made up reach one-third of its total paid in share capital;

(III) such is requested in writing by a shareholder alone or shareholders together holding over ten per cent of the Company's outstanding voting shares (the number of shares held by such shareholder(s) shall be calculated based on the number of shares held at the close of trading on the date when such shareholder(s) request in writing, or if the written request is made on a non-trading day, the number of shares held at the close of trading on the preceding trading day;

(IV) the Board considers it necessary;

(V) the Supervisory Committee proposes that such a meeting shall be held;

(VI) other circumstances as specified by laws and these Articles of Association.

(2) Convening of a General Meeting

The Board shall have the right to convene an extraordinary general meeting whenever it considers necessary or when at least one-half of all of the independent non-executive directors propose and the Board agrees that such a meeting shall be held. Independent non-executive directors shall propose to the Board in writing to convene an extraordinary general meeting.

The Supervisory Committee shall have the right to propose to the Board to convene an extraordinary general meeting. The Supervisory Committee shall propose to the Board in writing to convene an extraordinary general meeting. If the Board does not agree to convene an extraordinary general meeting, or fails to give a response within 10 days after the receipt of the proposal, the Supervisory Committee may itself convene and preside over such meeting.

A shareholder alone or shareholders together holding over ten percent of the Company's shares shall have the right to make a request to the Board in writing to convene an extraordinary general meeting. If the Board does not agree to convene an extraordinary general meeting, or fails to give a response within 10 days after the receipt of the request, the shareholder alone or shareholders together holding over ten percent of the Company's shares shall have the right to propose to the Supervisory Committee in writing to convene an extraordinary general meeting. If the Supervisory Committee fails to issue a notice calling the general meeting by the prescribed deadline, a shareholder who alone or shareholders who together holding at least ten percent of the shares of the Company for at least 90 days in succession may himself/herself/themselves convene and preside over such meeting.

(3) Proposals of General Meetings

A shareholder alone or shareholders together holding more than three (3) percent of the shares of the Company may submit extempore motions in writing to the convenor ten (10) days prior to the date of general meeting. The convenor shall issue a supplemental notice of general meeting and make a public announcement of the contents of such extempore motion within two (2) days after receipt of the motion, and submit such extempore motion to the general meeting for consideration. The contents of such an extempore motion shall fall within the authority of general meetings, with definite topics to discuss and specific matters to resolve.

Except as provided in the preceding paragraph, the convenor, after issuing the notice of the general meeting, shall neither modify the proposals stated in the notice of general meetings nor add new proposals.

(4) Notices of General Meetings

Where a general meeting is convened by the Company, it shall issue a written notice twenty (20) business days prior to the convening of the annual general meeting or fifteen (15) days prior to the convening of the extraordinary general meeting to notify shareholders. The notice shall include date, time and venue of the meeting and matters to be considered at the meeting and a statement indicating that shareholders is entitled to appoint proxies to attend and vote at such meeting on his/her behalf in writing. When calculating the starting date, the date of the meeting shall be excluded.

Notice of general meeting shall be served to any shareholder (whether has voting right on general meeting or not) either by hand or by post in a prepaid mail, addressed to such shareholder at his registered address as shown in the register of members, or by public announcement. For holders of domestic shares, the notice of a general meeting may also be given by public announcement.

(5) Convening of General Meetings

Any shareholder entitled to attend and vote at a general meeting shall have the right to appoint one (1) or more persons (who may not be a shareholder) as his/her proxies to attend and vote on his/her behalf. Such proxies may exercise the following rights as entrusted by the shareholder:

(I) the shareholder's right to speak at the general meeting;

(II) the right to demand by himself or jointly with others, to vote by way of poll;

(III) the right to vote by show of hands or on a poll, except that if a shareholder has appointed more than one (1) proxy, such proxies may only exercise their voting rights on a poll.

Shareholders shall appoint their proxies by written instruments, which shall be signed by the principals or their agents appointed in writing. If the principal is a legal person, the instrument shall be under the seal of the legal person or signed by its director(s) or duly authorised agent(s).

The instrument appointing a voting proxy shall be placed at the domicile of the Company or at such other place as specified in the notice of the meeting at least 24 hours before the convening of the relevant meeting at which the proxy is authorised to vote or 24 hours before the specified time of the vote.

If a general meeting is convened by the board of directors, the chairman of the board of directors shall serve as host and preside over the meeting. If the chairman of the board of directors fails or is unable to perform his or her duties, the meeting shall be presided over by the director jointly elected by at least one half of the directors.

At a general meeting convened by the Supervisory Committee, the chairman of the Supervisory Committee shall preside. If the chairman of the Supervisory Committee fails or is unable to perform his or her duties, the meeting shall be presided over by the supervisor jointly elected by at least one half of the supervisors.

If a general meeting is convened by a shareholder himself/herself or shareholders themselves, the meeting shall be presided over by the representative selected by the convenor(s).

(6) Voting and Resolutions of General Meeting

Resolutions of the general meeting include ordinary resolutions and special resolutions. Ordinary resolution at a general meeting shall be adopted by shareholders in attendance (including proxies) holding at least half of the voting rights. Special resolution at a general meeting shall be adopted by shareholders in attendance (including proxies) holding at least two-thirds of the voting rights.

Shareholders (including proxies) shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share. 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 the general meeting shall be conducted by poll with registration. When a poll is taken at a meeting, a shareholder (including his proxy) who has the right to two (2) or more votes need not cast all his votes in the same way. When the number of votes for and against a resolution is equal, whether the vote is taken by a show of hands or on a poll, the chairman of the meeting shall be entitled to one additional vote.

Decisions of the general meeting on any of the following matters shall be adopted by special resolution:

(I) the increase or reduction of the registered capital and issuance of any class of shares, warrants or other similar securities by the Company;

(II) the issuance of corporate bonds;

(III) the division, merger, dissolution and liquidation or change in the corporate form of the Company;

(IV) the amendment to these Articles of Association and their annexes;

(V) equity incentive plans;

(VI) any purchase or disposal of material assets made or guarantee provided by the Company within one (1) year in an amount representing more than 30 percent of the total assets of the Company;

(VII) other matters which the laws, administrative regulations or these Articles of Association require to be adopted by special resolutions and which the general meeting considers will have a material impact on the Company and therefore require, by an ordinary resolution, to be adopted by special resolution.

Except the matters that require to be considered and adopted by special resolutions at a general meeting as prescribed by the Articles of Association, other matters shall be adopted by ordinary resolutions at a general meeting.

(7) Procedures for Voting by Class Shareholders

Shareholders that hold different classes of shares shall be class shareholders. Class shareholders shall enjoy rights and assume obligations in accordance with laws and these Articles of Association.

Apart from holders of other classes of shares, holders of Domestic Shares and overseas listed foreign shares are deemed to be shareholders of different classes. 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.

The rights of shareholders of a certain class shall be deemed to have been changed or abrogated in the following circumstances:

(I) An increase or decrease in the number of shares of such class or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;

(II) a conversion of all or part of the shares of such class into shares of another class, a conversion of all or part of the shares of another class into shares of such class or the grant of the right to such change;

(III) a removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;

(IV) a reduction or removal of a dividend preference or property distribution preference during liquidation of the Company, attached to shares of such class;

(V) an addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, pre-emptive rights to rights issues or rights to acquire securities of the Company attached to shares of such class;

(VI) a removal or reduction of rights to receive amounts payable by the Company in a particular currency attached to shares of such class;

(VII) a creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class;

(VIII) an imposition of restrictions or additional restrictions on the transfer or ownership of shares of such class;

(IX) an issuance of rights to subscribe for, or convert into, shares of such class or another class;

(X) an increase in the rights and privileges of shares of another class;

(XI) restructuring of the Company which causes shareholders of different classes to bear liability to different extents during the restructuring;

(XII) any amendment or abrogation of the provisions of this section.

Shareholders of the affected class, whether or not having the right to vote at general meeting, shall have the right to vote at class meetings in respect of matters referred to in above paragraphs (II) to (VIII) and (XI) to (XII), except that interested shareholders shall not have the right to vote at class meetings.

The term "interested shareholders" in the preceding paragraph shall have the following meanings:

(I) if the Company has made a buyback offer to all shareholders in the same proportion or has bought back its own shares through open market transactions on a stock exchange in accordance with Article 37 of these Articles of Association, the controlling shareholders as defined in Article 237 of these Articles of Association shall be "interested shareholders";

(II) if the Company has bought back its own shares by an agreement outside of a stock exchange in accordance with Article 37 Article 34 of these Articles of Association, holders of shares in relation to such agreement shall be "interested shareholders";

(III) under a restructuring proposal of the Company, shareholders who will bear liability in a proportion smaller than that of the liability borne by other shareholders of the same class, or shareholders who have an interest in a restructuring proposal of the Company that is different from the interest in such restructuring proposal of other shareholders of the same class shall be "interested shareholders".

Resolutions of a class meeting may be passed only by shareholders present at the class meeting representing more than two-thirds of the voting rights in accordance with relevant provisions in the Articles of Associations.

If a class shareholders' meeting is to be called by issuance of a meeting notice, notice of such meeting needs to be delivered only to the shareholders entitled to vote thereat.

The procedure according to which class shareholders' meetings are held shall, to the extent possible, be identical to the procedure according to which general meetings are held. Provisions of these Articles of Association relevant to procedures for the holding of general meetings shall be applicable to class shareholders' meetings.

The special procedure for voting by class shareholders shall not apply under the following circumstances:

(I) where the Company issues domestic shares and overseas-listed foreign shares, upon approval by a special resolution of the general meeting, either separately or concurrently once every 12 months, and the quantity of domestic investment shares and overseas listed foreign investment shares intended to be issued does not exceed 20 percent of the outstanding shares of the respective classes;

(II) where the Company's plan to issue domestic shares and overseas-listed foreign shares upon its incorporation is implemented within 15 months from the date of approval by the securities regulatory authorities under the State Council;

(III) where, as approved by the State Council or its authorised regulatory authorities, the transfer of domestic shares of the Company to foreign shares and the listing and trading of such shares on an overseas stock exchange.

8. DIRECTORS AND BOARD OF DIRECTORS

(1) Directors

Directors shall be elected or replaced at the general meeting and may be removed before the expiry of the term at the general meeting. Every term of a director is three (3) years, and upon expiry of the term, a director shall be eligible for re-election and re-appointment.

Subject to the compliance with the relevant laws and administrative regulations, the general meeting may by ordinary resolution remove any director before the expiration of his term of office without prejudice to the director's right as provided in any contracts to claim for damages arising from his removal.

A Director is not required to hold any share in our Company by way of qualification.

(2) Board of Directors

The Company shall set up a board of directors which shall be accountable to the general meetings. The board of directors shall consist of nine (9) directors, including three (3) independent non-executive directors. The board of directors shall consist of one (1) chairman. The chairman shall be elected and removed by more than one-half of all directors. The term of office of the chairman shall be three (3) years, renewable upon re-election.

The board of directors is accountable to the general meetings and exercise the following functions and powers:

(I) to convene of general meetings and report its work to the general meetings;

(II) to implement resolutions of the general meetings;

(III) to decide on the Company's business plans and investment plans;

(IV) to formulate the annual financial budgets and final accounts of the Company;

(V) to formulate the Company's profit distribution plans and plans on making up losses;

(VI) to formulate proposals for the increase or reduction of the Company's registered capital and the issuance of shares, debentures or other securities of the Company;

(VII) to formulate plans for the Company's substantial acquisitions and repurchase of shares of the Company;

(VIII) to formulate plans for the Company's merger, division, dissolution or alteration of corporate form;

(IX) within the scope authorised by the general meeting, to decide on such matters as the Company's external investments, acquisition and disposal of assets, provision of security on the Company's assets, wealth management entrustment, etc.;

(X) to decide on establishment of internal management organisations of the Company;

(XI) to engage or dismiss the Company's general manager and secretary to the Board, to engage or dismiss senior management including vice general manager(s) and the person in charge of finance of the Company in accordance with the nominations by general manager, and to decide on their remunerations and rewards and punishments;

(XII) to formulate the basic management system of the Company;

(XIII) to formulate proposals to amend these Articles of Association;

(XIV) to manage information disclosure of the Company;

(XV) to propose to the general meeting the appointment or replacement of the accounting firm that provides audit service of annual financial statement to the Company and decide the audit fee within the scope under the authorisation of the general meeting;

(XVI) to listen to work reports submitted by the general manager of the Company and review his/her work;

(XVII) to decide on the establishment of the special committees of the board of directors and their compositions;

(XVIII) other functions and powers provided for in laws and regulations and conferred at general meetings and by these Articles of Association.

Except for the Board resolutions in respect of the matters specified in paragraphs (VI), (VIII) and (XIII) which shall be passed by more than two-thirds of the directors, the Board resolutions in respect of all other matters set out in the preceding paragraph may be passed by more than half of the directors. When the board of directors has the same number of consent and opposition votes, the chairman has the right to casting vote.

Meetings of the board of directors may be held only if more than one half of the directors are present. Vote on Board resolution shall be carried out on the basis of one person one vote.

If any director is associated with the enterprises that are involved in the matters to be resolved at the meeting of the Board, he or she shall not exercise his or her voting rights for such matters, nor shall such director exercise voting rights on behalf of other directors. Such meeting of the Board may be held only if more than one half of the directors without a connected relationship are present, and the resolutions made at such a meeting of the Board shall be passed by more than one half of the directors without a connected relationship. If the number of non-connected directors present at such meeting is less than three, the matter shall be submitted to the general meeting for consideration.

9. SECRETARY OF THE BOARD

The Company shall have a secretary to the Board, who shall be engaged and dismissed by the Board. The secretary to the Board shall be a member of the senior management of the Company and be accountable to the Company and the Board.

The secretary to the Board of the Company shall be a natural person with the requisite professional knowledge and experience and shall be appointed by the Board.

Any accountant from the accounting firm engaged by the Company shall not concurrently serve as the secretary to the Board of the Company.

10. SUPERVISORY COMMITTEE

The Company shall establish a supervisory committee. The Supervisory Committee shall consist of three (3) supervisors, one of which shall be the chairman. The term of office of each supervisor shall be a period of three (3) years, renewable upon re-election. Any directors, general managers and other senior management shall not act concurrently as supervisors.

The Supervisory Committee consists of two (2) shareholders' representative supervisors and one (1) staff representative supervisors. Shareholders' representative supervisors shall be recommended by controlling shareholders and to be elected and removed by the general meeting, staff representative supervisors shall be elected and removed by the staff of the Company democratically.

The Supervisory Committee shall be accountable to the general meeting and exercise the following functions and powers in accordance with law:

(I) to examine the Company's financial position, and engage an accounting firm to independently review the Company's finances in the name of the Company if necessary;

(II) to supervise the performance by the directors, general managers and other senior management of their duties to the Company, and propose to remove the directors, general managers and other senior management for violation of the laws, these Articles of Association or resolutions of general meetings;

(III) to demand rectification from the directors, general managers manager(s) and other senior management when the acts of such persons are harmful to the Company's interests;

(IV) to verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board to the general meetings and, should any queries arise, to engage, in the name of the Company, certified public accountants and practising auditors for a re-examination of the aforesaid information;

(V) to propose the holding of extraordinary general meetings and, in the event that the Board fails to perform its duty of convening and presiding over a general meeting, to convene and preside over such meeting in accordance with the law;

(VI) to submit motions to the general meeting;

(VII) to sue directors, general managers and other senior management in accordance with relevant laws;

(VIII) to conduct an investigation and, if necessary, engage professional organisations, such as accounting firms and law firms, to assist it in its work in the event that it discovers any irregularities in the Company's operations.

The reasonable expenses incurred by the Supervisory Committee in the engagement of professionals such as lawyers, certified public accountants and practising auditors, in exercising its functions and powers shall be borne by the Company.

11. GENERAL MANAGER AND OTHER MEMBERS OF THE SENIOR MANAGEMENT

The Company has one (1) general manager, a certain number of vice general managers, one (1) person in charge of financial matters a certain number of assistants to general manager and other members of the senior management, all of whom shall be appointed or dismissed by the Board.

The general manager and vice general manager shall serve terms of three (3) years and may serve consecutive terms if reappointed. Directors may concurrently serve as general manager and vice general manager.

The general manager shall be accountable to the Board and exercise the following functions and powers:

(I) to be in charge of the production, operation and management of the Company, to organise the implementation of the resolutions of the Board, and to report his/her works to the Board;

(II) to organise the implementation of the Company's annual business plans and investment plans;

(III) to draft plans for the establishment of the Company's internal management organisation;

(IV) to draft the Company's basic management system;

(V) to propose the appointment or dismissal of the Company's management personnel whom appointment or dismissal is to be determined by the Board;

(VI) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;

(VII) to propose the convening of interim meeting of the Board;

(VIII) such other functions and powers conferred by these Articles of Association or the Board.

12. BORROWING POWER

The Articles of Association do not contain any specific provision regarding the manner in which the Directors may exercise the right to borrow money or the manner in which such a right is given provided that the board of directors shall be entitled to develop proposals for our Company to issue bonds and to list its Shares, and that such bond issues must be approved by the Shareholders by a special resolution at the general Shareholders' meeting.

13. FINANCIAL AND ACCOUNTING SYSTEMS

The Company shall formulate its financial and accounting systems in accordance with the PRC laws and the PRC accounting standards formulated by relevant state authorities.

The Company shall prepare financial reports at the end of each fiscal year. Such reports shall be audited by an accounting firm in accordance with the law.

The Company shall adopt Renminbi as its bookkeeping base currency.

The Company shall publish financial reports twice every fiscal year, namely an interim financial report within 60 days after the end of the first six months of the fiscal year and an annual financial report within 120 days after the end of the fiscal year.

The financial reports of the Company shall be made available for inspection by shareholders 20 days prior to the convening of an annual general meeting. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred to in this Chapter.

At least 21 days before the convening of the annual general meeting, the Company shall deliver copies of the reports of the Board and financial reports together with the balance sheet (including all documents annexed to the balance sheet as prescribed by applicable laws), the profit or loss statement or income and expenditure statement or financial summary to each holder of overseas-listed foreign shares with the postage-paid mail. The addresses of the recipient shall be registered address as shown on the register of members.

The financial statements of the Company shall be prepared not only in accordance with PRC accounting standards and regulations, but also in accordance with international accounting standards or the accounting standards of the place outside the PRC where shares of the Company are listed. If there are major differences in the financial statements prepared in accordance with these two sets of accounting standards, such differences shall be stated in notes appended to such financial statements.

14. PROFIT DISTRIBUTIONS

Where the Company distributes its after-tax profits for a given year, it shall allocate 10 percent of the profits to its statutory reserve. The Company shall no longer be required to make allocations to its statutory reserve once the aggregate amount of such reserve reaches at least 50 percent of its registered capital. If the Company's statutory reserve is insufficient to make up losses from previous years, the Company shall use its profits from the current year to make up such losses before making the allocation to its statutory reserve in accordance with the preceding paragraph.

After making the allocation from its after-tax profits to its statutory reserve, the Company may, subject to a resolution of the general meeting, make an allocation from its after-tax profits to the discretionary reserve.

After the Company has made up its losses and made allocations to its reserves, the remaining profits of the Company shall be distributed in proportion to the shareholdings of its shareholders, unless these Articles of Association provide that distributions are to be made otherwise than proportionally.

If the general meeting breaches the provisions of the preceding paragraph by distributing profits to shareholders before the Company has made up its losses and made allocations to the statutory reserve, the shareholders must return to the Company the profits that were distributed in breach of the said provisions.

Shares of the Company that are held by the Company itself shall not participate in the distribution of profits.

The Company shall appoint receiving agents for holders of overseas listed foreign investment shares to collect on behalf of the relevant shareholders the dividends distributed and other moneys payable by the Company in respect of overseas listed foreign investment shares, and hold the same until they can be paid to the relevant shareholders.

The receiving agents appointed by the Company shall meet the requirements of the laws of the place or the relevant regulations of the stock exchange where the Company's shares are listed. The receiving agents appointed by the Company for holders of overseas listed foreign investment shares listed on the Stock Exchange shall be a trust company registered under the Trustee Ordinance of Hong Kong.

Subject to the laws of the PRC, the Company may exercise power to forfeit unclaimed dividends, provided that it does so only after the expiration of the applicable relevant period.

The Company has the power to cease sending dividend warrants by post to a given holder of overseas listed foreign investment shares, provided that such power shall not be exercised until such dividend warrants have been so left uncashed on two consecutive occasions. However, the Company may exercise such power after the first occasion on which such a warrant is returned undelivered.

The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a shareholder of overseas-listed foreign shares who is untraceable subject to the following conditions:

(I) the Company has distributed dividends at least three times in respect of such shares within 12 years, but none of such dividends was claimed;

(II) the Company has, after the expiration of a period of 12 years, made an announcement on one or more newspapers in the place in which the Company's shares are listed, stating its intention to sell such shares, and notify the securities regulatory authority of the place in which the Company's shares are listed of such intention.

15. DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company shall be dissolved in accordance with the law under any of the following circumstances:

(I) the general meeting resolves to dissolve the Company;

(II) dissolution is necessary as a result of the merger or division of the Company;

(III) the Company is legally declared bankrupt because it is unable to pay its debts as they fall due;

(IV) the Company's business licence is revoked or it is ordered to close down or it is deregistered according to laws;

(V) serious difficulties arise in the operation and management of the Company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding at least 10 percent of all shareholders' voting rights of the Company may petition a People's Court to dissolve the Company.

Where the Company is dissolved according to the provisions of sub-paragraphs (I), (IV), and (V) of the preceding Article, it shall establish a liquidation committee and liquidation shall commence within 15 days from the date on which the cause for dissolution arose. The liquidation committee shall be composed of persons determined by way of ordinary resolution at a general meeting. If the Company fails to establish the liquidation committee and carry out the liquidation within the time limit, its creditors may petition a People's Court to designate relevant persons to form a liquidation committee and carry out the liquidation.

If the Company is to be dissolved pursuant to item (III) of the preceding Article, the People's Court shall, in accordance with the provisions of relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

If the Board decides that the Company shall be liquidated (except for the liquidation as a result of the Company's declaration of bankruptcy), the notice of the general meeting convened for such purpose shall include a statement to the effect that the Board has made full inquiry into the position of the Company and that the Board is of the opinion that the Company can pay its debts in full within 12 months after the commencement of the liquidation. The functions and powers of the Board of the Company shall terminate immediately after the general meeting has passed the resolution to carry out liquidation.

The liquidation committee shall take instructions from the general meeting and shall make a report to the general meeting on the committee's income and expenditure as well as the business of the Company and the progress of the liquidation at least annually. It shall make a final report to the general meeting when the liquidation is completed.

The liquidation committee shall notify creditors within 10 days of its establishment, and make announcements on the newspapers designated by the CSRC and on the websites of the Company and the stock exchange within 60 days of its establishment. Claims shall be registered by the liquidation committee. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receipt of the written notice or, if they did not receive a written notice, within 45 days from the date of the announcement. When declaring their claims, creditors shall explain the particulars relevant to their claims and submit supporting documentation. The liquidation committee shall register the claims.

After the liquidation committee has liquidated the Company's property and prepared a balance sheet and property list, it shall formulate a liquidation plan and submit such plan to the general meeting or the People's Court for confirmation. The Company's property remaining after payment of the liquidation expenses, the wages, social insurance premiums and statutory compensation of the employees, the taxes owed and all the Company's debts shall be distributed by the Company to the shareholders in proportion to the shares they hold.

During liquidation, the Company shall continue to exist but may not engage in any business activities unrelated to the liquidation. The Company's property will not be distributed to the shareholders until repayment of its debts in accordance with the preceding paragraph.

If the liquidation committee, having liquidated the Company's property and prepared a balance sheet and property list, discovers that the Company's property is insufficient to pay its debts in full, it shall apply to the People's Court for a declaration of bankruptcy in accordance with the law. After the People's Court has ruled to declare the Company bankrupt, the liquidation committee shall turn over the liquidation matters to the People's Court.

Following the completion of liquidation of the Company, the liquidation committee shall formulate a liquidation report, a revenue and expenditure statement and financial accounts in respect of the liquidation period and, after verification thereof by a certified public accountant in China, submit the same to the general meeting or the competent authority for confirmation. Within 30 days from the date of the general meeting's or the competent authority's confirmation, the liquidation committee shall submit the aforementioned documents to the company registration authority to apply for company deregistration, and announce the Company's termination.

16. AMENDMENT TO THE ARTICLES OF ASSOCIATION

The Company shall amend these Articles of Association in accordance with the laws and these Articles of Association.

If an amendment to these Articles of Association involves matters provided for in the Mandatory Provisions of Articles of Association of Companies That List Overseas that requires the approval from the competent supervisory authority to become effective, it shall be submitted to the competent supervisory authority for approval. If an amendment to these Articles of Association involves a registered particular of the Company, registration of the change shall be carried out in accordance with the law.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was established in the PRC as a state and joint-stock jointly-owned enterprise (全民與股份制聯營企業) on 20 May 1994. Our Company was converted into a limited liability company on 8 July 1999 and thereafter a joint stock company with limited liability on 19 September 2019. The promoters of our Company are shown in the paragraph headed "D. Other information – 6. Promoters" in this appendix.

Our Company has established a place of business in Hong Kong at 46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under the Companies Ordinance on 22 January 2020 under the English corporate name of "Financial Street Property Co., Limited" and Chinese corporate name of "金融街物業股份有限公司". Ms. Tong Suet Fong has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for service of process on our Company in Hong Kong is the same as its principal place of business in Hong Kong as set out above.

As our Company was established in the PRC, we are subject to the relevant laws and regulations of the PRC. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in Appendix IV to this prospectus. A summary of the relevant provisions of our Articles of Association is set out in Appendix V to this prospectus.

2. Changes in the Share Capital of our Company

Upon the establishment of our Company on 20 May 1994, our registered capital was RMB500,000. Save as disclosed below, there has been no alteration in our share capital within two years immediately preceding the date of this prospectus.

On 29 November 2018, our registered capital was increased from RMB52,500,000 to RMB68,500,000. The increased registered capital was contributed by two existing Shareholders.

On 19 September 2019, our registered capital was increased from RMB68,500,000 to RMB270,000,000. The increased registered capital was contributed by converting our net assets into shares.

For further details of the above changes in our share capital, please refer to the section headed "History and Corporate Structure – Change of the Shareholding Structure and the Registered Capital of our Company" in this prospectus.

Upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised, our share capital will be increased to RMB360,000,000, made up of 270,000,000 Domestic Shares and 90,000,000 H Shares fully paid up or credited as fully paid up, representing 75% and 25% of our enlarged share capital, respectively. Assuming that the Over-allotment Option is exercised in full, our share capital will be increased to RMB373,500,000, made up of 270,000,000 Domestic Shares and 103,500,000 H Shares fully paid up or credited as fully paid up, representing approximately 72.3% and 27.7% of our enlarged share capital, respectively.

3. Resolutions of our Shareholders

Pursuant to the resolutions passed on 13 December 2019 or 31 March 2020, as indicated below, our Shareholders resolved that, among other things:

(a) the issuance by our Company of the H Shares with a nominal value of RMB1.00 each be approved and such H Shares be listed on the Stock Exchange;

(b) the number of H Shares to be issued before the exercise of the Over-allotment Option shall not exceed 25% of the total number of Shares following the Global Offering;

(c) authorisation of the Board and its authorised persons to handle all relevant matters in relation to, among other things, the implementation of issue of H Shares and the Listing; and

(d) subject to the completion of the Global Offering, the adoption of the Articles of Association pursuant to resolutions of our Shareholders passed on 31 March 2020, which shall become effective on the Listing Date, and the authorisation of the Board and its authorised persons to revise the Articles of Association in accordance with the applicable laws and regulations and the requirements of the relevant regulatory authorities.

4. Restriction of Share Repurchase

For details of the restrictions on the share repurchase by our Company, please refer to "Summary of Articles of Association" in Appendix V to this prospectus.

5. Our Subsidiaries and Changes in the Registered Capital of Subsidiaries

Our Company's subsidiaries are disclosed in Note 11 of the Historical Financial Information in the Accountant's Report, the text of which is set out in Appendix I to this prospectus.

There has been no alteration in the share 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 Our Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary and usual course of business) within the two years immediately preceding the date of this prospectus that are or may be material:

(a) the joint operating agreement (《合資經營合同》) dated 20 March 2019 which was entered into between our Company and Savills (China) Limited (第一太平戴維斯(中國)有限公司), pursuant to which the parties confirmed their agreement to undertake limited liabilities in the indebtedness of Financial Street Savills up to the capital contribution amount subscribed by each of them respectively, and each party shall share profits, risks and losses according to the proportion of their respective capital contribution amount in the registered capital of Financial Street Savills, and the total capital amount contributed by our Company and Savills (China) Limited (第一太平戴維斯(中國)有限公司) were RMB4,000,000 and RMB1,000,000, respectively;

(b) the Beijing Financial Street Property Management Co., Ltd. Capital Increase Agreement (《北京金融街物業管理有限責任公司增資協議》) dated 28 November 2018 which was entered into among Huarong Zonghe, Tiantai Real Estate, Rongxin Hetai and our Company, pursuant to which Huarong Zonghe and Tiantai Real Estate agreed to subscribe for the capital amounts of RMB11,550,000 and RMB4,450,000 in our Company, respectively;

(c) the supplemental agreement dated 21 May 2020 entered into between our Company and Financial Street Group, pursuant to which the terms of the brand licencing agreement dated 19 June 2017 between our Company and Financial Street Group were supplemented such that so long as Financial Street Group remains the Controlling Shareholder of, and exercises de facto control over, our Company, the rights of our Company under such brand licencing agreement shall remain valid until otherwise terminated by mutual agreement between our Company and Financial Street Group;

(d) the supplemental agreement dated 21 May 2020 entered into between Financial Street Residential Property and Financial Street Group, pursuant to which the terms of the brand licencing agreement dated 19 June 2017 between Financial Street Residential Property and Financial Street Group were supplemented such that so long as Financial Street Group remains the Controlling Shareholder of, and exercises de facto control over, our Company and so long as our Company remains the controlling shareholder of, and exercises de facto control over, Financial Street Residential Property, the rights of Financial Street Residential Property under such brand licencing agreement shall remain valid until otherwise terminated by mutual agreement between Financial Street Residential Property and Financial Street Group;

(e) the supplemental agreement dated 21 May 2020 entered into between Financial Street Savills and Financial Street Group, pursuant to which the terms of the brand licencing agreement dated 19 June 2017 between Financial Street Savills and Financial Street Group were supplemented such that so long as Financial Street Group remains the Controlling Shareholder of, and exercises de facto control over, our Company and so long as our Company remains the controlling shareholder of, and exercises de facto control over, Financial Street Savills, the rights of Financial Street Savills under such brand licencing agreement shall remain valid until otherwise terminated by mutual agreement between Financial Street Savills and Financial Street Group;

(f) the Non-competition Undertaking Letter;

(g) a cornerstone investment agreement dated 16 June 2020 entered into among our Company, the Sole Sponsor, the Sole Global Coordinator and UBS Asset Management (Hong Kong) Limited, in its capacity as investment advisor of, and on behalf of, Nineteen77 Global Multi-Strategy Alpha Master Limited pursuant to which UBS Asset Management (Hong Kong) Limited, in its capacity as investment advisor of, and on behalf of, Nineteen77 Global Multi-Strategy Alpha Master Limited, agreed to subscribe for the H Shares in an amount of the Hong Kong dollar equivalent of US$6 million;

(h) a cornerstone investment agreement dated 16 June 2020 entered into among our Company, the Sole Sponsor, the Sole Global Coordinator and Atlantis Investment Management Limited (西澤投資管理有限公司) in its capacity as investment manager or investment advisor of, and on behalf of Atlantis China Fund, Atlantis China Star Fund Limited, Atlantis China Healthcare Fund, OBOR Stable Growth Fund Limited and Atlantis Star Opportunities Fund SPC on behalf of itself and Atlantis China Vision Fund SP pursuant to which Atlantis Investment Management Limited in its capacity as investment manager or investment advisor of, and on behalf of Atlantis China Fund, Atlantis China Star Fund Limited, Atlantis China Healthcare Fund, OBOR Stable Growth Fund Limited and Atlantis Star Opportunities Fund SPC on behalf of itself and Atlantis China Vision Fund SP, agreed to subscribe for the H Shares in an amount of the Hong Kong dollar equivalent of US$5 million;

(i) a cornerstone investment agreement dated 16 June 2020 entered into among our Company, the Sole Sponsor, the Sole Global Coordinator and J-Stone Multi Strategies Master Fund pursuant to which J-Stone Multi Strategies Master Fund agreed to subscribe for the H Shares in an amount of the Hong Kong dollar equivalent of US$5 million;

(j) a cornerstone investment agreement dated 16 June 2020 entered into among our Company, the Sole Sponsor, the Sole Global Coordinator and Find Jade Limited (得翠有限公司) pursuant to which Find Jade Limited agreed to subscribe for the H Shares in an amount of the Hong Kong dollar equivalent of US$5 million; and

(k) the Hong Kong Underwriting Agreement.

2. **Our Intellectual Property Rights**

As at the Latest Practicable Date, our Company had registered or had applied for the following intellectual property rights which are material to our Company's business.

(a) Trademarks

As at the Latest Practicable Date, we had registered the following trademarks in the PRC which we consider to be material to our business:

No.	Registered Trademark	Registration No.	Registered Owner	Class	Period of Validity
1	FSPM	12414323	Our Company	35	21 September 2014 to 20 September 2024
2	FSPM	12414314	Our Company	44	21 September 2014 to 20 September 2024
3	FSPM	12414315	Our Company	43	21 September 2014 to 20 September 2024
4	FSPM	12414316	Our Company	42	21 September 2014 to 20 September 2024
5	FSPM	12414317	Our Company	41	21 September 2014 to 20 September 2024
6	FSPM	12414318	Our Company	40	21 September 2014 to 20 September 2024
7	FSPM	12414319	Our Company	39	21 September 2014 to 20 September 2024
8	FSPM	12414320	Our Company	38	21 September 2014 to 20 September 2024

No.	Registered Trademark	Registration No.	Registered Owner	Class	Period of Validity
9	FSPM	12414321	Our Company	37	21 September 2014 to 20 September 2024
10	FSPM	12414322	Our Company	36	21 September 2014 to 20 September 2024
11	FSPM	12414313	Our Company	45	21 September 2014 to 20 September 2024
12	怡己收发	32953012	Our Company	39	21 June 2019 to 20 June 2029
13	IZEEAUTO 怡己车坊	33635316	Our Company	37	7 June 2019 to 6 June 2029
14	怡己车坊	33653491	Our Company	37	7 June 2019 to 6 June 2029
15	IZEEAUTO	33647746	Our Company	37	21 May 2019 to 20 May 2029
16	IZEEBOX	37637521	Our Company	35	7 December 2019 to 6 December 2029
17	IZEEBOX 怡己铺仔	37642590	Our Company	35	7 December 2019 to 6 December 2029
18	怡己铺仔	37647784	Our Company	35	7 December 2019 to 6 December 2029
19	怡己	38285070	Our Company	2	14 February 2020 to 13 February 2030
20	IZEE	38285123	Our Company	10	21 February 2020 to 20 February 2030
21	怡己	38285148	Our Company	20	14 February 2020 to 13 February 2030

No.	Registered Trademark	Registration No.	Registered Owner	Class	Period of Validity
22	怡己	38285159	Our Company	24	14 February 2020 to 13 February 2030
23	怡己	38285173	Our Company	33	14 February 2020 to 13 February 2030
24	怡己	38285177	Our Company	35	14 February 2020 to 13 February 2030
25	怡己	38285445	Our Company	1	14 February 2020 to 13 February 2030
26	IZEE	38285499	Our Company	9	21 May 2020 to 20 May 2030
27	IZEE	38285540	Our Company	28	21 February 2020 to 20 February 2030
28	怡己	38285563	Our Company	41	14 February 2020 to 13 February 2030
29	怡己	38285748	Our Company	4	14 February 2020 to 13 February 2030
30	怡己	38285768	Our Company	12	14 February 2020 to 13 February 2030
31	怡己	38285774	Our Company	14	14 February 2020 to 13 February 2030
32	怡己	38285778	Our Company	16	14 February 2020 to 13 February 2030
33	IZEE	38285787	Our Company	20	21 February 2020 to 20 February 2030
34	怡己	38285794	Our Company	22	14 February 2020 to 13 February 2030
35	怡己	38285798	Our Company	25	14 February 2020 to 13 February 2030

No.	Registered Trademark	Registration No.	Registered Owner	Class	Period of Validity
36	怡己	38286020	Our Company	7	14 February 2020 to 13 February 2030
37	怡己	38286086	Our Company	36	14 February 2020 to 13 February 2030
38	怡己	38286281	Our Company	10	14 February 2020 to 13 February 2030
39	IZEE	38286285	Our Company	12	21 February 2020 to 20 February 2030
40	怡己	38286287	Our Company	13	14 February 2020 to 13 February 2030
41	怡己	38286292	Our Company	15	14 February 2020 to 13 February 2030
42	怡己	38286319	Our Company	27	14 February 2020 to 13 February 2030
43	IZEE	38286344	Our Company	41	21 February 2020 to 20 February 2030
44	怡己	38286537	Our Company	8	14 February 2020 to 13 February 2030
45	IZEE	38286546	Our Company	11	28 May 2020 to 27 May 2030
46	怡己	38286560	Our Company	17	14 February 2020 to 13 February 2030
47	IZEE	38286563	Our Company	18	21 February 2020 to 20 February 2030
48	怡己	38286565	Our Company	19	14 February 2020 to 13 February 2030
49	怡己	38286581	Our Company	26	14 February 2020 to 13 February 2030

No.	Registered Trademark	Registration No.	Registered Owner	Class	Period of Validity
50	怡己	38286585	Our Company	29	14 February 2020 to 13 February 2030
51	怡己	38286603	Our Company	38	14 February 2020 to 13 February 2030
52	怡己	38286652	Our Company	9	14 February 2020 to 13 February 2030
53	怡己	38286695	Our Company	28	14 February 2020 to 13 February 2030
54	怡己	38286699	Our Company	30	14 February 2020 to 13 February 2030
55	怡己	38286701	Our Company	31	14 February 2020 to 13 February 2030
56	IZEE	38287061	Our Company	7	21 February 2020 to 20 February 2030
57	怡己	38287097	Our Company	21	14 February 2020 to 13 February 2030
58	怡己	38287127	Our Company	37	14 February 2020 to 13 February 2030
59	怡己	38287130	Our Company	39	14 February 2020 to 13 February 2030
60	怡己	38287137	Our Company	45	14 February 2020 to 13 February 2030
61	怡己	38287240	Our Company	6	14 February 2020 to 13 February 2030
62	怡己	38287252	Our Company	11	14 February 2020 to 13 February 2030
63	怡己	38287270	Our Company	18	14 February 2020 to 13 February 2030

No.	Registered Trademark	Registration No.	Registered Owner	Class	Period of Validity
64		38287301	Our Company	34	21 February 2020 to 20 February 2030
65		38287542	Our Company	3	21 February 2020 to 20 February 2030
66		38287580	Our Company	5	21 February 2020 to 20 February 2030
67		38287625	Our Company	23	21 February 2020 to 20 February 2030
68		38287639	Our Company	32	21 February 2020 to 20 February 2030
69	IZEE	38287650	Our Company	37	21 February 2020 to 20 February 2030
70		38287654	Our Company	40	21 February 2020 to 20 February 2030
71		38287657	Our Company	42	21 February 2020 to 20 February 2030
72		11769035	Jinxi Litai	35	28 April 2014 to 27 April 2024
73	九刻	27210762	Jinxi Litai	43	14 October 2018 to 13 October 2028
74	ZioZio	27210763	Jinxi Litai	43	21 October 2018 to 20 October 2028
75	Izeecup	27210764	Jinxi Litai	43	21 October 2018 to 20 October 2028
76	Soizee	27210765	Jinxi Litai	43	21 October 2018 to 20 October 2028
77	Izee	27210766	Jinxi Litai	43	7 October 2018 to 6 October 2028

No.	Registered Trademark	Registration No.	Registered Owner	Class	Period of Validity
78	怡己	27316290	Jinxi Litai	43	21 October 2018 to 20 October 2028
79	myizee	27316291	Jinxi Litai	43	28 October 2018 to 27 October 2028
80	怡己咖啡	27535944	Jinxi Litai	43	14 November 2018 to 13 November 2028
81	IZEECUP	27535945	Jinxi Litai	43	14 November 2018 to 13 November 2028
82	IZEEBAKE 怡己烘坊	37784756	Jinxi Litai	43	21 February 2020 to 20 February 2030
83	IZEECHEF	38623917	Jinxi Litai	43	28 January 2020 to 27 January 2030
84	金禧丽邻 Best Neighbor	15803927	Jinxi Lilin	43	7 February 2016 to 6 February 2026
85	慧谷 HARVEST VALLEY	13184919	Huigu Conference Centre	43	7 April 2015 to 6 April 2025

As at the Latest Practicable Date, we had applied for registration of the following trademarks in the PRC which we consider to be material to our business:

No.	Trademark	Application No.	Applicant	Class	Application Date
1	IZEEPOST	32953011	Our Company	39	17 August 2018
2	IZEEPOST 怡己收发	32966074	Our Company	39	17 August 2018
3	怡己	38285825	Our Company	44	19 May 2019
4	IZEE	38285972	Our Company	1	19 May 2019
5	IZEE	38287136	Our Company	44	19 May 2019

(b) Brand use rights

As at the Latest Practicable Date, our Company, Financial Street Residential Property and Financial Street Savills had the non-exclusive, non-sublicenseable and non-transferable right to use the brands "金融街" and "Financial Street", subject to usage guidelines and restrictions, under the respective brand licencing agreements dated 19 June 2017 as supplemented by their respective supplemental agreements dated 21 May 2020. For details, please refer to the section headed "Connected Transactions – (A) Continuing Connected Transactions Fully Exempt from the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements – Brand Licencing Agreements" in this prospectus.

(c) Domain names

As at the Latest Practicable Date, we had registered the following key domain names:

No.	Registered owner	Domain name	Valid until
1	Our Company	jrjlife.com	30 April 2021
2	Our Company	jrjlife.cn	30 April 2021
3	Financial Street Savills	fssavills.com	30 December 2022

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Further Information about our Directors and Supervisors

(a) Particulars of Directors' and Supervisors' service contracts

Pursuant to Rules 19A.54 and 19A.55 of the Listing Rules, we have entered into a contract with each of our Directors and Supervisors on 9 June 2020 in respect of, among other things, (i) compliance of relevant laws or regulations, (ii) observance of the Articles and Association, and (iii) provisions on arbitration.

The principal particulars of the service contracts of our Directors and Supervisors are: (a) each of the contracts is for a term until 18 September 2022 following their respective appointment dates; and (b) each of the contracts is subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the Articles of Association and the applicable rules.

Save as disclosed above, none of our Directors or Supervisors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

(b) Remuneration of Directors and Supervisors

The aggregate amounts of compensation (including fees, salaries, contributions to pension schemes, other allowances, benefits in kind and discretionary bonuses) which were paid to the Directors and Supervisors for each of the years ended 31 December 2017, 2018 and 2019 were approximately RMB1.5 million, RMB0.9 million and RMB1.1 million, respectively.

Save as disclosed above, no other payments have been paid or are payable by any member of our Group to the Directors and Supervisors in respect of the Track Record Period.

During the Track Record Period, no emolument was waived by any of our Directors or Supervisors.

Under the arrangements in force on the Latest Practicable Date, we expect that the total remuneration (including benefits in kind but excluding discretionary bonuses) to be paid and granted to our Directors and Supervisors for the year ending 31 December 2020 is expected to be approximately RMB2.5 million.

2. Disclosure of Interests

(a) Interests and short positions of our Directors, Supervisors and the chief executive of our Company in our Shares, underlying shares or debentures of our Company and its associated corporations

To the best knowledge of our Directors, immediately following completion of the Global Offering (without taking into account any H Shares to be issued upon the exercise of the Over-allotment Option), none of our Directors, Supervisors and chief executive of our Company has any interests and short positions in the Shares, underlying Shares and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO):

(i) 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

(ii) 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 and the Stock Exchange once the H Shares are listed.

(b) Interests and short positions of substantial Shareholders in our Shares and underlying Shares

To the best knowledge of our Directors, save as disclosed in the section headed "Substantial Shareholders" in this prospectus, our Directors are not aware of any other person (not being our Directors, Supervisors or chief executive of our Company) who, immediately following the completion of the Global Offering (without taking into account any H Shares to be issued upon the exercise of the Over-allotment Option), would have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, directly or indirectly, 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 our Company.

(c) Interests in any subsidiaries of our Company

So far as the Directors, Supervisors or chief executive are aware, as at the date of this prospectus, the following persons (other than our Company or any of its subsidiary) are directly or indirectly 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 any subsidiaries of our Company:

Name of our subsidiary	Name of shareholders with 10% or above shareholdings	Approximate percentage of substantial shareholder's interest
Financial Street Savills	Savills (China) Limited (第一太平戴維斯(中國)有限公司)	20%
Financial Street Jingnan	Zhongzhao Investment Group Co., Ltd. (中曌投資集團有限公司)	49%
IZEE-Mitsuyado	Mitsuyado (Shenzhen) Management Co., Ltd. (三矢堂(深圳)管理有限公司)	49%

3. Disclaimers

Save as disclosed in this prospectus:

(i) taking no account of any H Share which may be taken up or acquired under the Global Offering or any Shares which may be allotted or issued upon the exercise of the Over-allotment Option, none of Directors or Supervisors is aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Global Offering, have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are listed on the Stock Exchange or, directly or indirectly, 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 any member of our Group;

(ii) taking no account of any Share to be allotted or issued upon the exercise of the Over-allotment Option, none of our Directors, Supervisors or chief executive of our Company has 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;

(iii) none of our Directors or Supervisors nor any of the parties listed in the sub-paragraph headed "7. Qualification of Experts" in this appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have been, within the two years immediately preceding the date of this prospectus, 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;

(iv) none of our Directors or Supervisors nor any of the parties listed in the sub-paragraph headed "7. Qualification of Experts" in this appendix, is 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 taken as a whole;

(v) save for the Underwriting Agreements, none of the parties listed in the sub-paragraph headed "7. Qualification of Experts" in this appendix:

a. is interested legally or beneficially in any of our Shares or any shares of any of our subsidiaries; or

b. has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe securities in any member of our Group;

(vi) so far as is known to our Directors as at the Latest Practicable Date, none of our Directors, Supervisors, their respective associates or Shareholders of our Company (who are interested in more than 5% of the issued share capital of our Company) has any interests in any of our top five suppliers or top five customers; and

(vii) none of our Directors is interested in any business (other than the business of our Group) which competes or is likely to compete, directly or indirectly, with our business.

D. OTHER INFORMATION

1. Estate Duty

We have been advised that no material liability for estate duty under PRC law is likely to fall upon us.

2. Litigation

Save as disclosed in this prospectus, 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.

3. Sponsor

The Sole Sponsor satisfies the criteria of independence applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor has made an application on our behalf to the Listing Committee of the Stock Exchange for a listing of, and permission to deal in our H Shares to be issued as pursuant to the Global Offering (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option).

Our Company has agreed to pay the Sole Sponsor a fee of RMB3,500,000 to act as a sponsor in connection with the Listing.

4. Preliminary Expenses

We have not incurred preliminary expenses.

5. Compliance Adviser

Our Company has appointed Guotai Junan Capital Limited as our compliance adviser upon Listing in compliance with Rules 3A.19 and 19A.05 of the Listing Rules.

6. Promoters

The promoters of our Company are set out below:

No.	Name of promoters
1	Huarong Zonghe
2	Tiantai Real Estate
3	Rongxin Hetai

Save as disclosed in this prospectus, 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 qualifications of the experts, as defined under the Listing Rules, who have given reports, letters or opinions in this prospectus, are as follows:

Name	Qualification
Guotai Junan Capital Limited	Licenced corporation under SFO to conduct Type 6 (advising on corporate finance) regulated activities
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountants Ordinance (Cap. 50)
	Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Cap. 588)
Guantao Law Firm	Legal adviser of the Company as to PRC law
China Index Academy	Industry consultant

8. Consents of Experts

Each of the experts named above has given and has not withdrawn its 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 herein in the form and context in which it is respectively included.

9. Interests of Experts in our Company

None of the experts named above has any shareholding interests in our Company or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company.

10. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer is effected on the H Share register of members of our Company, including in circumstances where such transaction is effected on the Stock Exchange. 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. For further information in relation to taxation, see "Appendix III – Taxation and Foreign Exchange".

11. No Material Adverse Change

Save as disclosed in this prospectus, our Directors confirm that there has been no material adverse change in our Group's financial or trading position or prospect since 31 December 2019 (being the date on which our Group's latest audited consolidated financial statements were made up) up to the date of this prospectus.

12. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

13. Related Party Transactions

The material related party transactions we entered into within the Track Record Period are detailed in note 36 of the Historical Financial Information in the Accountant's Report set out in Appendix I to this prospectus.

14. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

15. Miscellaneous

Save as disclosed in this prospectus:

(a) within the two years immediately preceding the date of this prospectus:

a. no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

b. 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 of our Company or any of our subsidiaries; and

c. no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of our Company or any of our subsidiaries;

(b) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(c) there are no founder, management or deferred shares or any debentures in our Company or any of our subsidiaries;

(d) there has not been any interruption in the business of our Company which may have or has had a significant effect on the financial position of our Company in the 12 months preceding the date of this prospectus;

(e) our Company has no outstanding convertible debt securities or debentures;

(f) there is no arrangement under which future dividends are waived or agreed to be waived;

(g) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Stock Exchange is currently being or agreed to be sought;

(h) our Company currently does not intend to apply for the status of a Sino-foreign investment joint stock limited liability company and does not expect to be subject to the Law of the PRC on Sino-foreign Equity Joint Ventures; and

(i) all necessary arrangements have been made by our Company to enable the H shares to be admitted into CCASS for clearing and settlement.

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 are:

(a) copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms;

(b) the written consents referred to in the paragraph headed "D. Other Information – 7. Consents of Experts" in Appendix VI to this prospectus; and

(c) copies of the material contracts referred to in the paragraph headed "B. Further Information about Our Business – 1. Summary of Our Material Contracts" in Appendix VI to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Guantao & Chow Solicitors and Notaries at Suites 1801-3, 18th Floor, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong during normal business hours 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 consolidated audited financial statements of our Group for the Track Record Period;

(d) the report on unaudited pro forma financial information of our Group from PricewaterhouseCoopers, the text of which is set out in Appendix II to this prospectus;

(e) the material contracts referred to in the paragraph headed "B. Further Information about Our Business – 1. Summary of Our Material Contracts" in Appendix VI to this prospectus;

(f) the written consents referred to in the paragraph headed "D. Other Information – 7. Consents of Experts" in Appendix VI to this prospectus;

(g) the service contracts referred to in the paragraph headed "C. Further Information about Our Directors, Supervisors and Substantial Shareholders – 1. Further Information about our Directors and Supervisors – *(a) Particulars of Directors' and Supervisors' service contracts*" in Appendix VI to this prospectus;

(h) the PRC legal opinions issued by our legal adviser as to PRC law, in respect of our Group's general matters and property interests in the PRC;

(i) the PRC Company Law, the Mandatory Provisions and the Special Regulations together with their unofficial English translation; and

(j) the industry report issued by China Index Academy, the summary of which is set forth in the section headed "Industry Overview" in this prospectus.

金融街物業股份有限公司

FINANCIAL STREET PROPERTY CO., LIMITED