

建業新生活
CENTRAL CHINA NEW LIFE

建業新生活有限公司
Central China New Life Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 9983

GLOBAL OFFERING

Sole Sponsor



BNP PARIBAS

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



BNP PARIBAS

Morgan Stanley

DBS

Joint Bookrunners and Joint Lead Managers
(in alphabetical order)



農銀國際
ABC INTERNATIONAL



建銀國際
CCB International



光大新鴻基
EVERBRIGHTSUN HUNG KAI



招銀國際
CMB INTERNATIONAL



克而瑞證券
CRIC SECURITIES CO., LTD.



工銀國際

IMPORTANT

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



Central China New Life Limited

建業新生活有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 300,000,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 30,000,000 Shares (subject to reallocation)
Number of International Offer Shares	: 270,000,000 Shares (subject to reallocation and the Over-allotment Option)
Offer Price (subject to a Downward Offer Price Adjustment)	: HK\$5.60 to HK\$7.20 per Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005% (payable in full at the maximum Offer Price on application in Hong Kong dollars and subject to refund) (If the Offer Price is set at 10% below the bottom end of the indicative Offer Price range after making a Downward Offer Price Adjustment, the Offer Price will be HK\$5.04 per Share)
Nominal value	: HK\$0.01 per Share
Stock code	: 9983

Sole Sponsor



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BNP PARIBAS

Morgan Stanley



Joint Bookrunners and Joint Lead Managers

(in alphabetical order)



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 and Available for Inspection” in Appendix V 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 and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, May 8, 2020 and, in any event, not later than Tuesday, May 12, 2020. The Offer Price will be not more than HK\$7.20 and is currently expected to be not less than HK\$5.60. If, for any reason, the Offer Price is not agreed by Tuesday, May 12, 2020 between the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Joint Representatives (for themselves and on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or 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, an announcement will be posted on the website of the Stock Exchange at www.hkexnews.hk and our website at www.ccnewlife.com.cn not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed “Risk Factors” in this prospectus. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure subscribers for, the Hong Kong Public Offer Shares, are subject to termination by the Joint Representatives (for themselves and on behalf of the Underwriters) if certain events shall occur prior to 8:00 a.m. on Friday, May 15, 2020. Such grounds are set out in the section headed “Underwriting” in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold outside the United States in offshore transactions in accordance with Regulation S.

May 5, 2020

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.ccnewlife.com.cn.

Hong Kong Public Offering commences and WHITE and YELLOW Application Forms available from	9:00 a.m. on Tuesday, May 5, 2020
Latest time to complete electronic applications under White Form eIPO service through the designated website www.eipo.com.hk ⁽²⁾	11:30 a.m. on Friday, May 8, 2020
Application lists of the Hong Kong Public Offering open ⁽³⁾	11:45 a.m. on Friday, May 8, 2020
Latest time to lodge White and Yellow Application Forms	12:00 noon on Friday, May 8, 2020
Latest time to give electronic application instructions to HKSCC ⁽⁴⁾	12:00 noon on Friday, May 8, 2020
Latest time to complete payment of White Form eIPO applications by effecting Internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Friday, May 8, 2020
Application lists of the Hong Kong Public Offering close	12:00 noon on Friday, May 8, 2020
Expected Price Determination Date ⁽⁵⁾	Friday, May 8, 2020
Where applicable, announcement of the Offer Price being set below the bottom end of the indicative Offer Price range after making a Downward Offer Price Adjustment (see paragraph headed “Structure of the Global Offering—Pricing—Determination of Offer Price”) on the website of the Stock Exchange at www.hkexnews.hk and the Company’s website at www.ccnewlife.com.cn on or before	Thursday, May 14, 2020
Announcement of:	
• the Offer Price;	
• an indication of the level 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 Public Offer Shares,	
to be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.ccnewlife.com.cn on or before ⁽⁶⁾	Thursday, May 14, 2020
Announcement of results of allocations in the Hong Kong Public Offering (including successful applicants’ identification document numbers, where appropriate) to be available through a variety of channels including the websites of the Stock Exchange at www.hkexnews.hk and our Company’s website at www.ccnewlife.com.cn (see paragraph headed “11. Publication of Results” in the section headed “How to Apply for Hong Kong Public Offer Shares”) from	Thursday, May 14, 2020

EXPECTED TIMETABLE⁽¹⁾

Results of allocations for 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	Thursday, May 14, 2020
Despatch of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before ⁽⁶⁾	Thursday, May 14, 2020
Despatch of White Form e-Refund payment instructions/refund cheques on or before ⁽⁹⁾	Thursday, May 14, 2020
Dealings in Shares on the Stock Exchange to commence on	Friday, May 15, 2020

Notes:

- (1) All times and dates refer to Hong Kong local time and date, 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 submitting 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 for submitting applications, when the application lists close.
- (3) If there is/are a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning and/or Extreme Conditions at any time between 9:00 a.m. and 12:00 noon on Friday, May 8, 2020, the application lists will not open on that day. Please refer to the section headed “How to Apply for Hong Kong Public Offer Shares—10. Effect of Bad Weather on the Opening of the Application Lists” in this prospectus.
- (4) Applicants who apply for Hong Kong Public Offer Shares by giving electronic application instructions to HKSCC should refer to the section headed “How to Apply for Hong Kong Public 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 around Friday, May 8, 2020, and, in any event, not later than Tuesday, May 12, 2020, or such other date as agreed among parties. If, for any reason, the Offer Price is not agreed between the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company by Tuesday, May 12, 2020, or such other date as agreed among parties, the Global Offering will not proceed and will lapse.
- (6) Share certificates are expected to be issued on Thursday, May 14, 2020 but will only become valid 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, which is scheduled to be at around 8:00 a.m. on Friday, May 15, 2020. Investors who trade Shares on the basis of publicly available allocation details before the receipt of share certificates and before they become valid do so entirely of their own risk.
- (7) The announcement will be available for viewing on the “Main Board—Allotment of Results” page on the Stock Exchange’s website at www.hkexnews.hk and our Company’s website at www.ccnewlife.com.cn.
- (8) None of the websites or any of the information contained on the website forms part of this prospectus.
- (9) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of wholly or partially successful applications if the Offer Price is less than the price per Offer Share payable on application.

The above expected timetable is a summary only. You should read carefully the sections headed “Underwriting,” “Structure of the Global Offering” and “How to Apply for Hong Kong Public Offer Shares” for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Public Offer Shares and the expected timetable, including conditions, effect of bad weather and the despatch of refund cheques and Share certificates.

CONTENTS

This Prospectus is issued by our Company 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 securities 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 in any other jurisdictions or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdictions other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

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

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you and is qualified in 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 in investing in the Offer Shares are set forth in “Risk Factors”. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are the largest property management service provider in central China region (being a geographical region that covers the central area of China, including the provinces of Henan, Hubei, Hunan, Jiangxi, Shanxi and Anhui) by total GFA under management as of December 31, 2018 and total revenue for the year ended December 31, 2018, according to CIA. Throughout more than two decades of operating history, we have significantly grown our business and operations. We believe our prospects and the pursuit of better living experience and lifestyle by the people in Henan are inseparable. We believe our well established operating history affords us a trusted and reputable brand which in turn enables us to continue to offer a full spectrum of services that can satisfy our customers’ diverse needs and effectively improve their living quality.

As of December 31, 2019, our property management and value-added services covered all 18 prefecture-level cities (and also 81 of the 104 county-level cities) in Henan as well as one city in Hainan, namely Haikou, and we served more than one million property owners and residents in 312 properties. We manage a diversified portfolio of properties, including residential properties, shopping malls, cultural tourism complexes, commercial apartments, office buildings, schools and properties of governmental agencies. We ranked 16th, 15th and 13th among the Top 100 Property Management Companies in China in 2017, 2018 and 2019, respectively, according to CIA.

We focus on serving our customers’ diverse needs and enriching the list of goods and services within the geographic areas which we cover: where they stay, where they travel, what they eat and how they relax. We believe our competitive edge is the extensive network of goods and services we offer, coupled with our deep understanding of market demands and our capabilities in data analytics. Through frequent interactions with our customers, we have gained a deep understanding of customer needs and preferences. Combined with our strong resource consolidation, online-to-offline synergy and cross-selling capabilities, we are able to identify and deliver desirable services and products within our network and constantly refine our offering to better satisfy customer needs. By providing these services, we are able to aggregate significant consumer information which helps us cater to our customers with more tailor-made services.

Over the years, we have received numerous awards in recognition of our service quality. We were awarded with (i) 2019 Potential Unicorn of Property Management Service (2019 物業服務企業潛力獨角獸); (ii) Featured Brand of Property Management Service—New Lifestyle Provider (2019 特色物業服務品牌企業—新型生活方式服務商); (iii) 2019 Top 50 Most Valuable Brand of Property Management Service (2019 物業服務企業品牌價值50強); (iv) China Property Management Institute China’s Top 100 Property Management Companies (中國物業服務百強企業) for five years since 2015;

SUMMARY

(v) Leading Brand for Property Management Service in the Central China Region (華中物業服務領先品牌); (vi) 2018 Outstanding Enterprise of the Property Management Industry in Henan Province (河南省物業服務行業2018年度先進企業); (vii) Outstanding Property Management Company of Zhengzhou (鄭州市物業管理先進單位) in 2017.

We believe our three main business segments, namely property management and related value-added services, lifestyle services and commercial property management and consultation services, echo with our Group's philosophy which is to enrich the living experience and lifestyle of all the people in Henan (我們的使命是讓河南人民都過上好生活).

OUR BUSINESS MODEL

Over the years, we have successfully expanded our business from property management and value-added services to lifestyle services and commercial property management and consultation services. Our business now consists of three major segments.

Property management services and value-added services. We have provided traditional property management services such as security, cleaning and greening services since 1994 and over the years, we have expanded our service offerings to include value-added services aimed at elevating the living quality of the residents in the properties we manage. To promote a contemporary, interactive and intelligent environment within the communities, we provide intelligent community solutions to property developers as well as residents. Furthermore, we provide property agency services to property developers which we sourced the buyers and sellers by leveraging our strong network of property buyers with purchasing power to communities. Further, we also provide personalized services to VIPs of the Central China Consumers Club, who are the CCRE Group's exclusive group of high-net-worth customers and intelligent community solutions as part of our value-added services. As of December 31, 2019, our property management and value-added services covered all 18 prefecture-level cities (and also 81 of the 104 county-level cities) in Henan as well as one city in Hainan, namely Haikou, and we served more than one million property owners and residents in 312 properties. We manage a diversified portfolio of properties, including residential properties, shopping malls, cultural tourism complexes, commercial apartments, office buildings, schools and properties of governmental agencies.

Lifestyle services. Lifestyle services include products and services we offer on our Jianye + (建業+) platform, travel services, and management services we provide in Cuisine Henan Foodcourts (建業大食堂). The Jianye + (建業+) platform is an O2O one-stop service platform which integrates our internal and external, online and offline resources in order to provide our customers with convenient and more affordable goods and services. The Jianye + (建業+) platform provides three main online services: (i) membership benefits; (ii) concierge services; and (iii) goods and services from One Family Community (一家公社). As of December 31, 2019, we were cooperating with over 340 suppliers, some of which were well-known brands that were listed on NASDAQ or the Stock Exchange. We also offer a wide range of benefits including exclusive offers with hotels, malls and restaurants in Henan. Our travel services offer four distinct types of tours to customers, namely leisure tours, corporate tours, football tours and educational tours. The six Cuisine Henan Foodcourts (建業大食堂) we manage hosted over 330 vendors as of December 31, 2019, offering a wide variety of food options to consumers.

Commercial property management and consultation services. Unlike property management where we offer a wide spectrum of traditional property management services to property developers, property owners and property occupants, our commercial property management and consultation

SUMMARY

services focus on enhancing the value of property by streamlining operations of a property to reduce costs and attracting business to increase income. Our commercial property management and consultation services comprise (i) hotel management, (ii) commercial asset management and (iii) cultural tourism complex management. For hotels, we manage overall hotel operations, supervise hotel operations performed by an existing operator and provide consultancy services. For other commercial assets, we provide pre-opening consultation and post-opening management services. For commercial asset management, our Company primarily manages shopping malls by providing two main categories of services: (i) pre-opening consultation, which includes services such as market research on vendor and clientele demographics, financial analysis, vendor solicitation and management and strategic planning; and (ii) post-opening management services, which includes services such as vendor management, sales and operation management, and training management. As for cultural tourism complex management, our Company's services include the branding and overall operations management, consultancy services, technical support on technology research and promotion including the selection and assessment of seeds to be used, agricultural product sale, agricultural product planning and project planning. For cultural tourism complexes, our services include overall operations and consultancy services. In each area, we strive to help our clients achieve asset value appreciation and sustainable development. As of December 31, 2019, our portfolio of commercial properties under management consisted of three cultural tourism complexes (with an aggregate site area of approximately 10.1 million sq.m.), seven shopping malls (with a total GFA of approximately 0.58 million sq.m.) and nine hotels (with a total GFA of approximately 0.25 million sq.m.).

The table below sets forth our revenue and gross profit margin from each business segment during the Track Record Period.

	Year ended December 31,								
	2017			2018			2019		
	Revenue		Gross profit margin	Revenue		Gross profit margin	Revenue		Gross profit margin
	RMB'000	%	%	RMB'000	%	%	RMB'000	%	%
Property management and value-added services	421,397	91.5	21.3	620,712	89.4	24.0	1,341,092	76.4	30.3
Lifestyle services	23,877	5.2	10.6	62,179	9.0	8.9	308,575	17.6	32.8
Commercial property management and consultation services	15,258	3.3	85.3	11,097	1.6	57.3	104,735	6.0	66.0
Total/Overall	460,532	100.0	22.9	693,988	100.0	23.2	1,754,402	100.0	32.8

Property management and value-added services

Our property management services business segment is our primary business and the largest revenue-generating business segment, which enables us to source customers and expand business scale for our other business segments. Our value-added services increase our involvement and interaction with customers, broaden our revenue sources and enhance our future growth potential. For property management services, during the Track Record Period, our property management fees were mainly charged on a lump sum basis. According to CIA, the "lump sum" model for property management fee is the dominant model in the property management industry in China, especially for residential properties.

Apart from the 11 out of 231 residential properties and all the commercial office buildings, shopping malls, schools, governmental buildings and commercial apartments under our management,

SUMMARY

we charge a pre-determined fixed amount as the property management fee on a monthly basis which represents “all-inclusive” fees for all of the property save for the property management fees of one of our property management services we provide in accordance with our pricing policy. We are entitled to retain the full amount of property management fees received from property developers and property owners and residents. We bear the costs of managing properties, and recognize such costs as our cost of sales, which include expenses associated with our staff involved in providing property management services, maintenance and repair of communal areas, facilities management, cleaning and garbage disposal and security. During the Track Record Period, our average property management fees for our residential properties per sq.m. per month ranged from RMB1.73 to RMB1.82. For further information, please see subsection headed “Business—Property Management and Value-Added Services—Pricing Policy for Property Management Fee” in this prospectus.

For value-added services, to distinguish ourselves from other property management companies and establish the standard for high-end property management service, we actively seek to gain a more comprehensive and deeper understanding of the needs of owners and residents and anticipate their demands. The community value-added services we offer to the residents include (i) clubhouse services; (ii) interior repair and maintenance; (iii) housekeeping and cleaning; (iv) vehicle cleaning and charging; (v) furnishing; and (vi) items delivery and pickup services. For value-added services we offer to the non-property owners are mainly (i) onsite sales assistance; (ii) consultancy; and (iii) inspection of properties.

Our intelligent community solutions comprise over 30 systems and more than 100 types of hardware, such as visual operation and management system, mobile phone service system, AI surveillance system, vehicle management system, bio face recognition system, community health management system, environmental management system, cloud video intercom system, emergency call system, elevator control system, background music system, cloud patrol system, wifi coverage system, community self-service system and temperature control system, among others. As of December 31, 2019, we provided intelligent community solutions in 143 residential communities. Our intelligent community solutions include (i) consultation which we usually charge a consultancy service fee on a per sq.m. basis based on the type of the property; (ii) installation and engineering, which we charge based on the number of facilities and volume of work needed; and (iii) system integration and development which we typically charge based on the cost development, which is affected by functional requirements.

For property agency services, our property agency team offers feasibility studies, marketing planning, sales consultancy and distribution channel development and integration services. Leveraging the active engagement and close relationships we have established through years of property management, we have accumulated a network of potential buyers. We cooperate with business customers in the following ways: (i) we cooperate with the CCRE Group at the group level to sell certain properties it develops; (ii) we cooperate with third-party developers to sell properties they develop on specific projects; (iii) we have established a cooperation platform for property agencies in Henan to further expand our network and provide consultancy and training services to them; and (iv) we establish joint ventures with third-party property developers to sell the properties they develop. Upon the completion of a property sale transaction, we charge such property developers a commission calculated based on the contract purchase price.

The Central China Consumers Club, or the CCCC, was established in 2016 by the CCRE Group to provide benefits, privileges and exclusive customer services to its members. The CCCC

SUMMARY

operates through our Jianye + (建業+) platform and our team of goodwill organizers. Each member is paired with a designated “*Gentil Organisateur*” (“G.O.” i.e. goodwill organizers) who provides personalized service to that particular member. We charge the CCRE Group a fixed monthly management fee calculated based on the number of members in the CCCC and additional fees for organizing special events.

The table below sets forth the details of our revenue from each service in this business segment during the Track Record Period.

	Year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Property management	330,377	78.4	423,358	68.2	592,356	44.2
Value-added services:						
Community value-added services	25,699	6.1	31,473	5.1	57,852	4.3
Value-added services to non-property owners ...	64,625	15.3	111,973	18.0	204,113	15.2
Intelligent community solutions	—	—	—	—	179,944	13.4
Property agency	696	0.2	47,079	7.6	259,657	19.4
Central China Consumer Club	—	—	6,829	1.1	47,170	3.5
Total	<u>421,397</u>	<u>100.0</u>	<u>620,712</u>	<u>100.0</u>	<u>1,341,092</u>	<u>100.0</u>

The following table sets forth a breakdown of our gross profit and gross profit margin in respect of our property management and value-added services by sub-business segment for the periods indicated:

	Year ended December 31,					
	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						
Property management	50,612	15.3	65,071	15.4	91,990	15.5
Value-added services						
Community value-added services	9,483	36.9	12,132	38.5	22,998	39.8
Value-added services to non-property owners ...	29,194	45.5	39,381	35.2	88,023	43.1
Intelligent community solutions	—	—	—	—	51,754	28.8
Property agency	428	61.5	30,105	63.9	128,852	49.6
Central China Consumer Club	—	—	2,100	30.8	22,324	47.3
Total	<u>89,717</u>	<u>21.3</u>	<u>148,789</u>	<u>24.0</u>	<u>405,941</u>	<u>30.3</u>

SUMMARY

Breakdown of total GFA under management for property management services by property developers

The table below sets out the breakdown of our total GFA under management for our property management services attributable to the properties developed by the CCRE Group (and its associates or joint ventures) and third-party property developers as of the dates indicated.

	As of December 31,					
	2017		2018		2019	
	GFA		GFA		GFA	
	'000 sq.m.	%	'000 sq.m.	%	'000 sq.m.	%
The CCRE Group and its associates or joint ventures	18,500	90.9	21,506	83.7	39,272	68.9
Third-party property developers	<u>1,861</u>	<u>9.1</u>	<u>4,182</u>	<u>16.3</u>	<u>17,711</u>	<u>31.1</u>
Total	<u><u>20,361</u></u>	<u><u>100.0</u></u>	<u><u>25,688</u></u>	<u><u>100.0</u></u>	<u><u>56,983</u></u>	<u><u>100.0</u></u>

Revenue and gross profit margin of property management services by property developers

The table below sets forth a breakdown of our revenue generated and our gross profit margin from the provision of property management services attributable to the properties developed by the CCRE Group (and its associates or joint ventures) and third-party property developers for the periods indicated.

	For the year ended December 31,								
	2017			2018			2019		
	Revenue		Gross profit margin	Revenue		Gross profit margin	Revenue		Gross profit margin
	RMB'000	%	%	RMB'000	%	%	RMB'000	%	%
The CCRE Group and its associates or joint ventures	310,855	94.1	15.5	386,420	91.3	15.6	472,455	79.8	16.0
Third-party property developers	<u>19,522</u>	<u>5.9</u>	<u>13.0</u>	<u>36,938</u>	<u>8.7</u>	<u>13.2</u>	<u>119,901</u>	<u>20.2</u>	<u>13.7</u>
Total	<u><u>330,377</u></u>	<u><u>100.0</u></u>	<u><u>15.3</u></u>	<u><u>423,358</u></u>	<u><u>100.0</u></u>	<u><u>15.4</u></u>	<u><u>592,356</u></u>	<u><u>100.0</u></u>	<u><u>15.5</u></u>

During the Track Record Period, our revenue for our property management services attributable to properties developed by the CCRE Group (and its associates or joint ventures) accounted for approximately 67.5%, 55.7% and 26.9% of our total revenue, respectively. Our gross profit margin for our property management services attributable to properties developed by the CCRE Group (and its associates or joint ventures) was approximately 15.5%, 15.6% and 16.0% during the Track Record Period, respectively.

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Breakdown of revenue of value-added services by property developers

The table below sets out the breakdown of our revenue for our value-added services attributable to the properties developed by the CCRE Group (and its associates or joint ventures) and third-party property developers for the periods indicated.

	For the year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
The CCRE Group and its associates or joint venture	80,754	88.7	135,348	68.6	630,124	84.2
Third-party property developers	10,266	11.3	62,006	31.4	118,612	15.8
	<u>91,020</u>	<u>100.0</u>	<u>197,354</u>	<u>100.0</u>	<u>748,736</u>	<u>100.0</u>

Lifestyle services

For lifestyle services, we offer a wide range of lifestyle services, which include (i) products and services we offer on our Jianye + (建業+) platform, (ii) travel services, and (iii) management services we provide in Cuisine Henan Foodcourts (建業大食堂).

The Jianye + (建業+) platform, which was operated by One Family Network and was acquired by us in 2019, was launched for provision of lifestyle services. The Jianye + (建業+) platform provides three main online services: (i) membership benefits; (ii) concierge services; and (iii) goods and services from One Family Community (一家公社). We derive revenue from the Jianye + (建業+) platform through membership benefits, concierge services (including service fees for the development of specific functions catered to the needs and convenience of the residents) and selling products and services on a “pay-as-you-go” basis on One Family Community (一家公社). We charge our members a fixed fee, which enable them to enjoy discounts on goods and services, as well as experience exclusive offers, covering various needs such as clothing, food, travel and entertainment.

We are a professional travel services provider. We commenced our travel business in 2016. Our travel packages are mainly categorized into (i) leisure tours; (ii) corporate tours; (iii) football tours; and (iv) educational tours. We generally charge a markup calculated based on the cost of activities in the itinerary, such as train tickets and accommodation.

Taking advantage of central China region’s long history and the rich culinary culture, we began operating the Cuisine Henan Foodcourts (建業大食堂) on April 1, 2019, offering Henan delicacies. We cooperate with local vendors in respect of their operations in our foodcourts and we are responsible for the general management of the foodcourts, while the vendors operate their own food stalls and restaurants under our supervision. As of December 31, 2019, we operated six Cuisine Henan Foodcourts (建業大食堂) hosting over 330 vendors and offering food types representing 18 prefecture-level cities in Henan. For the foodcourts under our management, we have two types of arrangement, namely (i) leasing operation arrangement and (ii) entrustment arrangement. As for the leasing operation arrangement, we rent the premises from the property developer and operate our own foodcourt. Under such type of arrangement, we will receive payments for the food ordered by individual customers and at the end of each month, we will pay the vendor a percentage of revenue (70%-90%, depending on the type of vendor) generated by such vendor at our foodcourt. As for the entrustment arrangement, the property developer (who is also the foodcourt owner) engages us to provide property management services to the foodcourt. Under such type of arrangement, the property management services we provide include negotiation with potential vendors in respect of cooperation opportunities, marketing

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planning and management of the daily operations of the foodcourt. We charge the foodcourt owner a fixed annual fee calculated based on the operation size area of the foodcourt in addition to a floating fee calculated based on a certain percentage of the monthly turnover.

Breakdown of revenue of lifestyle services by business segment

The table below sets forth the details of our revenue from each service in this business segment during the Track Record Period.

	For the year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Jianye + (建業+) ^(Note 1)	—	—	—	—	156,316	50.6
Travel services ^(Note 2)	23,877	100.0	62,179	100.0	138,789	45.0
Cuisine Henan Foodcourts (建業大食堂) ^(Note 3)	—	—	—	—	13,470	4.4
Total	23,877	100.0	62,179	100.0	308,575	100.0

Notes:

1. Our Jianye +(建業+) services are provided to (i) individual users including owners or residents in residential communities developed by both the CCRE Group and its associates or joint venture and other independent third party individuals that are neither owners nor residents of the properties developed by CCRE Group and its associates or joint ventures; and (ii) corporate customers.
2. Our travel services are provided to individual consumers as well as corporate consumers.
3. All the Cuisine Henan Foodcourts (建業大食堂) managed by us are developed by the CCRE Group and its associates or joint venture and our customers include independent third party individuals and corporate customers.

Commercial property management and consultation services

For commercial property management and consultation services, we offer services in respect of (i) hotel management; (ii) commercial asset management; and (iii) cultural tourism complex management.

We commenced our hotel management service in 2017. Currently we primarily manage all hotels owned by the CCRE Group and we plan to manage more hotels owned by Independent Third Parties in the future. We provide three different types of services under hotel management, including (i) managing overall operations of a hotel, (ii) supervising hotel operation by an existing operator and (iii) providing consulting services. For the management of overall operations of a hotel, we charge a pre-determined management fee calculated based on revenue or operating profit generated from the hotel we manage and we are entitled to a performance bonus calculated based on the net operating profit. For supervising hotel operation by an existing operator, we charge a fixed management fee calculated based on the number of hotel rooms in the respective hotel and we are also entitled to an incentive management fee calculated based on net operating profit. For consulting services, we charge a fixed fee on case by case basis depending on the scale of a hotel and the term of a consulting contract.

For commercial property management service, we primarily manage shopping malls by providing two main categories of services: (i) we provide pre-opening consultation, which includes services such as market research on vendor and clientele demographics, financial analysis, vendor solicitation and management, and strategic planning; and (ii) we provide post-opening management services, which includes services such as vendor management, sales and operation management, and training management. As of December 31, 2019, we managed seven shopping malls located in various cities in Henan, including Zhengzhou, Luoyang and Nanyang. We calculate fixed fee per month based

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on the scale and complexity of the project. For the management of shopping malls, during the pre-opening consulting phase, we generally charge a monthly fee, and a one-off business solicitation commission fee (which is 150% of the monthly rent paid to the owners of the shopping malls by such vendors). In respect of post-opening management fees, we generally charge a monthly fee, a one-off opening incentive payable as a fixed fee per sq.m. and an annual incentive management service fee payable with reference to the excess over the targeted net opening profit or 5%-10% of the total revenue plus 10% of profit.

For cultural tourism complex management, we started managing cultural tourism complexes in 2019. As of December 31, 2019, we managed three cultural tourism complexes in Henan. For the year ended December 31, 2019, our revenue derived from cultural tourism complexes management was RMB70.8 million.

Breakdown of revenue of commercial property management and consultation services by business segment

The table below sets forth the details of our revenue from each service in this business segment during the Track Record Period.

	For the year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Hotel Management	15,258	100.0	11,097	100.0	17,499	16.7
Commercial property management	—	—	—	—	16,451	15.7
Cultural Tourism Complex Management	—	—	—	—	70,785	67.6
Total	<u>15,258</u>	<u>100.0</u>	<u>11,097</u>	<u>100.0</u>	<u>104,735</u>	<u>100</u>

Breakdown of revenue of commercial property management and consultation services by the CCRE Group and its associates or joint ventures and Independent Third Parties

The table below sets forth a breakdown of our revenue from commercial property management and consultation services recognized by two categories, the CCRE Group and its associates or joint ventures and Independent Third Parties, for the periods indicated:

	Year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
The CCRE Group and its associates or joint ventures ^(Note 1)	15,247	99.9	11,077	99.8	97,945	93.5
Independent Third Parties ^(Note 2)	11	0.1	20	0.2	6,790	6.5
Total	<u>15,258</u>	<u>100.0</u>	<u>11,097</u>	<u>100.0</u>	<u>104,735</u>	<u>100.0</u>

Notes:

1. This also represents the revenue from commercial property management and consultation services attributable to the properties developed by the CCRE Group and its associates or joint ventures.
2. This also represents the revenue from commercial property management and consultation services attributable to the properties developed by the Independent Third Parties.

OUR STRENGTHS

We believe the following competitive strengths are crucial to our success and essential for our future growth: (i) Central China (建業) is a leading, highly recognizable brand in central China; (ii) our

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comprehensive one-stop service platform with strong monetization capability and growth potential; (iii) largest property management service provider in central China; (iv) our “property management + commercial property management and consultation” two-pronged growth strategy which accelerates our growth; and (v) visionary and seasoned management team, solid corporate governance and effective talent upskilling and incentive systems. Please see section headed “Business—Competitive Strengths” in this prospectus for further details.

OUR STRATEGIES

To achieve our mission which is to enrich the living experience and lifestyle of all the people in Henan (我們的使命是讓河南人民都過上好生活), to continuously increase our revenue and to further improve our efficiency and profitability, we intend to pursue the following strategies: (i) expand our range of services and develop our Jianye + (建業+) platform; (ii) expand our business scale through organic growth, strategic investments, cooperation and acquisitions; (iii) strengthen our brand recognition and marketing, and leverage our brand awareness to grow our revenues and platform users; (iv) enhance our commercial property management and consultation services; and (v) further improve management and operational efficiency by leveraging advanced technologies. Please see section headed “Business—Business Strategies” in this prospectus for further details.

OUR CUSTOMERS AND SUPPLIERS

Our customer base primarily includes property developers, property owners and residents and local property management companies. Our top five customers accounted for approximately 18.1%, 18.5% and 40.7% of our total revenue during the Track Record Period, respectively. Our largest customer, the CCRE Group (our connected person by virtue of being ultimately controlled by Mr. Wu, our Controlling Shareholder), accounted for approximately 14.5%, 16.6% and 36.9% of our total revenue in the same periods. Our Group has a long-standing and well-established business relationship with the CCRE Group which dates back to 1999. During the Track Record Period and as of the Latest Practicable Date, the services provided by us to the CCRE Group (as a property developer) included: (i) property consultation and management services; (ii) real estate agency services; (iii) intelligent technology services; (iv) commercial property management services; (v) green house management services; (vi) membership maintenance and management services; and (vii) tourism services. We have had ongoing business relationships with our five largest customers during the Track Record Period for approximately five years on average.

We have established stable and long-term business relationship with most of our major service providers and suppliers, primarily includes suppliers of security, cleaning and labor outsourcing services. Our top five suppliers accounted for approximately 37.3%, 29.2% and 14.8% of our total cost of sales during the Track Record Period, respectively. Our largest supplier accounted for approximately 22.3%, 16.4% and 6.1% of our total cost of sales in the same periods.

We delegate certain property management and value-added services, such as cleaning, greening and gardening and security guard functions to third party subcontractors to fill specific positions/ functions in our business segments to cover basic functions when we encounter capacity constraints and to lower costs of services. These subcontractors provide such services directly to the customers. During the Track Record Period, our subcontracting costs amounted to RMB16.8 million, RMB59.4 million and RMB264.1 million, respectively, accounting for 4.7%, 11.1% and 22.4% of our total cost of sales, respectively.

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We also engage labor outsourcing service providers who dispatch to us suitable dispatched staff as requested by us from time to time. Such dispatched staff are used by us for the provision of our services. During the Track Record Period, our outsourcing labor cost for the labor outsourcing service providers amounted to approximately RMB124.1 million, RMB120.9 million and RMB48.7 million, respectively.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Immediately upon completion of the Global Offering and the Capitalization Issue, Enjoy Start (which is wholly-owned by Mr. Wu) will directly hold approximately 70.62% of the issued share capital of our Company (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, the Pre-IPO Share Options and the Post-IPO Share Options). Enjoy Start is an investment holding company incorporated in BVI. Accordingly, each of Enjoy Start and Mr. Wu is our Controlling Shareholder.

We believe that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates after the Listing due to our management independence, mutual and complementary relationship with the CCRE Group, operational independence and financial independence. For further details, please see section headed “Relationship with Controlling Shareholders—Independence from our Controlling Shareholders” in this prospectus.

We have entered into a number of agreements with our connected persons (being members of the CCRE Group), please refer to the section headed “Connected Transactions” in this prospectus for further details. The transactions disclosed in the section headed “Connected Transactions” in this prospectus are expected to continue and will constitute continuing connected transactions of our Group under Chapter 14A of the Listing Rules upon Listing. CCRE is indirectly held as to more than 30% by Mr. Wu, one of our Controlling Shareholders, and therefore is an associate of our Company under the Listing Rules. Accordingly, the transactions between our Group and members of the CCRE Group will constitute connected transactions of our Group upon Listing.

PRE-IPO INVESTMENT

On March 15, 2019, our Company entered into a share subscription agreement with OP Financial (an Independent Third Party), pursuant to which 339,000 Shares were allotted and issued to OP Financial at a consideration of HK\$11.0 million (amounted to 0.66% shareholding in our Company immediately upon completion of the Global Offering). Please see “History, Development and reorganization—Post-Reorganization—Pre-IPO investment by OP Financial” in this prospectus for details of such pre-IPO investment.

FUTURE PLANS AND USE OF PROCEEDS

We estimate the net proceeds of the Global Offering we will receive, assuming an Offer Price of HK\$6.40 per Offer Share (being the mid-point of the Offer Price Range stated in this prospectus), will be approximately HK\$1,785 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option, Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme are not exercised. We intend to use the net proceeds of the Global Offering for the following purposes assuming the

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Offer Price is fixed at HK\$6.40 per Offer Share (being the mid-point of the indicative Offer Price Range):

- approximately 60% of our net proceeds, or approximately HK\$1,071.0 million, to be used to pursue strategic investment and acquisition opportunities to further expand the business scale and property portfolio of our property management business and value-added services. Our targets would include (i) property management service providers with good reputation, high-quality assets and a total GFA under management of at least three million sq.m.; (ii) property management service providers with operational efficiency or profit margin improvement potential; (iii) companies whose business that will expand property portfolio, such as public properties and office buildings, or geographic coverage, with a focus on the central China region; and (iv) other companies that can bring synergies, such as companies providing information technology;
- approximately 15% of our net proceeds, or approximately HK\$267.8 million, to be used on our Jianye + (建業+) platform and to optimize our users' experience by (i) developing and optimizing software and the Cloud system, expanding our R&D team and optimizing its organization and functionality, enhancing user experience and satisfaction and strengthening our data analytical capability; (ii) improving and expanding our facilities and equipment such as servers, smart community IoT devices and new retail experiential devices, to support larger-scale user interactions, improve user experience, enhance service network and increase our contact frequency with customers; (iii) cooperating with more suppliers, expanding the scale and diversity of membership resources and providing members with more benefits and privileges and quality service experience; and (iv) acquiring new users and increase active users and paying users at a relatively low investment;
- approximately 15% of our net proceeds, or approximately HK\$267.8 million, to improve operational efficiency by (i) building intelligent communities and upgrading facilities, targeting to cover all of our managed properties by the end of 2020; (ii) developing our financial sharing system to share financial information on income, costs and funds among designated personnel, and our human resource system to monitor the recruitment—transition—exit process, to facilitate more smooth internal coordination and minimize human errors; (iii) developing a process control and KPI integration system to monitor our day-to-day operations on a real-time basis; and (iv) achieving digitalized documentation and cloud computing to enhance data security and support our data analysis; and
- approximately 10% of our net proceeds, or approximately HK\$178.5 million, to be used to provide funding for our working capital and other general corporate purpose.

For further details, please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus.

SELECTED HISTORICAL FINANCIAL INFORMATION

The following tables set out selected financial information for the periods indicated and should be read together with the consolidated financial information set forth in Appendix I to this prospectus, including the accompanying notes, and the information set out in the section headed “Financial Information” in this prospectus.

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Consolidated statements of comprehensive income

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Continuing operations			
Revenue	460,532	693,988	1,754,402
Cost of sales	(355,268)	(533,306)	(1,178,118)
Gross profit	105,264	160,682	576,284
Selling and marketing expenses	(5,172)	(11,748)	(46,494)
Administrative expenses	(63,681)	(86,360)	(230,311)
Net impairment losses on financial assets	(574)	(1,539)	(182)
Other income	56,809	49,405	20,463
Other gains—net	8,055	4,730	4,096
Operating profit	100,701	115,170	323,856
Finance income	202	223	933
Finance cost	(49,312)	(43,020)	(17,219)
Finance cost—net	(49,110)	(42,797)	(16,286)
Share of net (loss)/profit of an associate accounted for using the equity method	1,310	(506)	(29)
Profit before income tax	52,901	71,867	307,541
Income tax expenses	(13,775)	(19,897)	(74,702)
Profit from continuing operations	39,126	51,970	232,839
Loss from discontinued operation ⁽¹⁾	(42,602)	(69,737)	(5,054)
Profit/(loss) for the year	(3,476)	(17,767)	227,785
Profit/(loss) is attributable to:			
—Owners of the Company	23,411	19,471	233,954
—Non-controlling interests	(26,887)	(37,238)	(6,169)
	(3,476)	(17,767)	227,785
Profit/(loss) for the year	(3,476)	(17,767)	227,785
Other comprehensive income for the year, net of tax	—	—	—
Total comprehensive income/(loss) for the year	(3,476)	(17,767)	227,785
Total comprehensive income/(loss) for the year is attributable to:			
—Owners of the Company	23,411	19,471	233,954
—Non-controlling interests	(26,887)	(37,238)	(6,169)
	(3,476)	(17,767)	227,785

Note:

- (1) The loss from discontinued operation represents the loss recorded by Central China OP and its subsidiaries, which was principally engaged in the provision of property sub-leasing service and were disposed of by our Group during the Track Record Period. Please refer to the section headed “History, Reorganization and Corporate Structure—Post-Reorganization—Disposal of Central China OP” for further details.

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	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Total comprehensive income/(loss) for the year attributable to owners of the Company arises from:			
—Continuing operations	39,126	51,293	232,132
—Discontinued operation	(15,715)	(31,822)	1,822
	<u>23,411</u>	<u>19,471</u>	<u>233,954</u>
Earnings per share for profit from continuing operations attributable to the owners of the Company (expressed in RMB per share)			
—Basic and diluted	<u>1.03</u>	<u>1.35</u>	<u>6.07</u>
Earnings per share for profit attributable to the owners of the Company (expressed in RMB per share)			
—Basic and diluted	<u>0.62</u>	<u>0.51</u>	<u>6.12</u>

Note: The earnings per share presented above has not been taken into account the proposed capitalization issue pursuant to the resolutions in writing of the shareholders passed on April 29, 2020 because the proposed capitalization issue has not become effective on or before the date of this prospectus.

During the Track Record Period, our revenue was approximately RMB460.5 million, RMB694.0 million and RMB1,754.4 million, respectively. During the Track Record Period, we derived a substantial amount of our revenue from property management and value-added services we provided, represented over 76% of our revenue. During the Track Record Period, majority of such revenue was generated from property management and value-added services, amounted to approximately RMB421.4 million, RMB620.7 million and RMB1,341.1 million, respectively, accounting for approximately 91.5%, 89.4% and 76.4% of our total revenue, for the respective period. The increase in such revenue was primarily due to (i) an increase in our total GFA under management from approximately 20.4 million sq.m. as of December 31, 2017 to 57.0 million sq.m. as of December 31, 2019 and (ii) an increase in average property management fee rate charged for the residential properties we managed from RMB1.73 per sq.m./month for the year ended December 31, 2017 to RMB1.89 per sq.m./month for the year ended December 31, 2018 then to RMB1.82 per sq.m./month for the year ended December 31, 2019; (iii) the expansion of our service scope into different segments under value-added services, namely property agency services, CCCC and intelligent community solutions, which we commenced in 2017, 2018 and 2019, respectively; and (iv) our increase in cooperation with the CCRE Group which brought mutual benefits to the businesses of both the CCRE Group and our Group. Our costs of sales are primarily affected by our employee benefits expenses, our outsourcing labor costs, our greening and cleaning expenses and our outsourcing costs of tourism services. The significant increases in these items under cost of sales were mainly attributable to the rise in our headcount and the expansion of our operations.

Our gross profit during the Track Record Period was approximately RMB105.3 million, RMB160.7 million and RMB576.3 million, respectively. Significant increase in our gross profit was mainly owing to an increase in revenue, primarily attributable to (i) an increase in our average property management fees from RMB1.73 per sq.m./month to RMB1.89 per sq.m./month then to RMB1.82 per sq.m./month for our residential properties over the same period; (ii) our revenue derived from property agency services that have a higher gross profit margin (we recorded over 49% of gross profit margin throughout the Track Record Period) surging from approximately RMB0.7 million to approximately RMB47.1 million to approximately RMB259.7 million for the year ended December 31, 2017, 2018 and 2019, respectively; (iii) a significant increase in revenue in our lifestyle services from approximately RMB23.9 million for the year ended December 31, 2017 to approximately RMB62.2

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million for the year ended December 31, 2018, mainly due to our travel services continued to ramp up following its commencement in 2016. Our revenue from lifestyle services then surged to RMB308.6 million for the year ended December 31, 2019, primarily due to our acquisition of One Family Network in 2019 which brought to our Group of approximately 2.2 million registered users as of December 31, 2019 and thereby led to an increase in revenue of approximately RMB156.3 million derived from the Jianye + (建業+) platform for the same period. On the other hand, we were able to effectively spread our costs over the newly added GFA under management and also our value added services.

Our gross profit margin was approximately 22.9%, 23.2% and 32.8% for the years ended December 31, 2017, 2018 and 2019, respectively. Our overall gross profit margins are affected by our business mix. Our gross profit margin experienced an upward trend during the Track Record Period, primarily reflecting our expansion of service scope (which had a higher gross profit margin), in particular (i) the growth of our lifestyle services which had an increase in gross profit margin from approximately 8.9% for the year ended December 31, 2018 to approximately 32.8% for the year ended December 31, 2019 which was primarily because of our acquisition of One Family Network in 2019 which brought to our Group of approximately 2.2 million registered users as of December 31, 2019; (ii) an increase in the gross profit margin in property management and value-added services throughout the Track Record Period which was primarily attributable to our expansion of business scope with commencement of property agency services for new properties in 2018; (iii) the growth of our commercial property management and consultation services which had the highest gross profit margin among all the business segments during the Track Record Period; (iv) an increase in our total GFA under management from approximately 20.4 million sq.m. as of December 31, 2017 to approximately 57.0 million sq.m as of December 31, 2019 coupled with our increase in average property management fee and, in particular, with our raise in the property management fee rates in 17 projects by an average of approximately 41.8% during the Track Record Period; (v) our increase in cooperation with the CCRE Group which brought mutual benefits to the businesses of both the CCRE Group and our Group; and (vi) our cost of sales grew at 50.1% and 120.9% for the same period, which were below our revenue growths for each of the periods as we were able to spread our costs over the new businesses we acquired. Citing to the abovementioned reasons, we recorded an upward trend of our overall gross profit margin during the Track Record Period. For further details on our gross profit and gross profit margin by business segments, please refer to section headed “Financial Information—Gross Profit and Gross Profit Margin” in this prospectus.

Our profit and total comprehensive income from continuing operations increased from approximately RMB39.1 million for the year ended December 31, 2017 to approximately RMB232.8 million for the year ended December 31, 2019, which was primarily attributable to our significant rise in revenue due to expansion of our operations, partially offset by, *inter alia*, (i) the fluctuation in finance costs during the three years ended December 31, 2019 primarily in connection with the ABS arrangement; and (ii) the general increase in administrative expenses primarily owing to an increase in the number of employees we hired to cater for our business expansion during the Track Record Period. Our administrative expenses primarily consist of employee benefit expenses, professional service fees, depreciation and amortization charges, traveling and entertainment expenses, office expenses, listing expenses, others. The general increase in administrative expenses during the Track Record Period was primarily attributable to the growth of our business. Our administrative expenses during the Track Record Period were approximately RMB63.7 million, RMB86.4 million and RMB230.3 million, respectively, accounting for approximately 13.8%, 12.4% and 13.1% of the total revenue generated from continuing operations for the same periods. For further details on our administrative expenses and

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finance costs during the Track Record Period, please refer to sections headed “Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Administrative expenses” and “Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Finance Cost” in this prospectus.

Our other income consists of interest income from loans to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang and government grants received by Central China Property Management. For further details of the loan, please refer to section headed “Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Other receivables” in this prospectus. We also recorded value-added tax deductibles for the year ended December 31, 2019 pursuant to favorable government policies. There were no conditions or other contingencies attached to such government grants or value-added tax deductibles. Government grants are discretionary and uncertain in nature as they are susceptible to change in regulations and policies.

Our net other gains or losses consist of (i) net fair value gains or losses on financial assets and (ii) net gains or losses on disposal of equipment. Our financial assets at fair values through profit or loss mainly include wealth management products and fund products. For more information on our wealth management products, please see section headed “Financial Information—Selected Items of the Consolidated Balance Sheet—Financial Assets at Fair Value through Profit or Loss” in this prospectus. Our net gains or losses on disposal of equipment mainly include gains from disposals of air-conditioners, photocopiers and computers.

Selected items of consolidated balance sheets

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Total current assets	1,062,312	1,040,548	1,362,187
Total current liabilities	452,282	625,941	1,017,667
Net current assets	610,030	414,607	344,520
Total non-current assets	277,508	283,294	101,257
Total non-current liabilities	787,954	600,586	64,128
Net assets	99,584	97,315	381,649
Total equity	99,584	97,315	381,649

Our net assets decreased slightly from approximately RMB99.6 million as of December 31, 2017 to RMB97.3 million as of December 31, 2018 was mainly due to the loss of approximately RMB17.8 million recognized for the year ended December 31, 2018. We recorded loss of approximately RMB69.7 million from our discontinued operation for the year ended December 31, 2018, of which approximately RMB37.9 million was attributable to non-controlling interests.

Our total equity increased from approximately RMB97.3 million as of December 31, 2018 to approximately RMB381.6 million as of December 31, 2019, primarily attributable to our business expansion.

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Selected items of consolidated statements of cash flows

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Operating activities			
Continuing operations	66,019	93,874	265,255
Discontinued operation	17,830	39,588	15,444
Net cash generated from operating activities	<u>83,849</u>	<u>133,462</u>	<u>280,699</u>
Investing activities			
Continuing operations	261,333	159,831	620,876
Discontinued operation	(35,174)	(22,324)	23,056
Net cash generated from investing activities	<u>226,159</u>	<u>137,507</u>	<u>643,932</u>
Financing activities			
Continuing operations	(265,532)	(219,633)	(450,474)
Discontinued operation	(22,207)	(38,890)	(23,813)
Net cash used in financing activities	<u>(287,739)</u>	<u>(258,523)</u>	<u>(474,287)</u>
Net increase in cash and cash equivalents	22,269	12,446	450,344
Cash and cash equivalents at beginning of year	99,545	121,814	134,260
Exchange gain on cash and cash equivalents	—	—	191
Cash and cash equivalents at end of year	<u>121,814</u>	<u>134,260</u>	<u>584,795</u>

Net cash generated from operating activities

For the year ended December 31, 2019, net cash generated from operating activities was RMB280.7 million, consisting of cash generated from continuing operations of RMB265.3 million and discontinued operation of RMB15.4 million. The net operating cash generated from continuing operations was primarily a combined result of operating cash inflow before movements in working capital of RMB328.4 million, income tax paid of RMB50.9 million and decrease in working capital of RMB12.2 million. The decrease in working capital was primarily reflected by an increase in trade and other receivables and prepayments of RMB450.0 million and partially offset by an increase in contract liabilities of RMB161.3 million and trade and other payables of RMB283.6 million.

Net cash generated from investing activities

For the year ended December 31, 2019, net cash generated from investing activities was RMB643.9 million, consisting of cash generated from continuing operations of RMB620.9 million and discontinued operation of RMB23.0 million. The cash generated from continuing operations primarily reflecting (i) repayment from other parties in the amount of RMB564.0 million, (ii) proceeds from disposal of financial assets at fair value through profit or loss of RMB309.0 million and (iii) interest received in the amount of RMB54.9 million, partially offset by acquisition of financial assets at fair value through profit or loss in the amount of RMB278.4 million.

Net cash used in financing activities

For the year ended December 31, 2019, net cash used in financing activities was RMB474.3 million, consisting of cash used in continuing operations of RMB450.5 million and cash used in discontinued operation of RMB23.8 million. The cash used in continuing operations was reflecting

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primarily repayment of borrowings in the amount of RMB436.4 million and interest paid in the amount of RMB32.4 million, partially offset by a capital injection from the shareholders of the Company in the amount of RMB9.4 million, and cash advances from entities controlled by Mr. Wu in the amount of RMB21.4 million.

Accumulated loss

Throughout 20 years of experience and operations in the property management industry, our Group went through various business development phases and has successfully transformed from a supporting role to a property developer to a profitable independent service provider of property management and value-added services and also a service provider of lifestyle and commercial property management and consultation services. Since the incorporation of one of our major operating subsidiaries, Central China Property Management, in 1999, our Group has then been providing the majority of our property management services to properties developed by the CCRE Group and its associates or joint ventures. Further, as we were only providing traditional property management services when we first commenced our business, our revenue was primarily derived from the provision of property management services. Due to the fact that (i) we had a relatively low total GFA under management since incorporation until the end of 2014 when our total GFA under management exceeded 10 million sq.m., which coupled with the relatively low property management fee we were charging at the time and that we continued to incur expenses of a fixed nature, hence our Group only managed to break even until the end of 2014 when our business scale reached a point where we could achieve higher economic efficiency by spreading our costs; (ii) as confirmed by CIA, one of our industry consultants, as a result of the low awareness and demand of property management services in the market as well as the rules and regulations imposed by the PRC government in order to control the management fee rates, we had charged the properties under our management at a low property management fee rate when we first commenced our property management business. Our property management fee for the years ended December 31, 2013 and 2014 was approximately RMB1.49 per sq.m./month on average comparing to an average of RMB1.66 per sq.m./month for the years ended December 31, 2015 and 2016. Such adjustment was due to the new regulation promulgated by the PRC government that came into effect in December 2014, which as advised by our PRC Legal Advisers, abolished pricing control policies for property management services (國家發展和改革委員會關於放開部分服務價格意見的通知) (發改價格[2014]2755號) and we were able to increase our property management fee since 2015 and (iii) the start up of our business continued to incur expenses of a fixed nature such as the standard overhead costs and labor costs in respect of attracting and retaining qualified employees for our management team at the time, our Group had recorded accumulated loss of approximately RMB9.1 million as at January 1, 2017. As confirmed by CIA, reasons for property management companies of a smaller scale to incur loss prior to 2014 were due to (i) the rigid pricing policies imposed by the PRC government in which property management fees collected were less than the costs incurred; and (ii) additional value-added services were not in demand hence the only source of revenue generated was mainly from property management services which has lower gross profit margin than value-added services, as a result, property management companies of a smaller scale generally take longer to break even. Since our focus has been on the provision of quality property management services to our customers, hence the property management fees we charged prior to 2014 could not fully cover the costs incurred. As a result, our costs exceeded the revenue generated, thus our Group had incurred accumulated loss and was only able to break even until end of 2014 even though we receive property management fees prior to providing property management services. However, we managed to turnaround our business to profitability. For details on the factors that led to such

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profitability, see the section headed “Financial Information—Selected Items of the Consolidated Balance Sheets—Accumulated Losses” in this prospectus.

KEY FINANCIAL RATIOS

The following table below sets out the key financial ratios of our Group during the Track Record Period:

	As of / for the year ended December 31,		
	2017	2018	2019
Return on equity	-3.5%	-18.3%	59.7%
Return on assets	-0.3%	-1.3%	15.6%
Current ratio	2.3x	1.7x	1.3x
Gearing ratio	612.5%	448.5%	0.0%
Gross margin	22.9%	23.2%	32.8%
Net profit margin from continuing operations	8.5%	7.5%	13.3%

GLOBAL OFFERING STATISTICS⁽¹⁾

	Based on the Offer Price of HK\$5.04 per Offer Share after Downward Offer Price Adjustment of 10%	Based on the Offer Price of HK\$5.60 per Offer Share	Based on the Offer Price of HK\$7.20 per Offer Share
Market capitalization of our Shares ⁽²⁾	HK\$6,048 million	HK\$6,720 million	HK\$8,640 million
Pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share ⁽³⁾	HK\$1.46	HK\$1.60	HK\$1.99

Notes:

- (1) All statistics in this table are based on the assumption that the Over-allotment Option is not exercised.
- (2) The calculation of market capitalization is based on 1,200,000,000 Shares in issue immediately following the completion of the Capitalization Issue and Global Offering.
- (3) The unaudited pro forma adjusted net tangible assets per Share is calculated after making the adjustment referred to in Appendix II and based on 1,200,000,000 Shares to be issued and outstanding following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

QUALIFICATIONS FOR LISTING

We are able to satisfy the market capitalization, revenue and cash flow test pursuant to Rule 8.05(2) of the Listing Rules.

PRE-IPO SHARE OPTION SCHEME AND POST-IPO SHARE OPTION SCHEME

We have adopted the Pre-IPO Share Option Scheme. The principal terms of the Pre-IPO Share Option Scheme are summarized in “Appendix IV—Statutory and General Information—D. Pre-IPO Share Option Scheme” in this prospectus.

We have adopted the Post-IPO Share Option Scheme. The principal terms of the Post-IPO Share Option Scheme are summarized in “Appendix IV—Statutory and General Information—E. Post-IPO Share Option Scheme” in this prospectus.

DIVIDEND POLICY

During the Track Record Period, we did not declare or pay any dividend. We expect to pay dividend in the amount of at least 30% of our distributable net profit for each year after the Listing,

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with the first dividend to be declared when our Company announces our interim results for the six months ending June 30, 2020. The payment and amounts of dividends, if any, depend on various factors, including our profit for the year, the availability of dividends received from our subsidiaries, our capital and investment requirements and other factors our Board deems relevant.

Under the Articles of Association, our Company in general meeting may declare dividends in any currency to be paid to the Shareholders but no dividend shall be declared in excess of the amount recommended by the Board. The Articles of Association provide dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law.

RISK FACTORS

There are certain risks relating to an investment in the Offer Shares. These risks can be broadly categorized into: (i) risks relating to our businesses and industries; (ii) risks relating to conducting business in the PRC; and (iii) risks relating to the Global Offering. A detailed discussion of the risk factors is set forth in the section headed “Risk Factors” in this prospectus. A summary of certain of these risk factors is set forth below. Any of the following developments may have a material and adverse effect on our business, financial condition, results of operations and prospects:

- (i) our future growth may not materialize as planned, and any failure to manage our future growth effectively may have a material adverse effect on our business, financial condition and results of operations;
- (ii) a substantial portion of our revenue is generated from services we provide to the CCRE Group or in relation to the CCRE Group’s projects;
- (iii) our Jianye + (建業+) platform may not grow as planned;
- (iv) we are subject to risks beyond our control relating to epidemics, acts of terrorism, wars or other natural or man-made calamities in China and globally;
- (v) termination or non-renewal of our property management services, commercial property management and consultation services for a significant number of properties could have a material adverse effect on our business, financial position and results of operations;
- (vi) we may fail to effectively anticipate or control our costs in providing our property management services, for which we generally charge our customers on a lump sum basis;
- (vii) we may experience fluctuations in our labor and subcontracting costs;
- (viii) we are exposed to credit risks as difficulties in collecting our property management fees may lead to impairment of our trade receivables; and
- (ix) we may need to provide impairment loss for our intangible assets and goodwill, which could negatively affect our results of operations and financial position.

You should read the entire section headed “Risk Factors” in this prospectus before you decide to invest in the Offer Shares.

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NON-COMPLIANCE

We advanced loans during the Track Record Period, which were not in compliance with the General Lending Provisions promulgated by the PBOC. Please refer to the section headed “Business—Legal Proceedings and Compliance” in this prospectus.

LISTING EXPENSES

The total listing expenses (including underwriting commissions) for the listing of the Shares are estimated to be approximately RMB123.2 million or 7.0% of gross proceeds (assuming an Offer Price of HK\$6.40 per Share (being the mid-point of the Offer Price range stated in this prospectus) and no exercise of the Over-allotment Option), among which, approximately RMB74.1 million is directly attributable to the issuance of Shares and will be charged to equity upon completion of the Listing, and approximately RMB49.1 million will be charged to our consolidated statement of comprehensive income. During the Track Record Period, we incurred listing expenses of approximately RMB41.4 million, of which approximately RMB10.8 million was included in prepayments and will be subsequently charged to equity upon completion of the Listing and approximately RMB30.6 million was charged to consolidated statement of comprehensive income.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Subsequent to December 31, 2019 (being the date of our latest audited consolidated statements of financial position as set out in the Accountant’s Report in Appendix I to this prospectus), the number of our managed properties increased by 6 residential properties (with an additional aggregate GFA under management of approximately 0.5 million sq. m.) as at the Latest Practicable Date. Our aggregate GFA under management increased by approximately 2.3 million sq.m. from approximately 57.0 million sq.m. as of December 31, 2019 to approximately 59.3 million sq.m. as of the Latest Practicable Date. We had an additional number of 24 property management contracts signed (with an additional aggregate contracted GFA of approximately 3.9 million sq.m.) since December 31, 2019 and up to the Latest Practicable Date.

Recently, an outbreak of Novel Coronavirus started in Wuhan city, Hubei province and is spreading worldwide quickly which raised concern around the world. Our business is mainly based in Henan province, which is in close proximity to the most severely infected area – Hubei province. As at March 26, 2020, we had a record of 6 confirmed cases among our residents, which all of them had recovered and were discharged from the hospital, and 7 residents, who were family members to the confirmed infected-patients, were sent to the governmental designated areas for strict quarantine in Henan province. Furthermore, all of our business segments have gradually resumed operations and none of our employee failed to report to duty. However, in light of the severity of the outbreak of disease, our Group has implemented the following control measures in early January 2020 to prevent transmission of or any further exposure to disease within the communities: (i) distribution of disposable masks and gloves and uniform among our staffs and they are required to be fully equipped with all preventive clothing and accessories distributed to them every day; (ii) cleaning and disinfection of facilities, gym equipment, benches, playgrounds, sewage systems, pipelines every day; (iii) disinfection of floors, elevator buttons and elevators of the properties at least twice a day; (iv) flexible working from home arrangement for our middle-office and back-end staffs; (v) strict quarantine for suspected cases among our residents in which case the residents concerned are subject to compulsory quarantine at designated locations imposed by the PRC government for at least 14 days with either a sign hanging on their door indicating the respective resident is a suspected case or with

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notice sent to the residents in the same community. During this period, designated staff within the community will go to the residence every day for body temperature measurements. We will also deliver necessities to the residence directly when requested; (vi) mandatory infrared contactless body temperature measurement for all our staffs and subcontractors each time they enter or leave the working premises; and (vii) staffs are refrained from having meals together but to bring their own meal box and are scheduled a different time slot for lunch or dinner. The outbreak, which is expected to result in a high number of fatalities, is likely to have an adverse impact on the economy of the PRC, especially in Wuhan city, Hubei province. As such, the property market and sale of goods business in the PRC, particularly Wuhan city, Hubei Province, may be adversely impacted. According to CIA, one of our industry consultants, the outbreak of Novel Coronavirus pandemic will bring about the following impact or opportunities to our business.

In respect of one of our business strategies to expand our geographic presence and business across the central China region, according to CIA, due to the outbreak of Novel Coronavirus pandemic, the completion and delivery of properties from the property developers are expected to experience some extent of delay, as a result, the growth of our GFA under management might slow down accordingly. Our Directors had not identified any suitable targets as of the Latest Practicable Date and due to the outbreak of Novel Coronavirus pandemic, we would not consider any acquisitions in Hubei province until the pandemic is effectively controlled in China in the future. As for our property management services in respect of residential properties, the impact of the outbreak of Novel Coronavirus pandemic is expected to be minimal. Nevertheless, our Directors believe that it creates an opportunity for us to establish a more bonded relationship with our residents since we do not only provide daily living-related services but also extensive preventive measures that safeguard the hygiene of the community and health of our residents during the outbreak. If the residents are satisfied with the additional preventive measures we have implemented, we believe we may be able to raise our property management fees and also further increase our collection rate of property management fees. According to CIA, the additional preventive measures we have implemented could help reduce fear amongst the owners and residents in the communities under our management, thereby increasing their recognition, trust and satisfaction of our Group. Furthermore, the preeminent property management services we endeavor to provide to the property owners and residents can enhance owners' trust on property management companies and demand for quality services, which has a positive impact on the collection rate of subsequent property management fees. However, for our property management services of non-residential properties, the impact may be more adverse comparing with residential properties. This is because offices and shops in the commercial buildings under our management have suspended operations temporarily during the outbreak, if the outbreak of Novel Coronavirus pandemic continues, the tenants of the offices and shops which experience continued financial loss might terminate their lease agreement to cease any further financial loss.

As for our Jianye + (建業+) platform, according to iResearch, one of our industry consultants, the outbreak of Novel Coronavirus pandemic may increase the demand of our customers and stimulate growth of revenue. During the outbreak of Novel Coronavirus pandemic, there has been a reduction in people going out and buying takeaway, cooking at home has become an important daily matter for every household, in the community families' rigid demand for fresh food has expanded during the outbreak of Novel Coronavirus pandemic, online demand has greatly increased. The outbreak of Novel Coronavirus pandemic has given impetus to the speedy development of fresh delivery to home services which will promote and accelerate the convergence of online and offline services. Thus, the outbreak of Novel Coronavirus pandemic will have a positive impact on our Jianye + (建業+) platform services.

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However, if the outbreak of Novel Coronavirus pandemic continues to worsen, our business operations and financial performance, including property management services and Jianye + (建業+) would be adversely affected due to the increase in unemployment rate as a result of the draconian measures designed to mitigate the further spread of the Novel Coronavirus pandemic, which could have a significant social and economic impact. In the event that unemployment rate increases in China, property management and value-added services could be regarded as redundant and residents might be more reluctant or even incapable of paying for property management and value-added services. Similarly, if the Novel Coronavirus pandemic continues to worsen and eventually results in a higher unemployment rate, the spending power in China would decrease accordingly and would affect our registered users' consumption of goods and services on our Jianye + (建業+) platform. Further, the suppliers we worked with on our Jianye + (建業+) platform might cease operations and we might experience shortage of supplies followed by a further decrease in consumption of goods and services or even loss of customers.

The ongoing outbreak of Novel Coronavirus pandemic has increased our costs in managing properties in which we had to purchase infrared thermometers, safety goggles, thermal face recognition devices, disposable masks and gloves, preventive uniform and sanitizing products worldwide from reputable and trustworthy manufacturers to ensure safety of health among our staff. Also, due to the ongoing outbreak of Novel Coronavirus pandemic, we had encountered the following issues as of March 26, 2020 which may result in the following impact on our business operation and financial performance:

- (i) as the staffs are required to work during the outbreak of Novel Coronavirus pandemic, we compensated our staffs and subcontractors that were on duty for their effort with a one-off allowance, as such we incurred an additional cost of approximately RMB8.0 million for such compensation. Furthermore, we gave each of our staffs and subcontractors a one-off subsidy of approximately RMB200 per person, amounting to approximately RMB2.9 million in total, to subsidize any additional costs that might have incurred during this outbreak. We have also made provision of approximately RMB0.7 million to reward our staffs and subcontractors for their hard work when this outbreak of Novel Coronavirus pandemic ends. In addition, we have incurred approximately RMB13.6 million for the purchase of preventive measures such as masks, hand sanitizers, disposable gloves and uniform for our staffs for their daily use. Breaking down the aforementioned costs by business segments, we have incurred approximately RMB23.6 million, RMB1.0 million and RMB0.6 million for each of our property management and value-added services, lifestyle services and commercial property management and consultation services during the first quarter of 2020, respectively. It is expected that we would incur an additional costs of approximately RMB8.7 million, RMB0.7 million and RMB0.5 million for each of our business segments, respectively during the second quarter of 2020;
- (ii) as seven of our residents were subject to strict quarantine, this may arouse fear among our staff and residents and may affect our brand name or reputation; and
- (iii) the growth of increase in our GFA under management may slow down as the current outbreak may hinder the property developers in completing the construction. Hence, impacting on the timeline of the properties that could be delivered to us for management. Subsequent to December 31, 2019, we had entered into property management contracts for an additional 14 residential properties and 10 non-residential properties with a total contracted GFA of approximately 3.9 million sq.m as of the Latest Practicable Date. Four

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of the contracted properties had been delivered to us according to schedule and were under our management and two of which that were expected to deliver to us in early 2020 were delayed due to the outbreak, it is anticipated that we will commence our provision of property management services for the remaining properties earliest in late 2020.

Despite the fact that our business operations and financial performance had the aforementioned impact, our Directors are of the view that our Group's business operations would largely resume to normal by the end of the second quarter of 2020. We believe that once the outbreak is effectively controlled, the delivery of properties should remain positive or the impact should be negligible. Albeit we have made our best effort to implement various measures to prevent the outspread of Novel Coronavirus within the communities, the ongoing outbreak of Novel Coronavirus pandemic may have further impact on our business and financial conditions. As such, the PRC government has implemented various policies to ease financial burden relating to increasing in costs incurred by the property management companies in different provinces (such as Shanxi, Shandong, Changsha, Shenzhen, Hangzhou and Suzhou) as the quality of property management services is recognized as one of the most effective measures to control the outbreak. As advised by CIA, seven governmental departments in Henan Province have jointly published "Several Opinions on Coping with the Impact of COVID-19 Outbreak and Preventing and Resolving Risks in the Real Estate Market" 《關於應對新冠肺炎疫情影響防範和化解房地產市場風險的若干意見》 ("**Opinions**") in respect of a series of comprehensive measures to be implemented by the government to ease financial difficulties encountered by property management companies in Henan Province. According to the PRC Legal Advisers, pursuant to the Opinions, for property management companies that actively participated in the outbreak of Novel Coronavirus pandemic prevention and control, financial departments at the city and county level would grant corresponding financial subsidies based on the actual local conditions. Also, for the property management companies and housing rental companies, these companies could enjoy respective supportive policies issued for the lifestyle service industry.

Apart from the increase in costs in purchasing of the preventive necessities, it is expected that we may encounter certain extent of adverse impact on revenue and customers for the following business segments:

<u>Business segment</u>	<u>Impact</u>	<u>Particulars</u>
Property management	Revenue	<p>Our revenue increased for the first quarter of 2020 comparing with the first quarter of 2019 primarily due to the continued increase in our GFA under management.</p> <p>Our Directors expect that the impact on revenue derived from the residential properties under our management to be minimal. In respect of the non-residential properties, our Directors expect that the impact on revenue should be more adverse as the tenants of the offices and shops which experienced continued financial loss might terminate their lease agreement to cease any further financial loss</p>
	Customers	<p>Our Directors expect that there would not be an impact for the residential properties under our management. However, there might be decrease in customers for non-residential properties under our management if the respective tenants decided to terminate their lease agreement</p>

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Business segment	Impact	Particulars
Community value-added services	Revenue	Our revenue for the first quarter of 2020 remained relatively stable compared to the first quarter of 2019, as the increase in the revenue generated from our Group's group purchase services was largely offset by the decrease in the revenue generated from our Group's interior repair and maintenance services. Our Directors expect that that the impact on revenue would be minimal as people tend to stay at home during the outbreak of Novel Coronavirus pandemic so there would be a continued demand for such services
	Customers	Our Directors expect that there would not be any immediate impact on the number of customers as our major customers are property owners or residents
Value-added services to non-property owners	Revenue	Our revenue for the first quarter of 2020 remained relatively stable compared to the first quarter of 2019, as there was an increase in demand for onsite sales assistance for the properties that were ready for sale in early 2020. However, our Directors expect that the outbreak of Novel Coronavirus pandemic would have an impact on revenue from the second quarter of 2020 onwards due to the potential delay in delivery of properties
	Customers	Our Directors expect that there would be a decrease in customers for value-added services to non-property owners due to the potential delay in delivery of properties
Intelligent community solutions	Revenue	Our revenue increased very significantly for the first quarter of 2020 comparing with the first quarter of 2019. The outbreak of Novel Coronavirus pandemic has a lesser impact as our Group had entered into more contracts for installation of intelligent community solutions back in 2019, of which the properties were delivered to our Group as scheduled during the first quarter of 2020, and the first phase of installation was completed in early March 2020 when the property developers gradually resumed operations so our Group could commence installation of intelligent community solutions. However, our Directors expect that there would be a slight decrease in revenue due to the potential delay in delivery of properties from the second quarter of 2020 onwards
	Customers	Our Directors expect that there would not be any immediate impact as we were contracted for such services
Property agency	Revenue	Our Directors expect that there would be a decrease in revenue due to the potential delay in delivery of properties hence resulting in less demand in property agency services. As a result, we had a substantial decrease of approximately 26% (based on unaudited management accounts) in revenue for the first quarter of 2020 comparing with the first quarter of 2019
	Customers	Our Directors expect that there would be decrease in customers for property agency services

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Business segment	Impact	Particulars
Central China Consumer Club	Revenue	We did not organize any large scale events in the first quarter of 2020 due to the outbreak of Novel Coronavirus pandemic hence, we had a substantial decrease in revenue of approximately 25% (based on unaudited management accounts) for the first quarter of 2020 comparing with the first quarter of 2019. Our Directors expect that it is highly likely that this would remain the case if the outbreak of Novel Coronavirus pandemic continues to worsen
	Customers	As our major customer for Central China Consumer Club is CCRE, our Directors expect that there would not be any immediate impact on number of customers
Jianye + (建業+)	Revenue	Our revenue increased substantially for the first quarter of 2020 comparing with the first quarter of 2019 as people tend to stay at home during the outbreak of Novel Coronavirus pandemic hence there is an increase in demand for online goods and services and our Directors expect that the impact on revenue should be minimal
	Customers	Our Directors expect that there would not be any immediate impact on number of customers
Travel services	Revenue	Our Directors expect that there would be a decrease in revenue due to the suspension or restriction of travelling. As a result, we had a substantial decrease in our revenue of approximately 18% (based on unaudited management accounts) for the first quarter of 2020 comparing with the first quarter of 2019
	Customers	Our Directors expect that there would be decrease in customers for travel services
Cuisine Henan Foodcourts (建業大食堂)	Revenue	Our Directors expect that there would be a decrease in revenue due to the suspension of travelling during the outbreak
	Customers	Our Directors expect that for entrustment arrangement, there would not be any significant impact as we would still be managing the whole foodcourt for the property owners (as our customers) under our entrustment arrangement. However, for our leasing operation arrangement, as our customers are individual consumers in the foodcourt hence our Directors expect there would be an impact in respect of number of customers due to the suspension or restriction of traveling or other lockdown measures during the outbreak
Hotel management	Revenue	There would be a decrease in revenue due to the suspension or restriction of travelling resulting in us being unable to obtain the occupancy rate bonus. As a result, we had a very significant decrease in revenue of approximately 78% (based on unaudited management accounts) for the first quarter of 2020 comparing with the first quarter of 2019 primarily because (i) our Group only received fixed revenue as the impact of the outbreak of Novel Coronavirus pandemic was relatively large; and (ii) our Group plans to reduce the management fees for both February and March 2020 voluntarily
	Customers	Our Directors expect that there would not be any immediate impact as we would still be managing the hotel for the existing customers

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Business segment	Impact	Particulars
Commercial property management	Revenue	Our Directors expect that there would be a decrease in revenue due to the suspension or restriction of travelling during the outbreak of Novel Coronavirus pandemic hence there would be an impact on our annual incentive management service fee
	Customers	Our Directors expect that there would not be any immediate impact on the number of customers
Cultural tourism complex management	Revenue	We had a significant increase in revenue for the first quarter of 2020 comparing with the first quarter of 2019 as our Group only commenced our management of cultural tourism complex in March 2019 Our Directors expect that the impact on revenue would be minimal as the management for the agriculture in the cultural tourism complexes would continue and remain stable during the outbreak of Novel Coronavirus pandemic
	Customers	Our Directors expect that there would not be any immediate impact on the number of customers

Notwithstanding the fact that various operations of our business were affected by the outbreak of Novel Coronavirus pandemic, we have achieved a substantial increase in our revenue of approximately 20% (based on unaudited management accounts) for the first quarter of 2020 compared with the first quarter of 2019, primarily driven by a substantial increase in revenue from our property management and value added service segment.

In respect of the impact on our costs, there would be decrease in certain direct costs for all the business segments set out above in the same ratio as the decrease in revenue but certain fixed costs would remain.

As the outbreak of Novel Coronavirus pandemic continues to grow, the Novel Coronavirus is spreading rapidly worldwide which resulted in a sharp increase in number of confirmed cases and deaths around the world every day. Notwithstanding that, since our business is mainly based in Henan province, the PRC which all our customers are from the PRC, thus, our operations were not affected by the situation happening in other countries. Earlier on, the International Monetary Fund has slashed its 2020 growth outlook for China due to sheer geographic spread of the outbreak of Novel Coronavirus pandemic globally. Notwithstanding that, based on the result of the business assessment conducted (taking into account that (i) no revenue would be generated; (ii) only minimal staff would be retained; (iii) there would be no proceeds from Global Offering; (iv) there would be no dividend payment; (v) the impact of the outbreak of Novel Coronavirus pandemic in February, which was at its peak, was used for projection of additional costs to be incurred for relevant expenses; and (vi) we would only use the immediate cash available and no receivables would be collected), our Directors are of the view that our Group will remain financially viable for approximately 12 months from March 2020 in the worst case scenario where all of our business segments are ceased in case the situation worsens. In the event that all our business segments are ceased and all assumptions mentioned above remain unchanged except that there would be proceeds from Global Offering, our Directors are of the view that our Group will remain financially viable for approximately 50 months from March 2020. Further, in the event where all our operations were ceased, we would reduce the number of our subcontractors by 50% (with one to three months notice period) in order to maintain minimal operations in the communities and suburban leisure complexes under our management. In addition, we would also reduce our remaining employees' salaries by 40%. Under such circumstances, the minimum fixed costs to be incurred by our

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property management and value-added services, lifestyle services and commercial property management and consultations services were expected to be approximately RMB34.3 million, RMB2.6 million and RMB2.4 million per month, respectively. However, as advised by CIA, the impact of both the opinion made by International Monetary Fund and the worldwide spread of the Novel Coronavirus should be relatively less significant on the operation and financial performance of property management companies than companies in other industries. This is because (i) all the staffs of property management companies have resumed working in order to maintain the service quality provided to the residents; (ii) the percentage of the amount of property management fee to be paid by residents every month is negligible comparing with other daily expenses during the outbreak; and (iii) people usually stay at home during the outbreak hence there is an increase in demand for quality property management services.

Apart from the abovementioned impacts on costs and revenue, our business operations had remained stable after the Track Record Period and up to the date of this prospectus as there were no material changes to our business models and the general economic and regulatory environment in which we operate. Furthermore, there were no changes in respect of the purposes of the proceeds from the Global Offering. Our Directors have confirmed that, since December 31, 2019 and up to the date of this prospectus, 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 combined financial statements set out in the Accountant's Report included in Appendix I to this prospectus.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms shall have the following meanings. Certain technical terms are explained in the section headed “Glossary of Technical Terms” in this prospectus.

“ABS”	asset-backed securities
“Accountant’s Report”	the accountant’s report for our Group for the three financial years ended December 31, 2019 issued by PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus
“affiliate(s)”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Aiou Electronic”	Henan Aiou Electronic Technology Co., Ltd.* (河南艾歐電子科技有限公司), a limited liability company established in the PRC on March 25, 2014 and our non wholly-owned subsidiary, being owned as to 93.3% by us (through Central China New Life) and 6.7% by Mr. Lu Feng (盧峰) (an Independent Third Party)
“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” or “Articles of Association”	the amended and restated articles of association of the Company conditionally adopted on April 29, 2020, which will be effective upon the Listing and as amended from time to time, a summary of which is set out in “Appendix III—Summary of the Constitution of the Company and Cayman Islands Company Law” to this prospectus
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board” or “Board of Directors”	the board of directors of the Company
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are open generally for normal banking business to the public
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalization Issue”	the capitalization of an amount of HK\$8,616,610.00 standing to the credit of the share premium account of our Company by applying such sum in paying up in full

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	861,661,000 Shares for allotment and issue to our Shareholders as resolved by our Shareholders on April 29, 2020
“Cayman Companies Law” or “Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“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 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 Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“CCNL (HK)”	Central China New Life (Hong Kong) Limited (建業新生活(香港)有限公司), a company incorporated under the laws of Hong Kong on November 2, 2018 and our wholly-owned subsidiary
“CCRE”	Central China Real Estate Limited (建業地產股份有限公司*), an exempted company with limited liability incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 832) and our connected person
“CCRE China”	Central China Residence Group (China) Co., Ltd* (建業住宅集團(中國)有限公司) (formerly known as Henan Central China (Group) Co., Ltd.* (河南建業(集團)有限公司)), a limited liability company established in the PRC on May 22, 1992 and a wholly-owned subsidiary of CCRE
“CCRE Group”	CCRE and its subsidiaries
“CCRE Henan”	Henan Central China Real Estate Co., Ltd.* (河南建業住宅建設有限公司), a limited liability company established in the PRC on January 21, 1999 and a wholly-owned subsidiary of CCRE

DEFINITIONS

“Central China City”	Henan Central China City Property Service Co., Ltd.* (河南建業城市物業服務有限公司), a limited liability company established in the PRC on January 10, 2020 and our wholly-owned subsidiary
“Central China Commercial”	Henan Central China Commercial Property Services Co., Ltd.* (河南建業商業物業服務有限公司), (formerly known as Henan Central China Zhishang Property Services Co., Ltd.* (河南建業至尚物業管理有限公司) and Henan Zhishang Property Management Co., Ltd.* (河南至尚物業管理有限公司)), a limited liability company established in the PRC on August 27, 2015 and our wholly-owned subsidiary
“Central China Consumers Club” or “CCCC”	a group of high-net-worth customers established by the CCRE Group in 2016, members in which are enrolled by invitation or through referral only
“Central China Corporate Governance”	Henan Central China Corporate Governance Consultation Co., Ltd.* (河南建業企業管理諮詢有限公司), a limited liability company established in the PRC on February 6, 2015 and our wholly-owned subsidiary
“Central China Dashitang”	Henan Central China Dashitang Food Cultural Co., Ltd.* (河南建業大食堂餐飲文化有限公司), a limited liability company established in the PRC on January 24, 2019 and our non wholly-owned subsidiary, being owned (through New Life Agricultural Development) as to 94% by us and 6% by Henan Minghe Agricultural Science Technology Co., Ltd.* (河南銘禾農業科技有限公司) (an Independent Third Party)
“Central China Football Town”	Henan Central China Football Town Operation Management Co., Ltd.* (河南建業足球小鎮運營管理有限公司), a limited liability company established in the PRC on August 2, 2019 and our wholly-owned subsidiary
“Central China Garden Complex”	Henan Central China Garden Complex Operational Management Co., Ltd.* (河南建業田園綜合體運營管理有限公司), a limited liability company established in the PRC on January 15, 2019 and our non wholly-owned subsidiary, being owned (through New Life Agricultural Development) as to 94% by us and 6% by Henan Minhe Agricultural Science Technology Co., Ltd.* (河南銘禾農業科技有限公司) (an Independent Third Party)
“Central China Gardening and Seedling Development”	Henan Central China Gardening and Seedling Development Co., Ltd.* (河南建業園林苗木發展有限公司), a limited liability company established in the PRC on

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	<p>January 11, 2019 and our non wholly-owned subsidiary, being owned (through New Life Agricultural Development) as to 94% by us and 6% by Henan Minhe Agricultural Science Technology Co., Ltd.* (河南銘禾農業科技有限公司) (an Independent Third Party)</p>
“Central China Investment Holdings”	<p>Henan Central China Investment Holdings Limited* (河南建業投資控股有限公司), a limited liability company established in the PRC on August 8, 2013, of which Mr. Wu is the single largest beneficial owner</p>
“Central China Jiancheng”	<p>Henan Central China Jiancheng Property Service Co., Ltd.* (河南建業建成物業服務有限公司), a limited liability company established in the PRC on March 27, 2020 and our non wholly-owned subsidiary, being owned as to 51% by us (through Central China Property Management) and 49% by Zhoukou Jiancheng Property Service Co., Ltd.* (周口建城物業服務有限公司) (an Independent Third Party)</p>
“Central China Jingyuecheng”	<p>Henan Central China Jingyuecheng Commercial Management Co., Ltd.* (河南建業晶悅城商業管理有限公司), a limited liability company established in the PRC on January 24, 2019 and our non wholly-owned subsidiary, being owned as to 51% by us (through Central China New Life) and 49% by Shanghai Yiyuejia Business Management Group Co., Ltd.* (上海怡悅嘉商業管理集團有限公司) (an Independent Third Party)</p>
“Central China New Life”	<p>Henan Central China New Life Service Co., Ltd.* (河南建業新生活服務有限公司), a limited liability company established in the PRC on April 21, 2016 and our wholly-owned subsidiary</p>
“Central China OP”	<p>Henan Central China OP New Life Services Co., Ltd.* (河南建業東英新生活服務有限公司), a limited liability company established in the PRC on May 18, 2016 and, previously our non wholly-owned subsidiary and now an Independent Third Party</p>
“Central China Property Management”	<p>Henan Central China Property Management Co., Ltd.* (河南建業物業管理有限公司), a limited liability company established in the PRC on January 12, 1999 and our wholly-owned subsidiary</p>
“central China region”	<p>a geographical region that covers the central area of China, including the provinces of Henan, Hubei, Hunan, Jiangxi, Shanxi and Anhui</p>

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“Central China Rural Garden Planning”	Henan Central China Rural Garden Planning Co., Ltd.* (河南建業鄉土田園規劃有限公司), a limited liability company established in the PRC on January 18, 2019 and our non wholly-owned subsidiary, being owned (through New Life Agricultural Development) as to 94% by us and 6% by Henan Minhe Agricultural Science Technology Co., Ltd.* (河南銘禾農業科技有限公司) (an Independent Third Party)
“Central China Smart Gardening Technology”	Henan Central China Smart Gardening Technology Co., Ltd.* (河南建業智慧園藝科技有限公司), a limited liability company established in the PRC on January 29, 2019 and our non wholly-owned subsidiary, being owned (through New Life Agricultural Development) as to 94% by us and 6% by Henan Minhe Agricultural Science Technology Co., Ltd.* (河南銘禾農業科技有限公司) (an Independent Third Party)
“Central China Wansheng”	Henan Central China Wansheng Property Management Co., Ltd.* (河南建業宛盛物業管理有限公司), a limited liability company established in the PRC on September 26, 2018 and our non wholly-owned subsidiary, being owned as to 51% by us (through Central China Property Management) and 49% by Henan Jiankong Commercial Operational Management Co., Ltd.* (河南建控商業運營管理有限公司) (an Independent Third Party)
“Central China Zhongan”	Henan Central China Zhongan Property Service Co., Ltd.* (河南建業中安物業服務有限公司), a limited liability company established in the PRC on March 27, 2020 and our non wholly-owned subsidiary, being owned as to 51% by us (through Central China Property Management) and 49% by Huaiyang Zhongan Property Management Co., Ltd.* (淮陽縣中安物業管理有限公司) (an Independent Third Party)
“China”, “mainland China”, “PRC” or “State”	the People’s Republic of China, and for the purpose of this prospectus and for geographical reference only and except where the context requires otherwise, excludes Hong Kong, Macau and Taiwan
“CIA”	China Index Academy, one of our industry consultants
“CIA Report”	the independent industry report prepared by CIA commissioned by us
“Circular 37”	Circular of the SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through

DEFINITIONS

	Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》)
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies Ordinance”	the Companies Ordinance, (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, “the Company”	Central China New Life Limited (建業新生活有限公司), a company incorporated under the laws of the Cayman Islands with limited liability on October 16, 2018 and the holding company of our Group upon completion of the Reorganization and the proposed vehicle of the Listing
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to Mr. Wu and Enjoy Start
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Cornerstone Investment Agreement”	the cornerstone investment agreement dated April 29, 2020 entered into by our Company, the cornerstone investors (Gaoling Fund, L.P. and YHG Investment, L.P.), and the Sole Sponsor, pursuant to which such cornerstone investors agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased for an aggregate amount of US\$75 million (excluding brokerage, SFC transaction levy and Stock Exchange trading fee) at the Offer Price
“Cornerstone Placing”	the conditional placing of such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) at the Offer Price which may be purchased with an aggregate amount of US\$75 million, excluding brokerage, SFC transaction levy and Stock Exchange trading fee, pursuant to the Cornerstone Investment Agreement, which will form part of the International Offering. The Cornerstone Placing is further described in the section headed “Cornerstone Investors” in this prospectus

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“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Deed of Indemnity”	the deed of indemnity dated April 29, 2020 executed by Mr. Wu, Enjoy Start and our Company, particulars of which are set out in “Appendix IV—Statutory and General Information—F. Other Information” in this prospectus
“Director(s)”	director(s) of our Company
“diversified services”	services other than property management service, which, in our case, include goods and services of new lifestyle (i.e. Jianye + (建業+) platform, travel services and Cuisine Henan Foodcourts (建業大食堂)), value-added services (i.e. community value-added services, value-added services to non-property owners, property agency service, intelligent community solutions and personalized services to VIPs of the Central China Consumers Club), commercial property management and consultation services (i.e. hotel management, commercial property management and cultural tourism complex management)
“Downward Offer Price Adjustment”	an adjustment that has the effect of setting the final Offer Price up to 10% below the bottom end of the indicative Offer Price range
“EIT Law”	the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法), as enacted by the SCNPC on March 16, 2007 and effective on January 1, 2008, as amended, supplemented or otherwise modified from time to time
“Enjoy Start”	Enjoy Start Limited (創怡有限公司), a company incorporated under the laws of BVI on November 12, 2014, which is wholly owned by Mr. Wu, and one of our Controlling Shareholders
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the Government of Hong Kong
“Global Offering”	the Hong Kong Public Offering and the International Offering
“GREEN Application Form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Group”, “our Group”, “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 businesses operated by such subsidiaries or their predecessors (as the case may be)

DEFINITIONS

“Haolin Investment”	Henan Haolin Investment Co., Ltd.* (河南昊霖投資有限公司), a limited liability company established in the PRC on October 20, 2009 and, to our Directors’ best knowledge and belief, owned as to 60% by Mr. Hua Ziyi (滑子義先生) and 40% by Mr. Hua Zhichang (滑志昌先生) (both being Independent Third Parties), prior to its deregistration on January 25, 2017
“Henan Central China Football Club”	Henan Central China Football Club Co., Ltd.* (河南建業足球俱樂部股份有限公司), a company established in the PRC on December 26, 2001 and, to our Directors’ best knowledge and belief, ultimately owned and controlled by Mr. Hua Ziyi (滑子義先生) and 40% by Mr. Hua Zhichang (滑志昌先生) (both being Independent Third Parties)
“HK\$” or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	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”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	the 30,000,000 new Shares being initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to reallocation as described in the section headed “Structure of the Global Offering” in this prospectus)
“Hong Kong Public Offering”	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong at the Offer Price, subject to and in accordance with the terms and conditions set out in this prospectus and the Application Forms
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering whose names are set out in the section headed “Underwriting—Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated May 4, 2020 relating to the Hong Kong Public Offering entered into by (1) our Company, (2) Mr. Wu, (3) Enjoy Start, (4) Mr. Wang Jun, (5) Mr. Cai Bin, (6) BNP Paribas Securities (Asia) Limited,

DEFINITIONS

(7) Morgan Stanley Asia Limited and (8) the Hong Kong Underwriters, as further described in the section headed “Underwriting” in this prospectus

“Hongdao Investment”

Henan Hongdao Investment Co., Ltd* (河南省弘道投資有限公司), a limited liability company established in the PRC on November 26, 2014 and, to our Directors’ best knowledge and belief, owned as to 60% by Mr. Hua Ziyi (滑子義先生) and 40% by Mr. Hua Zhichang (滑志昌先生) (both being Independent Third Parties)

“Independent Third Party(ies)”

an entity which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of our Company within the meaning of the Listing Rules

“International Offer Shares”

the 270,000,000 Shares being offered for subscription under the International Offering, together, where relevant, with any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option, subject to reallocation as described in the section headed “Structure of the Global Offering” in this prospectus

“International Offering”

the offer of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S, as further described in the section headed “Structure of the Global Offering” in this prospectus

“International Underwriters”

the group of international underwriters expected to enter into the International Underwriting Agreement relating to the International Offering

“International Underwriting Agreement”

the underwriting agreement relating to the International Offering and expected to be entered into by (1) our Company, (2) Mr. Wu, (3) Enjoy Start, (4) Mr. Wang Jun, (5) Mr. Cai Bin, (6) BNP Paribas Securities (Asia) Limited, (7) Morgan Stanley & Co. International plc and (8) the International Underwriters on or about the Price Determination Date, as further described in the section headed “Underwriting” in this prospectus

“iResearch”

Shanghai iResearch Co., Ltd., China, one of our industry consultants

“Jiandun Machinery”

Henan Jiandun Machinery Equipment Co., Ltd.* (河南建盾機械設備有限公司), a limited liability company established in the PRC on February 4, 2015 and our wholly-owned subsidiary

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“Jianye Holding Development”	Henan Jianye Holding Development Co., Ltd.* (河南建業控股發展有限公司), a limited liability company established in the PRC on April 11, 2016 and a wholly-owned subsidiary of Jianye Holdings
“Jianye Holdings”	Jianye Holdings Co., Ltd.* (建業控股有限公司), a limited liability company established in the PRC on August 1, 2016 and, to our Directors’ best knowledge and belief, owned as to 60% by Mr. Hua Ziyi (滑子義先生) and 40% by Mr. Hua Zhichang (滑志昌先生) (both being Independent Third Parties)
“Jiuyou Travel Agency”	Henan Jiuyou Travel Agency Co., Ltd.* (河南省久游旅行社有限公司), a limited liability company established in the PRC on July 12, 2013 and our wholly-owned subsidiary
“Joint Bookrunners”	the joint bookrunners as named in the section headed “Directors and Parties Involved in the Global Offering” in this prospectus
“Joint Global Coordinators”	the joint global coordinators as named in the section headed “Directors and Parties Involved in the Global Offering” in this prospectus
“Joint Lead Managers”	the joint lead managers as named in the section headed “Directors and Parties Involved in the Global Offering” in this prospectus
“Joint Representatives”	BNP Paribas Securities (Asia) Limited, Morgan Stanley Asia Limited (in relation to the Hong Kong Public Offering only) and Morgan Stanley & Co. International plc (in relation to the International Offering only)
“Kaifeng Central China Business Management”	Kaifeng Central China Business Management Co., Ltd.* (開封建業商業管理有限公司), a limited liability company established in the PRC on March 21, 2019 and our non wholly-owned subsidiary, being owned (through Central China Jingyuecheng) as to 51% by us and 49% by Shanghai Yiyuejia Business Management Group Co., Ltd.* (上海怡悅嘉商業管理集團有限公司) (an Independent Third Party)
“Latest Practicable Date”	April 27, 2020, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Leap United”	Leap United Limited (合躍有限公司), a company incorporated under the laws of BVI on December 4, 2018, which is wholly-owned (by Mr. Wang Jun (王俊) (our executive Director, chief executive officer and chairman of our Board), and our Shareholder
“Linzhou Liuhe”	Linzhou Liuhe Property Management Co. Ltd.* (林州市六合物業服務有限公司), a limited liability company

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	established in the PRC on November 4, 2013 and our non wholly-owned subsidiary, being owned (through Central China Property Management) as to 51% by us, 29.4% by Ms. Liu Yuzhen (劉玉珍女士) and 19.6% by Mr. Guo Junjie (郭俊傑先生) (both being Independent Third Parties)
“Listing”	the listing of our Shares on the Main Board of the Stock Exchange
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about May 15, 2020, on which dealings in our Shares first commence on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Luohe Central China”	Luohe Central China Kaida Property Service Co., Ltd.* (漯河建業凱達物業服務有限公司), a limited liability company established in the PRC on March 26, 2020 and our non wholly-owned subsidiary, being owned as to 51% by us (through Central China Property Management) and 49% by Ms. Guo Ailing (郭愛玲女士) (an Independent Third Party)
“Luohe Jiancheng”	Luohe Jiancheng Property Service Co., Ltd.* (漯河建城物業服務有限公司), a limited liability company established in the PRC on July 12, 2019 and our non wholly-owned subsidiary, being owned as to 51% by us (through Central China Property Management) and 49% by Luohe City Huida Property Management Co., Ltd.* (漯河市惠達物業管理有限公司) (an Independent Third Party)
“Luoyang Central China”	Luoyang Central China Property Co., Ltd.* (洛陽市建業物業管理有限公司), a limited liability company established in the PRC on December 28, 2018 and our non wholly-owned subsidiary, being owned as to 51% by us (through Central China Property Management) and 49% by Luoyang Shihua Huikang Property Management Co., Ltd. (洛陽石化惠康物業管理公司) (an Independent Third Party)
“Luoyang Central China Business Operation Management”	Luoyang Central China Business Operation Management Co., Ltd.* (洛陽建業商業運營管理有限公司), a limited liability company established in the PRC on March 22, 2019 and our non wholly-owned subsidiary, being owned (through Central China Jingyuecheng) as to 51% by us and 49% by Shanghai Yiyuejia Business Management Group Co., Ltd.* (上海怡悅嘉商業管理集團有限公司) (an Independent Third Party)

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“M&A Rules”	Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (《關於外國投資者併購境內企業的規定》), which were jointly promulgated by MOFCOM, the State Assets Supervision and Administration Commission, the SAT, the SAMR (formerly known as the “State Administration for Industry and Commerce of the PRC” (SAIC)), the CSRC, and the SAFE on August 8, 2006, and came into effect on September 8, 2006 and subsequently amended on June 22, 2009, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the GEM of the Stock Exchange
“Memorandum of Association” or “Memorandum”	the amended and restated memorandum of association of the Company conditionally adopted on April 29, 2020, which will be effective upon the Listing and as amended from time to time, a summary of which is set out in “Appendix III—Summary of the Constitution of the Company and Cayman Islands Company Law” to this prospectus
“MIIT” or “Ministry of Industry and Information Technology”	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“MOCT” or “Ministry of Culture and Tourism”	the Ministry of Culture and Tourism of the PRC (中華人民共和國文化和旅遊部)
“MOF” or “Ministry of Finance”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM” or “Ministry of Commerce”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“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)
“MPS” or “Ministry of Public Security”	the Ministry of Public Security of the PRC (中華人民共和國公安部)
“Mr. Wu”	Mr. Wu Po Sum (胡葆森先生), one of our Controlling Shareholders
“Mu”	a unit of area. One Mu equals approximately 666.7 sq.m.

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“Nanyang Central China”	Nanyang Central China Lvyuan Property Management Co., Ltd.* (南陽市建業綠苑物業管理有限公司), a limited liability company established in the PRC on March 18, 2019 and our non wholly-owned subsidiary, being owned as to 51% by us (through Central China Property Management) and 49% by Henan Shuntai Property Management Co., Ltd.* (河南順泰物業管理有限公司) (an Independent Third Party)
“Nanyang Central China Business Management”	Nanyang Central China Business Management Co., Ltd.* (南陽建業商業管理有限公司), a limited liability company established in the PRC on March 26, 2019 and our non wholly-owned subsidiary, being owned (through Central China Jingyuecheng) as to 51% by us and 49% by Shanghai Yiyuejia Business Management Group Co., Ltd.* (上海怡悅嘉商業管理集團有限公司) (an Independent Third Party),
“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)
“New Life Agricultural Development”	Henan Central China New Life Agricultural Development Co., Ltd.* (河南建業新生活農業發展有限公司) (formerly known as Henan Songyan Agricultural Development Co., Ltd.* (河南嵩炎農業發展有限公司)), a limited liability company established in the PRC on November 6, 2018 and our non wholly-owned subsidiary, being owned as to 94% by us (through Central China New Life) and 6% by Henan Minghe Agricultural Technology Co., Ltd.* (河南銘禾農業科技有限公司) (an Independent Third Party)
“New Life Hotel Management”	Henan Central China New Life Hotel Management Co., Ltd.* (河南建業新生活酒店管理有限公司), a limited liability company established in the PRC on May 18, 2016 and our wholly-owned subsidiary
“New Life Travel Services”	Henan Central China New Life Travel Services Co., Ltd.* (河南建業新生活旅遊服務有限公司), a limited liability company established in the PRC on May 18, 2016 and our wholly-owned subsidiary
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at which Offer Shares are to be subscribed for, to be determined as further described in the section headed “Structure of the Global Offering” in this prospectus, subject to any Downward Offer Price Adjustment

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“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares
“One Family Network”	Henan One Family Network Technology Co., Ltd.* (河南一家網絡科技有限公司) (formerly known as Henan Yijia E-commerce Co Ltd.* (河南易家電子商務有限公司)), a limited liability company established in the PRC on February 5, 2015 and our wholly-owned subsidiary
“OP Financial”	OP Financial Limited (東英金融有限公司*), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1140) and our Shareholder
“Over-allotment Option”	the option to be granted by us to the International Underwriters (exercisable by the Joint Representatives on behalf of the International Underwriters), pursuant to which we may be required to allot and issue up to an aggregate of 45,000,000 additional Shares (representing 15% of our Shares initially being offered under the Global Offering) to cover over-allocations in the International Offering, details of which are described in the section headed “Structure of the Global Offering—Over-allotment Option” in this prospectus
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“Post-IPO Share Option Scheme”	the post-IPO share option scheme conditionally adopted by our Company on April 29, 2020, the principal terms of which are summarized in “Appendix IV—Statutory and General Information—E. Post-IPO Share Option Scheme” in this prospectus
“Post-IPO Share Options”	the options granted under the Post-IPO Share Option Scheme
“PRC Legal Advisors”	Commerce & Finance Law Offices, being the legal advisors to the Company as to the PRC laws
“Pre-IPO Investment”	certain rounds of financings carried out by the Group before the Global Offering details of which are described in the section headed “History, Reorganization and Corporate Structure” in this prospectus
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme conditionally adopted by our Company on April 29, 2020, the principal terms of which are summarized in “Appendix IV—Statutory and General Information—D. Pre-IPO Share Option Scheme” in this prospectus

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“Pre-IPO Share Options”	the options granted under the Pre-IPO Share Option Scheme
“Price Determination Date”	the date, expected to be on or about May 8, 2020, on which the Offer Price is to be fixed by agreement between us and the Joint Representatives (for themselves and on behalf of the Underwriters)
“R&D”	research and development
“Regulation S”	Regulation S under the U.S. Securities Act
“Renminbi” or “RMB”	the lawful currency of the PRC
“Reorganization”	the corporate reorganization of our Group in preparation for the Listing, particulars of which are set out in the section headed “History, Reorganization and Corporate Structure—Reorganization” in this prospectus
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	the State Administration for Market Regulation of PRC (中華人民共和國國家市場監督管理總局), formerly known as the “State Administration for Industry and Commerce of the PRC”
“SAT”	the State Administration of Taxation (國家稅務總局)
“SCNPC”	the Standing Committee of the National People’s Congress (全國人民代表大會常務委員會)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary shares in the share capital of our Company of HK\$0.01 each
“Shareholder(s)”	holder(s) of our Share(s)
“Shenzhen Dayu”	Shenzhen Dayu Haofang Technology Co., Ltd* (深圳大魚好房科技有限公司), a limited liability company established in the PRC on April 25, 2018 and, previously our non wholly-owned subsidiary and now an Independent Third Party

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“Shenzhen Xinboda”	Shenzhen Xinboda Industry Co., Ltd.* (深圳市鑫博大實業有限公司), a company established in the PRC on December 14, 2000 and, to our Directors’ best knowledge and belief, owned by various Independent Third Parties (including 80% by Mr. Niu Shiming)
“Sky Joy”	Sky Joy Limited (天悅有限公司), a company incorporated under the laws of BVI on October 26, 2018 and our wholly-owned subsidiary
“Sole Sponsor”	BNP Paribas Securities (Asia) Limited
“Songyang Real Estate”	Henan Songyang Real Estate Agency Co., Ltd.* (河南嵩陽房地產經紀有限公司), a limited liability company established in the PRC on September 28, 2018 and our wholly-owned subsidiary
“Songyun Beijing Information”	Songyun (Beijing) Information Services Co., Ltd.* (嵩雲(北京)信息服務有限公司), a limited liability company established in the PRC on August 24, 2015 and our non wholly-owned subsidiary, being owned as to 80% by Central China New Life, and 20% by Henan Central China Football Club (an Independent Third Party)
“Songyun Network”	Henan Songyun Network Technology Co., Ltd.* (河南嵩雲網絡科技有限公司), a limited liability company established in the PRC on February 9, 2015 and, to our Directors’ best knowledge and belief, owned indirectly as to 60% by Mr. Hua Ziyi (滑子義先生) and 40% by Mr. Hua Zhichang (滑志昌先生) (both being Independent Third Parties) through Hongdao Investment
“Stabilization Manager”	BNP Paribas Securities (Asia) Limited
“Stock Borrowing Agreement”	the agreement expected to be entered into by Enjoy Start and the Stabilization Manager in respect of the lending and borrowing of up to 45,000,000 Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time

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“Track Record Period”	the three financial years ended December 31, 2017, 2018 and 2019
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“WHITE Application Form(s)”	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be issued in the applicant’s/applicants’ own name
“WHITE Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of White Form eIPO Service Provider at www.eipo.com.hk
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Withdrawal Mechanism”	a mechanism which requires our Company, among other things, to (a) issue a supplemental prospectus as a result of material changes in the information (e.g. the Offer Price) in this prospectus; (b) extend the offer period and to allow potential investors, if they so desire, to confirm their applications using an opt-in approach i.e. requiring investors to positively confirm their applications for Shares despite the change
“Xincai Central China”	Xincai Central China Catering Co., Ltd.* (新蔡縣建業餐飲文化有限公司), a limited liability company established in the PRC on March 27, 2019 and our non wholly-owned subsidiary, being owned as to 94% by us (through New Life Agricultural Development) and 6% by Henan Minhe Agricultural Science Technology Co., Ltd.* (河南銘禾農業科技有限公司) (an Independent Third Party)
“Xinglang Real Estate”	Henan Xinglang Real Estate Sales Planning Co., Ltd.* (河南星朗房地產營銷策劃有限公司), a limited liability

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	company established in the PRC on April 12, 2019 and our non wholly-owned subsidiary, being owned (through Songyang Real Estate) as to 51% by us and 49% by Henan Tiancheng Real Estate Sales Co., Ltd.* (河南天成不動產營銷有限公司) (an Independent Third Party)
“Xinyang Nanhong”	Xinyang Nanhong Property Services Co., Ltd.* (信陽市南虹物業服務有限公司), a limited liability company established in the PRC on July 17, 2015 and our wholly-owned subsidiary
“YELLOW Application Form(s)”	the application form(s) for the Hong Kong Offer Shares for use by the public who require(s) such Hong Kong Offer Shares to be deposited directly into CCASS
“Zhengzhou Jiexiang”	Zhengzhou Jiexiang Property Management Co., Ltd.* (鄭州佳祥物業服務有限公司), a limited liability company established in the PRC on March 16, 2009 and our non wholly-owned subsidiary, which is owned as to 51% by us (through Central China Property Management), and 29% by Mr. Ma Zheng (馬征先生) and 20% by Mr. Bai Jianhua (白建華先生) (both being Independent Third Parties)
“Zhengzhou One Family Electronic”	Zhengzhou One Family Electronic Technology Co., Ltd.* (鄭州一家電子科技有限公司), a limited liability company established in the PRC on April 12, 2019 and our wholly-owned subsidiary
“Zhengzhou Shangtaohang”	Zhengzhou Shangtaohang Real Estate Consultation Co., Ltd.* (鄭州上韜行房地產顧問有限公司), a limited liability company established in the PRC on November 6, 2018 and our non wholly-owned subsidiary, being owned as to 51% by us (through Songyang Real Estate) and 49% by Chongqing Shangtao Real Estate Consultation Co., Ltd.* (重慶上韜房地產顧問有限公司) (an Independent Third Party)
“Zhicheng Park”	Henan Zhicheng Park Living Services Co., Ltd.* (河南至誠園區生活服務有限公司) (formerly known as Henan Zhizun Housing Services Co., Ltd.* (河南至尊家政服務有限公司)), a limited liability company established in the PRC on July 7, 2015 and our wholly-owned subsidiary
“Zhizun Housing Agency”	Henan Zhizun Housing Agency Co., Ltd.* (河南至尊房屋中介有限公司), a limited liability company established in the PRC on March 25, 2010 and our wholly-owned subsidiary
“Zhumadian Central China”	Zhumadian Central China Lantian Property Management Co., Ltd.* (駐馬店建業藍天物業管理有限公司), a limited liability company established in the PRC on December 28,

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2017 and our non-wholly-owned subsidiary, being owned as to 60% by us (through Central China Property Management and 40% by Henan Lantian Real Estate Co., Ltd.* (河南藍天置業有限公司) (an Independent Third Party)

* *For identification purposes only*

In this prospectus:

1. Unless otherwise stated, certain amounts denominated in Renminbi have been translated into HK\$ or US\$ at an exchange rate of RMB0.91 = HK\$1.00 or RMB7.07 = US\$1.00, respectively, for illustration purpose only. Such conversions shall not be construed as representations that amounts in Renminbi were or could have been or could be converted into HK\$ or US\$ at such rates or any other exchange rates on such date or any other date.
2. The English titles marked with “*” are unofficial English translations of the titles of natural persons, legal persons or entities, governmental authorities, institutions, laws, rules, regulations and other entities for which no official English translation exists. These titles are for identification purpose only.
3. We use certain technical terms that are relevant to our business and the industry we operate in. These terms and their meanings set out above may not always correspond to standard industry meaning or usage of these terms.
4. Unless expressly stated or otherwise required by the context, all data are as of the Latest Practicable Date.
5. Unless otherwise specified, all references to any shareholding in our Company assume no exercise of the Over-allotment Option and does not take into account any Shares to be issued upon exercise of the Pre-IPO Share Options or the Post-IPO Share Options.
6. 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.

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain terms used in this prospectus in connection with our Company and our business. Some of these may not correspond to standard industry definitions.

“ASP” or “average selling price”	calculated as the sum of selling prices of all properties sold divided by the total GFA sold
“bid win rate(s)”	a percentage calculated as the number of wins over the number of bids placed multiplied by 100%
“CAGR”	compound annual growth rate
“cloud”	a network of remote servers hosted on the internet and used to store, manage, and process data in place of local servers or personal computers
“commercial apartment(s)”	apartments developed on commercial land in the PRC, which can be used for both residential and business purposes
“common area” or “communal area”	common areas in residential properties, including parking lots, swimming pools, advertisement bulletin boards, and club houses
“contract retention rate(s)”	calculated as the number of renewed property management service contracts in the year divided by the number of property management service contracts which expire in the same year
“contracted GFA”	GFA managed or to be managed by our Group under operating property management contracts, including both GFA under management and GFA reserve
“contracted sales”	the total purchase price of formal purchase contracts a developer enters into with purchasers of its properties within a specified period
“contracted sales GFA”	the total GFA sold under formal purchase contracts a developer enters into with purchasers of its properties within a specified period
“diversified services”	services other than property management service, which, in our case, include goods and services of new lifestyle (i.e. Jianye + (建業+) platform, travel services and Cuisine Henan Foodcourts (建業大食堂)), value-added services (i.e. community value-added services, value-added services to non-property owners, property agency service, intelligent community solutions and personalized services to VIPs of the Central China Consumers Club), commercial property management and consultation services (i.e. hotel management, commercial property management and cultural tourism complex management)

GLOSSARY OF TECHNICAL TERMS

“GDP”	acronym for “gross domestic product,” a monetary measure of the market value of all the final goods and services produced in a period of time, often annually
“GFA”	acronym for “gross floor area”
“GFA reserve”	contracted GFA of properties that has not been delivered in relation to which the collection of property management fees and provision of management services have not started as of the relevant date
“GFA under management”	GFA of properties that have been delivered, or are ready to be delivered by property developers, to property owners, for which we have started collecting property management fees in relation to contractual obligations to provide our services
“GFA under management per staff”	calculated as the aggregate GFA under management divided by the total number of people providing property management services
“GMV”	acronym for “gross merchandise volume,” the total volume of sales over a given time period on our Jianye + (建業+) platform
“IoT”	acronym for “Internet of Things,” a network of physical objects or items embedded with electronics, software, sensors and network connectivity, which enables these objects to collect and exchange data
“KPI”	acronym for “key performance indicator,” a measurable value that demonstrates how effectively a company is achieving key business objectives
“land bank”	GFA held by a property developer for future development or disposal, including (i) total saleable GFA unsold and total leasable GFA for completed properties, (ii) total planned GFA for properties under development and (iii) total estimated GFA for properties held for future development
“lump sum basis”	a revenue generating model for our property management services whereby we act as a principal and charge a pre-determined property management price per sq.m. for all units (whether sold or unsold) on a monthly basis which represents the “all-inclusive” fees for all of the property management services provided by our teams and subcontractors. Under a lump sum basis, the property owners and property developers will be responsible for paying our management fees for the sold and unsold units respectively on a monthly basis

GLOSSARY OF TECHNICAL TERMS

“MAU”	acronym for “monthly active user,” calculated by counting the number of active users, i.e. users who use the products or services provided by our Jianye + (建業+) platform at least once, during the calendar month in question. The number of MAUs of our Jianye + (建業+) platform is tracked and calculated by our Jianye + (建業+) platform based on the visitor log or usage log
“member(s) of the Jianye + (建業+) mobile app”	registered users of our Jianye + (建業+) mobile app who have paid membership fee for the purchase of membership packages or credits (which can be used as cash for any purchase on the Jianye + (建業+) platform) which are still valid as of the relevant date
“O2O”	online to offline
“penetration rate”	the number of users who purchased consumer goods and services online per 100 people within the total number of internet users during a period of time
“QPI facility”	a facility to monitor the status of facilities in common areas, including facilities and equipment file management, equipment inspection and management and equipment maintenance management
“QPI maintenance dispatch system”	an online system which allows residents to request property repair services via mobile phone and allocate residents’ requests for services to staff available automatically to provide timely repair service
“registered user(s)”	user who has registered an account on our Jianye + (建業+) mobile app by providing either a mobile phone number or WeChat account information
“repeat customer”	a paying customer of our Jianye + (建業+) platform that has made at least one purchase with us earlier during the same calendar year
“repeat purchase”	a purchase order placed by a repeat customer
“repeat purchase rate”	calculated as the number of orders of repeat purchase divided by the total number of orders
“residential properties”	properties which are purely residential or mixed-use properties containing residential units and ancillary facilities that are non-residential in nature such as commercial or office units but excluding pure commercial properties

GLOSSARY OF TECHNICAL TERMS

“Top 100 Property Management Companies in China”

an annual ranking of China-based property management companies published by China Index Academy based on a number of key indicators, including business size, operational efficiency, service quality, growth potential and social responsibility, which comprised 100, 100, 100, 210, 200, 200, 200 and 220 such companies, respectively, for 2012, 2013, 2014, 2015, 2016, 2017, 2018 and 2019. The number of companies for each of 2015, 2016, 2017 and 2018 exceeded 100 as multiple companies with very close scores were assigned the same ranking

“Urbanization rate”

the percentage of the population living in urban areas in a region or a country

FORWARD-LOOKING STATEMENTS

This prospectus contains certain forward-looking statements and information relating to our Company and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. All statements other than statements of historical fact contained in this prospectus, including, without limitation, those regarding our future financial position, strategies, plans, objectives, goals and targets, future developments in the markets where we participate or are seeking to participate and any statements preceded by, followed by or that include the words “aim,” “anticipate,” “believe,” “could,” “estimate,” “expect,” “going forward,” “intend,” “may,” “ought to,” “plan,” “project,” “seek,” “should,” “will,” “would” and similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and involve known and unknown risks, uncertainties, assumptions 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.

Important factors that could cause our actual results, performance or achievements to differ materially from those in the forward-looking statements include, without limitation, the risk factors set forth under the section headed “Risk Factors” in this prospectus and the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our business strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. We caution you not to place undue reliance on any forward-looking statements or information. In this prospectus, statements of or references to the intentions of our Company or any of our Directors are made as at the date of this

FORWARD-LOOKING STATEMENTS

prospectus. Any such intentions may potentially change in light of future developments. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

RISK FACTORS

Investments in the Shares involve various risks. Potential investors should carefully consider each of the risks described below and all of the other information contained in this prospectus, including our consolidated financial statements and related notes, before deciding to invest in the Offer Shares. Our business, financial position, results of operations or prospects may be materially and adversely affected if any of the circumstances or events described below actually arises or occurs. In any such cases, the market price of our Shares could decline, and you may lose all or part of your investment. You should also pay particular attention to the fact that our subsidiaries in China are located in a legal and regulatory environment that in some respects differ significantly from that of other countries. For more information concerning the PRC legal and regulatory system and certain related matters discussed below, see the section entitled “Regulatory Overview” in this prospectus.

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

RISKS RELATING TO OUR BUSINESSES AND INDUSTRIES

Our future growth may not materialize as planned, and any failure to manage our future growth effectively may have a material adverse effect on our business, financial condition and results of operations.

We experienced rapid revenue growth in revenue and profitability historically. Our revenue increased from RMB460.5 million for the year ended December 31, 2017 to RMB1,754.4 million for the year ended December 31, 2019, representing a CAGR of 95.2%. Our net profit increased from RMB39.1 million for the year ended December 31, 2017 to RMB232.8 million for the year ended December 31, 2019, representing a CAGR of 144.0%. As of December 31, 2019, we were contracted to manage properties with an aggregate contracted GFA of approximately 114.7 million sq.m. We have been expanding our business since our inception through organic growth as well as acquisitions. However, we cannot assure you that we will be able to maintain a similar rate of growth. In particular, there is no guarantee that we will continue to be able to increase the number of our property management service contracts or total GFA under management, nor that we will be able to succeed in our business development efforts going forward. Moreover, we will continue to face challenges related to rising labor and subcontracting costs and intensive competition for business opportunities as well as competent employees. The effects of changing regulatory, economic or other factors beyond our control may also have material adverse effects on our business. Furthermore, we have limited experience in operating certain new businesses, including property agency, Jianye + (建業+) platform, travel services, Cuisine Henan Foodcourts (建業大食堂), hotel management, commercial property management, cultural tourism complex management and intelligent community solutions. It is hard to predict the future growth of these business based on the historical financial or operating data of such business and we cannot assure you that the growth of these new business can be achieved in the future as we expected. See “—We have a limited operating history in certain new businesses” in this section. Thus, investors should not only rely on our historical results of operations to predict our future financial performance.

RISK FACTORS

We seek to continue expanding through (i) expanding the total GFA we are contracted to manage in existing and new markets, including properties developed by the CCRE Group and its associates or joint ventures and third-party property developers, (ii) contracting to operate and manage more hotels, commercial assets and cultural tourism complexes owned by the CCRE Group and its associates or joint ventures and third parties, and (iii) investing in or acquiring suitable targets that meet our criteria. For more information, see “Business—Business Strategies—Expand our business scale through organic growth, strategic investments, cooperation and acquisitions” in this prospectus. In addition, we also plan to further integrate our businesses and achieve better synergies across our business segments. However, we base our expansion plans on our assessment of market prospects. We cannot assure you that our assessment will prove to be correct or that we can grow our business as planned. Our expansion plans may be affected by a number of factors, most of which are beyond our control. Such factors include:

- changes in China’s economic conditions in general and the real estate and consumer services markets in Henan province in particular;
- changes in disposable personal income in China and Henan province;
- changes in PRC and Henan government regulations;
- changes in the supply of and demand for property management and value-added services as well as other businesses we operate or expect to operate;
- our ability to generate sufficient liquidity internally and obtain external financing;
- our ability to recruit and train competent employees;
- our ability to select and work with suitable subcontractors and suppliers;
- our ability to understand the needs of residents in the properties where we provide property management services;
- our ability to adapt to new markets and industries where we have no prior experience and in particular, whether we can adapt to the administrative, regulatory and tax environments in such markets and industries;
- our ability to leverage our brand names and to compete successfully in new markets and industries, particularly against the incumbent players in such markets who might have more resources and experience than we do; and
- our ability to improve our administrative, technical, operational and financial infrastructure.

We cannot assure you that our future growth will materialize or that we will be able to manage our future growth effectively, and failure to do so may have a material adverse effect on our business, financial position and results of operations.

A substantial portion of our revenue is generated from services we provide to the CCRE Group and its associates or joint ventures.

During the Track Record Period, a substantial portion of our revenue is generated from services we provide to the CCRE Group and its associates or joint ventures, which amounted to 17.5%, 19.5% and 42.5% of our total revenue during the Track Record Period, respectively. In particular, during the Track Record Period, we managed: (1) all of the properties developed by the CCRE Group; and (2)

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97.8%, 92.1% and 96.8% of the properties developed by the CCRE Group and its associates or joint ventures. The Group did not manage all properties developed by such associates or joint ventures because, to our Directors' best knowledge and belief, such associates or joint ventures elected to appoint other property management companies, having taking into account, among others, our competitors' and our proposed service terms and prior business relationship with such associate or joint venture. As of December 31, 2017, 2018 and 2019, our total contracted GFA was approximately 34.1 million sq. m., 70.3 million sq. m. and 114.7 million sq. m., respectively, and our total GFA under management for the same period was approximately 20.4 million sq.m., 25.7 million sq.m. and 57.0 million sq.m., respectively, of which, approximately 90.9%, 83.7% and 68.9% were developed by the CCRE Group and its associates or joint ventures, respectively. On January 31, 2019, we entered into a master property management service contract with the CCRE Group, under which the CCRE Group agreed to continue engaging us as the property management services provider for its subsidiaries, from January 1, 2019 till December 31, 2021. See the section entitled "Connected Transactions—(B) Non-Exempt Continuing Connected Transactions—1. Property Consultation and Management Services" in this prospectus. Notwithstanding the abovementioned, we only entered into preliminary property management contracts with CCRE Group prior to the pre-sale or sale of property development projects. In relation to residential properties that have already been delivered, if a property owners' association has been set up, we typically enter into property management contracts with such property owners' association. For fixed term contracts, once our preliminary management contracts have expired, we typically negotiate with the property owners' associations for the terms of renewals of our party management service contracts. There is no assurance that such preliminary property management contracts or property management contracts will not be terminated prior to expiration for cause or renewed upon expiration. In the event of such termination or non-renewal, our business, results of operations and financial condition could be materially and adversely affected. There is no guarantee that we would be able to find other business opportunities and enter into alternative property management service contracts on favorable terms, or at all. In addition, both termination and non-renewal of property management service contracts could potentially be detrimental to our reputation and diminish our competitiveness within the industry.

In addition, a significant portion of our revenue from our commercial property management and consultation business (including hotel management, commercial property management and cultural tourism complex management) and value added services (including community value-added services, value-added services to non-property owners, intelligent community solutions, property agency service and customized services provided to VIPs of the Central China Consumers Club) and a small portion of our revenue from goods and services of new lifestyle (including Jianye + (建業+) platform, travel services and Cuisine Henan Foodcourts (建業大食堂)) are also derived from services we provide to the CCRE Group and its associates or joint ventures or in relation to projects of the CCRE Group.

However, we do not have control over the CCRE Group's management strategy, nor the macro-economic or other factors that affect their business operations. We would lose business opportunities to the extent that the CCRE Group suffers adverse developments that materially affect their property development efforts. There is no assurance that we will be able to procure service contracts from alternative sources to make up for the shortfall in a timely manner or on favorable terms. We also cannot guarantee that we will be successful in any efforts to diversify our customer base. In addition, there is no assurance that all of our service contracts with the CCRE Group and its associates or joint ventures will be renewed successfully upon their expiration. Should any of these events occur, we may experience a material adverse effect on our results of operations, financial position and growth prospects.

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We have a limited operating history in certain new businesses.

We began our business operations in travel services in 2016, hotel management in 2017, suburban leisure complex management in 2018 and the following businesses in 2019, namely our Cuisine Henan Foodcourts (建業大食堂), commercial property management, cultural tourism complex management and intelligent community solutions business. We have a short operating history in such businesses and you should consider our prospects in light of the risks, expenses and challenges that we may face as an early-stage company with limited experience operating such businesses in a competitive market. Further, the majority of our Directors and senior management has limited experience in overseeing our non-property management segments, which have a relatively short operating history. We have encountered and expect to continue to encounter risks and difficulties frequently experienced by early-stage businesses, and those risks and difficulties may be heightened in a rapidly evolving market. Some of the risks affect our ability to:

- retain customers and qualified employees;
- maintain effective control of our development as well as operating costs and expenses;
- develop and maintain internal personnel, systems, controls and procedures to comply with the extensive regulatory requirements applicable to the relevant industries;
- respond to competitive market conditions in the relevant industries; and
- respond to changes in our regulatory environment.

Our failure to achieve any of the above may jeopardize our ability to implement our strategies and operate our businesses in the manner we contemplate, which in turn would cause an adverse effect on our business and prospects, financial position, results of operations and cash flows.

Our Jianye + (建業+) platform may not grow as planned.

The Jianye + (建業+) platform, which we acquired in 2019, was first launched in 2015. For more information, see the section entitled “Business—Lifestyle Services—The Jianye + (建業+) Platform” in this prospectus. We plan to focus on developing our Jianye + (建業+) platform by expanding the coverage of our services on the platform and integrating our Jianye + (建業+) platform with the provision of our steward services. We aim to expand the functionality of our Jianye + (建業+) platform and mobile app to increase accessibility and improve user experience and plan to attract further use by residents of the properties we manage as well as local suppliers. However, our Jianye + (建業+) platform is relatively new and still evolving and we cannot assure you that we will be able to grow our Jianye + (建業+) platform as planned. The future growth depends on our ability to tap the market and to continue to attract new users as well as to increase the spending and repeat purchase rate of existing users.

Changing consumer preferences have historically affected, and will continue to affect, the e-commerce industry. As a result, we must stay abreast of emerging life-style and consumer preferences and anticipate product trends that will appeal to existing and potential users. New products and services, or entrance into new markets, may require substantial time, resources and capital, and profitability targets may not be achieved. We cannot assure you that the residents will use or continue

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to use the services and products on our Jianye + (建業+) platform. We may also fail to attract suitable suppliers to provide products and services on our platform. For certain large suppliers with strong bargaining power, we may not be able to reach commercially favorable terms or at all. If our customers cannot find desired products or services within our portfolio at attractive prices, our customers may lose interest in our Jianye + (建業+) platform, which in turn, may adversely affect our business, our results of operations and our financial position.

Moreover, we may also encounter technical problems, security issues and logistical issues that may prevent our platform from functioning properly and our users from receiving the desired products and services. See “—We may experience failures in or disruptions to our information technology systems and the protection of our data security.” We may also be subject to product liability arising from reselling the products or services on our platform under the Law of the People’s Republic of China on the Protection and Rights and Interests of Consumers (中華人民共和國消費者權益保護法), the Tort Law of the PRC (中華人民共和國侵權責任法) and other relevant PRC laws and regulations. If we are unable to resolve such problems in a timely manner, or at all, we may lose our existing users or face lower user engagement.

In addition, we need to continuously upgrade our Jianye + (建業+) platform to attract and retain users through our R&D efforts. However, we may not be able to recruit sufficient qualified engineers to support our R&D activities or the growth of our Jianye + (建業+) platform. Even if we have sufficient qualified engineers, our R&D efforts may not be successful or generate the results we desire, in which case our users may lose interest in our Jianye + (建業+) platform. Moreover, we cannot assure you that our investment in our Jianye + (建業+) platform can be recovered in a timely manner, or at all, or our return would be comparable to those of other companies. In addition, our development of and investment in our Jianye + (建業+) platform may be subject to PRC laws and regulations governing license approval, record and renewal. See the section entitled “Regulatory Overview—Legal Supervision over the Internet Information Services” in this prospectus.

We are subject to risks beyond our control relating to epidemics, acts of terrorism, wars or other natural or man-made calamities in China and globally.

Natural disasters, epidemics, acts of war or terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in markets where we have, or plan to have, business operations. Some of these markets situated in geographic regions of China are susceptible to the threat of floods, earthquakes, sandstorms, snowstorms, fires or droughts, power shortages or failures, as well as potential wars, terrorist attacks or pandemic such as severe acute respiratory infection (SARI), Ebola, severe acute respiratory syndrome (SARS), strains of avian influenza, the human swine influenza A (H1N1), the human swine influenza A (H5N1) and the human swine influenza A (H7N9). Serious natural disasters may result in a tremendous loss of lives, injuries and the destruction of assets, as well as disrupt our business operations. Severe communicable disease outbreaks could result in widespread health crises that materially and adversely affect economic systems and financial markets. Acts of war or terrorism may also injure our employees, cause loss of life, disrupt our business operations and adversely affect the financial well-being of our customers. Any of these and other factors beyond our control may create uncertainties within the overall business environment, thereby causing our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial position and results of operations.

As substantially all of our assets and operations are located in the central China region, our business could be affected by the outbreak of Novel Coronavirus pandemic, or another pandemic.

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Beginning in late 2019, there were reports of outbreaks of severe acute respiratory infection caused by the outbreak of Novel Coronavirus, in Wuhan City, Hubei Province where the virus outbreak is the most severe. An outbreak of SARI in the human population could result in a widespread health crisis that could adversely affect the economy and financial markets of China where such disruptions could adversely affect our business operations and earnings. Due to the ongoing outbreak of Novel Coronavirus pandemic, we incurred additional costs in order to compensate the remaining staffs and subcontractors for their effort and to purchase preventive clothing to minimize our staffs' exposure to Novel Coronavirus the extent possible. In the event the outbreak of Novel Coronavirus pandemic continues without being effectively controlled in the future, and if any more of our employees are suspected of having been infected by Novel Coronavirus, we may be required to quarantine such employees which would aggravate the shortage of labor which in turn our financial performance may be adversely affected. Further, as some of our residents were subject to strict quarantine, this may arouse fear among our staff and residents and may affect our brand name or reputation. Nonetheless, the continued outbreak of Novel Coronavirus pandemic may result in an increase in unemployment rate as a result of the draconian measures designed to mitigate the further spread of Novel Coronavirus, which could have a significant social and economic impact. In the event that unemployment rate increases in China, property management and value-added services could be regarded as redundant and residents might be more reluctant or even incapable of paying for property management and value-added services. Similarly, if the outbreak of Novel Coronavirus pandemic continues to worsen and eventually results in a higher unemployment rate, the spending power in China would decrease accordingly and would affect our registered users' consumption of goods and services on our Jianye + (建業+) platform. Further, the suppliers we worked with on our Jianye + (建業+) platform might cease operations and we might experience shortage of supplies followed by a further decrease in consumption of goods and services or even loss of customers.

Termination or non-renewal of our property management services, commercial property management and consultation services for a significant number of properties could have a material adverse effect on our business, financial position and results of operations.

We generate a substantial part of our revenue from property management services performed under our property management service contracts. During the Track Record Period, revenue generated from our property management services accounted for 71.7%, 61.0% and 33.8% of our total revenue, respectively. The majority of our preliminary property management service contracts do not have fixed terms. Such contracts can be terminated when the property owners select another property management service provider through the property owners' general meeting and a replacement property management service contract entered into by the property owners' association takes effect. The property management service contracts we entered into with property owners' associations generally have fixed terms which will need to be renewed upon expiry. See the section entitled "Business—Property Management and Value-added Services—Property Management—Property Management Contracts" in this prospectus. There is no assurance that our services can be provided at a satisfactory level for us to be selected by the relevant property owners to enter into subsequent property management service contracts or the relevant subsequent property management service contracts can be renewed when their terms expire. Termination or non-renewal of a significant number of management service contracts could have a material and negative impact on our revenue from property management services. Moreover, as both termination and non-renewal may be detrimental to our reputation, we may experience material adverse effects to our brand value. Failure to cultivate our brand value may diminish our competitiveness within the industry.

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Furthermore, the performance and development of our other businesses, such as our value-added services and goods and services of new lifestyle to a large extent, rely upon the residents in the properties we manage for our property management services business. Therefore, any failure to renew our property management service contracts or termination of such contracts could also adversely affect the performance of other businesses.

In addition, we may fail to renew our commercial property management and consultation contracts with the operators or owners of hotels and owners of shopping malls and cultural tourism complexes. We commenced our hotel management services, suburban tourism complex management services and commercial property management services in 2016, 2018 and 2019, respectively. During the Track Record Period, our revenue generated from commercial property management and consultation business was RMB15.3 million, RMB11.1 million and RMB104.7 million during the Track Record Period, respectively. All of our commercial property management and consultation contracts we entered into with property owners or hotel operators have fixed terms. There can be no assurance that any such contract will not be terminated prior to expiration or will be renewed when their terms expire. The operators or owners of hotels or owners of shopping malls and cultural tourism complexes may resort to other operators or service providers either because they are not satisfied with our services or our competitors can provide similar services at a lower price. Termination or non-renewal of a significant number of commercial property management and consultation contracts could have a material and negative impact on our revenue from commercial property management and consultation services.

We may fail to effectively anticipate or control our costs in providing our property management services, for which we generally charge our customers on a lump sum basis.

During the Track Record Period, we generated revenue from our property management services under the lump sum basis revenue model. On a lump sum basis, we charge property management fees at a pre-determined fixed lump sum price per sq.m. per month, representing “all-inclusive” fees for the property management services provided. These management fees do not change with the actual amount of property management costs we incur. We recognize as revenue the full amount of property management fees we charge to the property owners or property developers, and recognize as our cost of sales the actual costs we incur in connection with rendering our services. For more information, see the sections entitled “Business—Property Management and Value-added Services—Property Management—Property Management Fees” and “Financial Information—Critical Accounting Policies and Accounting Estimates and Judgments—Revenue Recognition” in this prospectus.

In the event that we fail to accurately anticipate our actual costs prior to negotiating and entering into our property management service contracts, and our fees are insufficient to sustain our profit margins, we would not be entitled to collect additional amounts from our customers. We also cannot guarantee that we will be able to adequately control our costs in the course of providing our property management services. Any losses we sustain may materially and adversely affect our results of operations. During the Track Record Period, we incurred losses for certain properties managed on a lump sum basis, which was primarily because the property management fee rate for such properties was lower than our average property management fee rate and we did not increase the fee rate for such properties, although the labor costs of managing such properties increased. The total losses generated from such properties accounted for respectively, RMB0.7 million, RMB0.9 million and RMB0.5 million, for the years ended December 31, 2017, 2018 and 2019.

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If we are unable to raise property management fee rates and there is a shortfall of working capital after deducting the property management costs, we would cut costs endeavoring to reduce the shortfall. However, our ability to mitigate against such losses through cost-saving initiatives, such as operation automation measures to reduce labor costs and energy-saving measures to reduce energy costs, may not be successful and our cost-saving efforts may negatively affect the quality of our property management services, which in turn would further reduce the owners' willingness to pay us higher property management fees.

We may experience fluctuations in our labor and subcontracting costs.

During the Track Record Period, our labor costs represented 27.6%, 30.1% and 30.5% of our cost of sales, respectively. We delegate property management services such as cleaning, greening and gardening and security guard functions to subcontractors. During the Track Record Period, our subcontracting costs represented 4.7%, 11.1% and 22.4% of our cost of sales, respectively. We therefore believe that controlling and reducing our labor costs and subcontracting costs is essential to maintaining and improving our profit margins.

We face pressure from rising labor and subcontracting costs due to various contributing factors, including but not limited to:

- *Increases in minimum wage.* The minimum wage in regions we operate, in particular Henan province, has increased substantially in recent years, directly affecting our labor costs as well as the fees we pay to our subcontractors.
- *Increases in headcount.* As we expand our operations, the headcount of our property management staff, sales and marketing staff and administrative staff will continue to grow. We will also need to retain and continuously recruit qualified employees to meet our growing demand for talent, 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 will also increase costs such as those related to salaries, training, social insurance and housing provident fund contributions and quality control measures.
- *Delay in implementing measures to reduce labor costs and subcontracting costs.* Usually there is a lapse in time between when we begin property management services for a particular property and when we implement any of our measures to reduce our reliance on manual labor and cost of sales, such as implementing technological solutions and procedure standardization. Before we carry out such measures, our ability to mitigate the impact of any increases in labor and subcontracting costs is limited.

We cannot assure you that we will be able to control our costs or improve our efficiency. If we fail to achieve this goal, we may experience a material adverse effect on our business, financial position and results of operations.

We are exposed to credit risks as difficulties in collecting our property management fees may lead to impairment of our trade receivables.

We may encounter difficulties when collecting property management fees in residential communities with relatively high vacancy rates. Even though we seek to collect overdue property management fees through a number of collection measures, we cannot assure you that such measures

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will be effective or enable us to accurately predict our future collection rate. Although our management's estimates and the related assumptions were made in accordance with information available to us, such estimates or assumptions may need to be adjusted if new information becomes known.

Our allowance for impairment of trade receivables amounted to RMB12.6 million, RMB13.8 million and RMB13.3 million, respectively, as of December 31, 2017, 2018 and 2019. Our collection rate of property management fees, calculated by dividing the property management fees we actually received during a period by the total property management fees payable to us accumulated during the same period, was approximately 85.9%, 89.6% and 90.1%, respectively, during the Track Record Period. As of the Latest Practicable Date, approximately RMB174.3 million, or 25.7%, of our trade receivables as of December 31, 2019 were subsequently settled. For more information, see the section entitled "Financial Information—Selected Items of the Consolidated Balance Sheets—Trade and Other Receivables and Prepayments" in this prospectus.

In the event that actual recoverability of trade receivables is lower than expected, or that our past allowance for impairment becomes insufficient in light of any new information, we may need to provide for additional allowance for impairment of trade receivables, which may in turn materially and adversely affect our business, financial position and results of operations. Such occurrences may also lead to additional operating costs as we seek to recover outstanding property management fees. We may experience adverse effects on our cash flow position and ability to meet our working capital requirements to the extent that we are unable to, or experience prolonged delays in collecting, trade receivables from our customers.

Moreover, we experienced seasonal fluctuations in the collection of our trade receivables during the Track Record Period and expect to continue experiencing such seasonal fluctuations going forward. Property owners and residents tend to settle outstanding property management fee balances toward the second half of the year, especially near the end of the year. As a result, our collection rate with respect to property management fees was 90.1% for the year ended December 31, 2019, which was higher in comparison to our collection rate of 89.6% for the year ended December 31, 2018. In general, our trade receivable amounts increase throughout the year and decrease toward the end of the year when property owners and residents settle their outstanding property management fee balances. Additionally, for the year ended December 31, 2019, our average turnover days of trade receivables was 93.5 days as compared to 99.6 days for the year ended December 31, 2018. Consequently, a comparison of our outstanding trade receivables and collection rates between different points in time within a single financial year and any comparison of trade receivables turnover days for an interim period with that of a full financial year may not be necessarily meaningful and should not be relied upon as indicators of our financial performance. Seasonal fluctuations in our collection rates and trade receivables require that we manage our liquidity carefully so as to provide our business with adequate cash for operations. Any inability to ensure adequate liquidity could cause us to incur higher financing costs and hamper our ability to expand and grow our operations, which could in turn materially and adversely our business, financial position and results of operations.

Significant impairment charges to our balance of intangible assets could negatively affect our results of operations and financial position.

Our intangible assets amounted to approximately RMB9.2 million, RMB8.3 million and RMB73.0 million as of December 31, 2017, 2018 and 2019, respectively, which mainly comprised goodwill, platform and know-how, order backlog and customer relationship, software and others.

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The failure to generate financial results commensurate with our intangible assets estimates may negatively affect the recoverability of such intangible assets, and in turn result in impairment losses. Any significant impairment losses charged against our intangible assets and goodwill could have a material adverse impact on our business, financial condition and results of operations.

If we are required to recognize impairment losses for goodwill, our business, results of operations and financial condition would be negatively impacted.

As of December 31, 2017, 2018 and 2019, we had goodwill amounting to approximately nil, nil and RMB42.3 million, respectively, as a result of acquisition of our subsidiaries namely One Family Network Technology Co., Ltd, Aiou Electronic Technology Co., Ltd., Xinyang Nanhong Property Services Co., Ltd., Linzhou Liuhe Property Service Co., Ltd., and Zhengzhou Jiaxiang Property Service Co., Ltd. If we determine our goodwill is impaired, we will be required to write down all or part of such assets. We test annually whether goodwill is subject to any impairment.

The value of goodwill is based on a number of assumptions made by our management. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to write-off part or all of our goodwill and record an impairment loss. Any significant impairment of goodwill could have a material adverse effect on our business, financial condition and results of operations. For more information in relation to our impairment policy relating to goodwill, please see Note 32 to the Accountant's Report in Appendix I to this prospectus. For a detailed discussion on the impairment testing, sensitivity and headroom on how changes in the valuation parameters will affect the impairment assessment for the cash-generating unit containing the goodwill, please see section headed "Financial Information—Critical Accounting Estimates and Judgments" to this prospectus. We cannot assure you that we will not recognize any significant impairment loss for goodwill in future periods.

We are susceptible to adverse regulatory and economic developments in the central China region, particularly Henan province.

As of December 31, 2019, we had a geographic presence and provided services to all the 18 prefecture-level cities (including 81 of the 104 county-level cities) located in Henan as well as one city in Hainan, namely Haikou. During the Track Record Period, the aggregate GFA of our managed properties in those cities accounted for 100% of our total GFA under management. Substantially all our revenue was generated from services provided in Henan during the Track Record Period. For more information, see the section entitled "Business—Property Management and Value-added Services—Property Management—Geographic Presence" in this prospectus. Although we plan to expand to new markets outside of Henan, our expansion efforts may not be successful. Thus, any adverse regulatory and economic developments in those markets that may dampen demand or prices for our property management services may materially and adversely affect our business. On September 14, 2016, Zhengzhou Municipal People's Government Office issued the Notice on Promoting the Steady and Healthy Development of the Real Estate Market (《關於促進房地產市場持續平穩健康發展的通知》) (Zheng Zheng Ban [2016] No.60), which raised the land bidding deposit to 100%. On October 1, 2016, Zhengzhou Municipal People's Government Office issued the Notice on the Implementation of Housing Purchase Restriction in Some Areas of Zhengzhou (《關於在鄭州市部分區域實施住房限購的通知》) (Zheng Zheng Ban [2016] No.64) which provides that local households which own two or more properties and non-local households which own one or more properties are limited to property purchases of less than 180 square meters (excluding 180 square meters). Any such local regulatory

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limitations on property development industry, property management industry or other industries we have operations in may exert adverse influence on our business in Henan.

We may be subject to fines for our failures to register for and/or contribute to social insurance and housing provident funds for our employees.

In accordance with applicable PRC laws and regulations, we are obliged to contribute to social insurance and housing provident funds for our employees. During the Track Record Period, we did not fully contribute to certain social insurance and housing provident funds for some of our employees. Our Directors confirmed that we have made provisions for our shortfall of the social insurance and housing provident funds in the amounts of RMB3.8 million, RMB4.1 million and RMB3.0 million on our financial statements during the Track Record Period, respectively, for certain of our PRC subsidiaries. Under the Regulations on Administration of Housing Provident Fund (住房公積金管理條例), (i) if we fail to complete housing provident fund registration before the prescribed deadlines, we may be subject to a fine ranging from RMB10,000 to RMB50,000 for each non-compliant subsidiary or branch and (ii) if we fail to pay housing provident fund contributions within the prescribed deadlines, we may be subject to an order by the relevant people's court to make such payments. According to the Social Insurance Law of the PRC (中華人民共和國社會保險法), for outstanding social insurance fund contributions that we did not fully pay within the prescribed deadlines, the relevant PRC authorities may demand that we pay the outstanding social insurance contributions within a stipulated deadline and we may be liable for a late payment fee equal to 0.05% of the outstanding contribution amount for each day of delay; if we fail to make such payments, we may be liable to a fine of one to three times the outstanding contribution amount.

Our Jianye + (建業+) platform is subject to third-party payment processing related risks.

We accept payments using a variety of methods, including payment through third-party online payment platforms such as WeChat Pay and Alipay, online payments with credit cards and debit cards issued by banks in China, and may accept payment on delivery in the future. Transactions conducted through WeChat Pay and Alipay involve the transmission of confidential information such as credit card numbers, personal information and billing addresses over public networks. In recent years, the use of third-party platforms in China has grown in parallel with consumer confidence in their security and efficiency. However, we do not have control over the security measures taken by providers of our third-party platforms. In the event that the security and integrity of these third-party platforms are compromised, we may experience material adverse effects on our ability to process service fees. We may also be perceived as partially responsible for failures to secure personal information and be subjected to claims alleging possible liability brought by our customers. Such legal proceedings may damage our reputation and harm our brand value. For certain payment methods, including credit and debit cards, we will pay interchange and other fees, which may increase over time and raise our operating costs and lower our profitability. We may also be subject to fraud and other illegal activities in connection with the various payment methods we offer, including online payment and payment on delivery options. We are also subject to various rules and requirements, regulatory or otherwise, governing electronic funds transfers, which are subject to change or reinterpretation that could make it difficult or impossible for us to comply with. Furthermore, the PRC Government may yet promulgate new laws and policies to regulate the use of third-party online payment platforms; such measures may increase our compliance and operational costs, for example by requiring that we pay higher transaction fees. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from consumers, process

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electronic funds transfers or facilitate other types of online payments, and our business, financial position and results of operations could be materially and adversely affected.

We are exposed to risks associated with relying on subcontractors to perform certain property management services.

We delegate property management services such as cleaning, greening and gardening, and security guard functions to subcontractors. During the Track Record Period, our subcontracting costs amounted to RMB16.8 million, RMB59.4 million and RMB264.1 million, respectively, accounting for 4.7%, 11.1% and 22.4%, respectively, of our total cost of sales. We select our subcontractors based on factors such as market reputation, qualifications, prices and track record. However, we cannot guarantee that they will always perform in accordance with our expectations. They may act in ways that are contrary to our customers' instructions, their contractual obligations and our own quality standards, and we would be unable to monitor them as directly and efficiently as with our own employees. This subjects us to risks associated with being held responsible for their substandard performance, including but not limited to litigation, disputes with our subcontractors, reputational damage, disruptions to our business and monetary claims from our customers. We may also incur additional costs while seeking to monitor or replace sub-contractors who do not perform in accordance with our expectations.

Furthermore, when our existing subcontracting agreements expire we may be unable to renew them or hire suitable replacements in a timely manner, or at all. Whether we renew our subcontracting agreements or hire replacements, there is no guarantee that we will be able to do so on favorable terms. We also do not have control over the ability of our subcontractors to maintain qualified, experienced and sizeable teams. In the event that our subcontractors are disrupted in their performance of property management services due to lack of personnel, we may be held liable for breach of contract to our customers. We may suffer material adverse effects to our brand value, business, financial position and results of operations to the extent that we are unable to recover any additional costs incurred in relation to the aforementioned possibilities from our subcontractors.

Our future acquisitions and investments may not be successful.

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

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

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

- potentially dilutive issuance of equity securities and/or significant cash outflow in our efforts to finance the acquisition;
- potential ongoing financial obligations and unforeseen or hidden liabilities;

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- potential increase in depreciation charges/amortization in the event that the acquired target is rich in fixed assets;
- inability to apply our business model or standardized internal policies and procedures on our acquired targets;
- failure to effectively integrate the business operations of our acquired or invested targets with our own;
- failure to achieve the intended objectives, benefits or revenue-enhancing opportunities; and
- diversion of resources and management attention.

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.

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

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

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

For our Jianye + (建業+) platform, we face intense competition in the market for customers and suppliers, and we expect the competition to continue to intensify in the future. In particular, we may

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encounter more intense competition from property developers with full-fledged property management services capacity when we seek to extend our Jianye + (建業+) platform into properties managed by them or explore opportunities in markets where they have strong influence since they may already have their own O2O platforms. Increased competition in the property management industry and the O2O industry may result in reduced pricing for our services and a decrease in our market share, either of which could negatively affect our results of operations and our ability to grow our business.

Furthermore, our Cuisine Henan Foodcourts (建業大食堂) face competition from participants in the food and beverage industry, which is a highly fragmented market. Our hotel management and commercial property management and consultation businesses face competition from international and domestic hotel management companies and chain and local shopping malls. As we are relatively inexperienced in such industries, we cannot assure you that we will manage to grow our businesses despite competitions from such parties.

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

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

During the Track Record Period, we entered into preliminary management contracts with real estate developers during the later stages of property development. Such contracts are transitional in nature and facilitate the transfer of legal and actual control of the properties from property developers to property owners. Preliminary management contracts typically do not have a fixed term and expire when property owners' associations are established and a replacement property management service contract entered into by the property owners' association takes effect. For more information, see the section entitled "Business—Property Management and Value-added Services—Property Management—Property Management Contracts" in this prospectus. To continue managing the property, we would have to enter into property management service contracts with the property owners' associations, which typically range from two to five years and may be terminated for cause. There is no guarantee that property owners' associations will enter into property management service contracts with us instead of our competitors. Our customers select us based on parameters such as quality and cost, and we cannot assure you that we will always be able to balance them on favorable terms for both sides.

Even where we succeed in entering into property management service contracts with property owners' associations, we cannot guarantee that they will be renewed upon expiration. It is also possible that they may be terminated for cause. In such cases, we would no longer be able to provide community value-added services to residential communities who have terminated our engagements, in

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addition to our property management services. There is no guarantee that we would be able to find other business opportunities and enter into alternative property management service contracts on favorable terms, or at all.

We face exposure to fair value change for financial assets at FVTPL and valuation uncertainty due to the use of unobservable inputs.

We had investments in wealth management products and fund products, recognized as financial assets at fair value through profit or loss (“FVTPL”) in the consolidated statement of financial position of approximately RMB45.2 million, RMB35.1 million and RMB1.5 million as of December 31, 2017, 2018 and 2019. Our net fair value gains on financial assets at FVTPL was approximately RMB8.0 million, RMB4.7 million and RMB0.4 million during the Track Record Period, respectively. We face exposure to fair value change for the financial assets at FVTPL. We cannot assure you that we can recognize comparable fair value gains in the future and we may on the contrary recognize fair value losses, which would affect our result of operations for future periods. In addition, the valuation of fair value change of financial assets at FVTPL are subject to uncertainties in estimations. Such estimated changes in fair values involve the exercise of professional judgment and the use of certain bases, assumptions and unobservable inputs, which, by their nature, are subjective and uncertain. As such, the financial assets at FVTPL valuation has been, and will continue to be, subject to uncertainties in estimations, which may not reflect the actual fair value of these financial assets and result in significant fluctuations in profit or loss from year to year.

We are uncertain about the recoverability of our deferred tax assets, which may affect our financial positions in the future.

We have deferred tax assets that are subject to the allowance on doubtful debts and tax losses. As at December 31, 2017 and 2018 and 2019, we had deferred tax assets of approximately RMB6.8 million, RMB9.7 million and RMB7.0 million, respectively. For details of the movements of our deferred tax assets during the Track Record Period, please refer to Note 29 of the Accountant’s Report set out in Appendix I to this prospectus. Based on our accounting policies, deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences can be utilized. This requires significant judgment on the tax treatments of certain transactions and also an assessment on the probability, timing and adequacy of future taxable profits available for the deferred tax to be recovered. These estimations of future taxable profits depend on numerous factors beyond the control of our management, and if such judgments turn out to be incorrect or imprecise, we may need to adjust our tax provisions accordingly. We cannot guarantee recoverability and predict the movement of our deferred tax assets. If we fail to recover our deferred tax assets, this may have a material adverse effect on our financial conditions in the future.

Our interest income derived from loans to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang during the Track Record Period are non-recurring in nature and we may not be able to record similar income, which may materially and adversely affect our financial results.

During the Track Record Period, we had recognized interests income of loans to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang. During the Track Record Period, interest income from loans to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang amounted to approximately RMB56.3 million, RMB48.9 million and RMB13.2 million, respectively. As all the loans to entities

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controlled by Mr. Hua Ziyi and Mr. Hua Zhichang had been settled as at June 30, 2019, we will not continue to recognize interest income from loans to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang upon the Listing. This may affect our financial position, particularly our profit for the year/period. The abovementioned income is non-recurring in nature and we may not be able to record similar income in the future, which may materially and adversely affect our financial results.

Our Jianye + (建業+) platform, travel services, hotel management, commercial property management and cultural tourism complex management businesses is subject to seasonality factors.

The Jianye + (建業+) platform, travel services, hotel management, commercial property management and cultural tourism complex management businesses are inherently seasonal, whereby sales of travel services will increase in respect of holiday periods and decrease in respect of off-peak times and travel services are subject to fluctuation between peak seasons and low seasons. Accordingly, during the Track Record Period, our sales demonstrated a seasonal pattern. We normally achieved higher revenue in the festive holidays including New Year, Chinese Lunar New Year and Christmas. Our Directors consider that the higher revenue during these festive holidays was primarily because more customers tend to make consumptions and higher sales were generated from customers as a result. Our operating results may be subject to fluctuations due to seasonality factors from time to time.

Our package tours may be subject to cancellation due to various reasons which may result in complaints from customers.

Our package tours may be subject to cancellation before the departure date due to various reasons, including but not limited to safety issues relating to the tour destinations, outbreak of any severe epidemic or contagious diseases, traffic issues such as air traffic control, emergencies relating to customers and the number of customers which has enrolled a tour being less than the minimum required. Under such circumstances, we are entitled to cancel the tour at our discretion provided that the full amount of the deposit or the package price is refunded to the customers with compensation made in accordance with the relevant laws and regulations. Despite our refund and payment of the compensation are in compliance with the relevant laws and regulations, customers may be dissatisfied with the arrangement and may file complaints to us or the media. If we fail to deal with those complaints properly, whether meritorious or not, this may lead to negative publicity and may materially damage our reputation and goodwill, which may in turn materially and adversely affect our business and operating results.

Our catering business and operation are susceptible to product liability or food safety claims

As we are not involved in the manufacturing of the raw materials we use in our restaurants, Cuisine Henan Foodcourts (建業大食堂), we do not have control over their quality. The sale of food and beverage products for human consumption involves inherent risks of personal injuries which includes risks posed by (i) food and beverage contamination or degeneration during storage or transportation processes; (ii) contamination of raw materials; and (iii) spoilage of raw materials. Incidents of food poisoning caused by food ingredients from the suppliers or reasons beyond our control may occur. If the raw materials supplied to us are found to be spoiled, contaminated, tampered with or reported to be associated with any such incidents, our reputation, business, financial condition, results of operations could be materially and adversely affected.

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In addition to the risks caused by our food processing operations and the subsequent storage and serving process, any food and beverage contamination could also subject us to product liability claims, adverse publicity, government scrutiny, investigation or intervention, or product returns, resulting in increased costs, and any of these events could adversely affect our business, results of operations and financial condition. Also, we cannot guarantee that our suppliers are in full compliance with all the relevant health and safety standards, licensing or permits requirements, customs clearance and quality control measures in such processes before the supply of raw materials to us. Upon receiving the raw materials from our suppliers, we cannot guarantee that our quality safeguards will be completely effective in ensuring that the quality of the raw materials will not deteriorate as a result of improper storage conditions or other unforeseeable reasons. Such product or raw material quality issues may cause illness to the consumers of our food and beverage products. Any dispute over the attribution of product liability that may arise would divert our resources and efforts from our business operations to defending legal proceedings which could adversely affect our business, results of operations and financial condition.

In addition, nuts, eggs and dairy products are common ingredients used in our restaurant dishes. If we are not made aware of such food allergies when the dishes are prepared at the restaurant, the consumption of such food items by our customers may cause severe allergic reactions, food poisoning and health hazards. These potential incidents could lead to liability claims and compensation ordered by court, as well as the imposition of penalties by relevant authorities, which may have a material adverse effect on our business operations. In addition, reports by the media of such incidents or any other negative publicity resulting from the publication of industry findings or research reports in relation to our food quality or customer service or any complaints from our customers may, regardless of their validity, adversely affect our business, results of operations and financial condition, which may result in the closure or suspension of the relevant restaurants.

Significant increases in the volume of sales made through third-party internet travel intermediaries could have an adverse impact on consumer loyalty to our hotel brands and could negatively affect the revenues and profits of our hotel management service.

Consumers routinely use internet travel intermediaries to book travel. Some of these intermediaries are attempting to increase the importance of generic quality indicators (such as “four-star downtown hotel”) at the expense of brand identification. These intermediaries hope that consumers will eventually develop brand loyalties to their reservation system rather than to our hotel brands. Some of these intermediaries have launched their own loyalty programs to further develop loyalties to their reservation system. In addition, these intermediaries typically obtain higher commissions or other potentially significant contract concessions, increasing the overall cost of these third-party distribution channels. If the volume of sales made through internet travel intermediaries continues to increase, consumers may develop stronger loyalties to these intermediaries rather than to our brands, our distribution costs could increase significantly, and our business revenues and profits could be harmed.

We may fail to properly maintain fire extinguishing systems and other fire safety facilities in the buildings under our management.

Concerns about fire safety in residential and commercial buildings have been raised frequently in recent years in China due to certain fire accidents which brought widespread publicity and heat discussions, including the effectiveness of the alarm systems and sprinklers. Under relevant PRC laws and regulations, property management service providers are obligated to maintain certain fire safety

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facilities of the properties under management. We are generally responsible for ensuring fire extinguishing systems and other fire safety facilities are in good working order. During the Track Record Period, the properties under our management did not experience any fire incident and there was no incidents reported in connection with the effectiveness of the fire safety facilities we maintained. However, we may be subject to administrative fines if we fail to properly maintain the fire extinguishing systems installed in the buildings under our management. Furthermore, were such incidents to occur in the future, in addition to administrative fines to be imposed by relevant authorities, we might suffer reputational harm regardless of our fault or liabilities in such incidents, which may in turn adversely affect our business and result of operations.

If we are unable to maintain high occupancy rate for the hotels and serviced apartments we manage, our revenues could fall.

Increasingly, the rooms at hotels and resorts that we manage are booked through third-party internet travel intermediaries and online travel services providers. A failure by our distributors to attract or retain their customer bases could lower demand for hotel rooms and, in turn, reduce our revenues from hotel management. In addition, some of our distribution agreements are not exclusive, are short term, are terminable at will, or are subject to early termination provisions. The loss of distributors, increased distribution costs, or the renewal of distribution agreements on less favorable terms could adversely impact the occupancy rate of the hotels and serviced apartments we manage and further affect our revenues.

Our current tax benefits and government grants may be discontinued.

Aiou Electronic, our 93.33% owned subsidiary acquired in May 2019, enjoyed a preferential corporate income tax rate of 15% treatment for the year ended December 31, 2019 as being a certificated high-technology company which would otherwise be 25% had the ordinary tax rate applied. We cannot assure you that the local tax authorities will not, in the future, change their position and discontinue any of our current tax treatments, potentially with retroactive effect. The discontinuation of any of our current tax treatments could materially increase our tax obligations and adversely impact our net income.

For the years ended December 31, 2017, 2018 and 2019, Central China Property Management, one of our wholly-owned subsidiaries, received government grants in the amount of RMB0.5 million, RMB0.5 million and RMB0.7 million, respectively. As government grants are typically awarded at the discretion of the relevant governmental authorities, we cannot assure you that we will continue to receive them in the future. We face uncertainty relating to the availability of government grants due to unexpected changes in PRC laws, regulations and governmental policies. Any loss of or reduction in government grants could have an adverse effect on our financial condition, results of operations and prospects.

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

We cannot guarantee that our risk management and internal control systems will always enable us to detect, prevent and take remedial measures in relation to fraud, negligence or other misconduct (accidental or otherwise) committed by our employees, sub- contractors or third parties in a timely and

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effective manner. Examples of such behavior include crimes such as theft, vandalism and bribery during tenders.

Although we have limited control over the behavior of any of these parties, we may be viewed as at least partially responsible for their conduct on contractual or tortious grounds. We may become, or be joined as, a defendant in litigation or other administrative or investigative proceedings and be held accountable for injuries or damages sustained by our customers or third parties. To the extent that we cannot recover related costs from the employees, subcontractors or third parties involved, we may experience material adverse effects on our business, financial position and results of operations. We may also attract negative publicity, damaging our reputation and brand value.

Our employees and subcontractors may sustain work injuries during the ordinary course of providing property management services and other value-added services.

Work injuries may occur during the ordinary course of our business. For example, repair and maintenance services performed by our employees may involve the handling of tools and machinery that carry the inherent occupational risk of accidents. Our ability to balance such risks is limited as the repair and maintenance of facilities such as elevators is part of the property management business. Hence, we are exposed to risks in relation to work safety, including but not limited to claims for injuries, fatal or otherwise, sustained by our employees or subcontractors. Such occurrences may also damage our reputation within the property management industry. We may also experience business disruptions and be required to implement additional safety measures or modify our business model as a result of any governmental or other investigations. To the extent that we will incur additional costs, we may suffer material adverse effects to our business, financial position, results of operations and brand value.

We may receive complaints filed by our employees, residents or subcontractors.

During our ordinary course of business, from time to time, we receive complaints from our employees, residents and subcontractors. For example, although we are not aware of any complaints or demands for payment of social insurance and housing provident funds, we may receive such complaints if we fail to rectify such insufficient contribution in the future. See “—We may be subject to fines for our failures to register for and/or contribute to social insurance and housing provident funds for our employees” in this section. Our employees and subcontractors may also file work safety related complaints. In addition, certain residents who live in high-end residential properties may strongly request to form their own property owners’ association to isolate residents who live in affordable properties in the same community. Although no such request was raised by residents who lived in properties under our management during the Track Record Period, we cannot assure you that it will not take place in the future. During the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that we had not received any complaints that may have a material adverse impact on our operations from our employees, residents or subcontractors.

Approximately 60%, or HK\$1,071.0 million, of the net proceeds raised from the Global Offering will be used to pursue strategic investment and acquisition opportunities. For more information, see the section entitled “Future Plans and Use of Proceeds” in this prospectus. In the event that we fail to identify suitable acquisition or investment opportunities or our future acquisition or investment transactions fail to consummate for other reasons beyond our control, we would not have effectively applied our proceeds from the Global Offering.

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

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

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

We are susceptible to changes in the regulatory landscape of the PRC, particularly Henan province.

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

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 PRC 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. On February 26, 2013, the General Office of the State Council announced the Notice on Continuing to Improve the Regulation and Control of the Real Estate Market (《國務院辦公廳關於繼續做好房地產市場調控工作的通知》) (Guo Ban Fa [2013] No.17), which among others, provided that all municipalities directly under the central government, municipalities with independent planning status and provincial capital cities (excluding Lhasa) must promulgate their own plans and targets for price control on newly constructed commodity properties (excluding low-cost housing projects) in 2013 based on the principle of stabilizing market price. Limitations on the purchase of commodity properties must be strictly implemented and the scope of such limitations must cover all newly constructed commodity properties and second-hand properties

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located within the entire administrative area of the city in question. Furthermore, local government authorities of Zhengzhou have successively promulgated more detailed regulations to restrict the real estate market. Please see “—We are susceptible to adverse regulatory and economic developments in the central China region, particularly Henan province.” 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 susceptible to changes in the regulatory landscape of the PRC property management industry. We comply with the regulatory regime of the property management industry in conducting our business operations. The PRC Government promulgates new laws and regulations relating to the property management industry from time to time. For example, in December 2014, the NDRC issued the Circular of NDRC on the Opinions on Relaxing Price Controls in Certain Services (國家發展和改革委員會關於放開部分服務價格意見的通知) (發改價格[2014] 2755號), which requires the relevant provincial authorities to abolish pricing control policies in relation to, among others, property agency services, property management services for certain types of residential properties and parking services for residential communities. For more information, please see the section entitled “Regulatory Overview—Legal Supervision over Property Management Services” in this prospectus. We expect that pricing controls on residential properties will be relaxed over time; for now, our property management fees will continue to be subject to pricing controls until the relevant authorities pass local regulations to implement the Circular. However, we cannot guarantee that the PRC Government may not reverse its policy and re-impose limits on property management fees. Generally, pricing control policies may negatively impact our profitability as they restrict the amount of property management fees we may charge. We may experience diminished profit margins should our labor, subcontracting and other costs increase but we are unable to raise property management fees accordingly. There can also be no assurance that we would be able to implement cost-saving measures timely and effectively.

In order to regulate consumer goods and service industry, the PRC Government promulgated a series of laws and regulations to protect consumers’ rights and interests, for example, the Law of the People’s Republic of China on the Protection of Consumer Rights and Interests (the “No.7 Order”) (《中華人民共和國消費者權益保護法》) promulgated in 1993 and amended in 2009 and 2013 and Measures for Punishments against Infringements on Consumer Rights and Interests (《侵害消費者權益行為處罰辦法》) which was issued and came into effective in March 2015. Furthermore, with the development and growth of online consumer goods and service industry in recent years, the Opinions of the State Administration for Industry and Commerce on Enhancing the Protection of Consumers’ Rights and Interests in the Internet Sector (《工商總局關於加強互聯網領域消費者權益保護工作的意見》) was promulgated and came into effect in October 2016 to promote the protection of online consumers’ rights and interests. In addition, in order to ensure fair competition and further strengthen the regulation of the trade market, the Ministry of Commerce issued the Guiding Opinions of Twelve Authorities including the Ministry of Commerce on Promoting the Development of the Platform Economy via Commodity Trade Markets (《商務部等12部門關於推進商品交易市場發展平臺經濟的指導意見》). Please see the section entitled “Regulatory Overview—Supervision on Consumer Goods and Service” and “—Supervision on Trade Market” in this prospectus.

The PRC Government may also unexpectedly promulgate new laws and regulations related to other aspects of our industries. To the extent that they increase our compliance and operational costs, we may experience material adverse effects on our business, financial position and results of operations.

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

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

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

Negative publicity about us, our Shareholders and affiliates, the properties we manage, our brand, management and other aspects of our business operations may arise from time to time. They may appear in the form of comments on internet postings and other media sources, and we cannot assure you that other types of negative publicity will not arise in the future. For example, in the event that we fail to meet our customers' expectations as to the quality of our services, our customers may disseminate negative comments on social media platforms. Our subcontractors may also become the subject of negative publicity for various reasons, such as customer complaints about the quality of their services. Such occurrences may damage our reputation and we may lose customer confidence. In the long term, this would affect our future ability to attract and retain new customers and employees. We may suffer material adverse effects to our business and brand that in turn reduce the trading price of our Shares and diminish our competitive position.

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

Our continued success depends on the efforts of our senior management team and other key employees. As they possess key connections and industry expertise, losing their services may have a material adverse effect on our business. For example, Mr. Wang Jun, our chief executive officer and chairman and Executive Director, is responsible for formulating and exerting our business strategies, annual operational and financial plans. Mr. Cai Bin, our executive Director and chief operating officer, is an expert of e-commerce and has extensive experience in property agency, commercial property management and overall project management. Mr. Wang Weiqing, our Vice President, is an expert in the property management industry who previously worked in several major PRC property development companies before joining our group. However, Mr. Wang Jun also holds directorship positions in two other listed companies, namely as an executive director of CCRE and a non-executive director of DIT Group Limited (樂友智造科技集團有限公司) (a company listed on the Stock Exchange, stock code: 726). Mr. Wang Jun may not be able to devote sufficient time to perform his duties as an executive Director of our Group. For more information, please see the section entitled "Directors and Senior Management" in this prospectus.

Should any or all members of our senior management team join or form a competing business with their expertise, connections and full knowledge of our business operations, we may not be able to

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estimate the extent of and compensate for such damage. Unexpected resignations may also leave key operations without supervisors and materially and adversely affect the implementation of our business strategies. 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 we may experience material adverse effects on our business, financial position and results of operations.

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

We are required to obtain governmental approvals in the form of permits, licenses and certificates to provide our services, which are only issued or renewed after certain conditions have been satisfied. We cannot assure you that we will not encounter obstacles toward fulfilling such conditions that delay us in obtaining or renewing, or result in our failure to obtain or renew, the required governmental approvals. Moreover, we anticipate that the PRC Government and relevant authorities will promulgate new policies in relation to the conditions for issuance or renewal from time to time. We cannot guarantee that such new policies will not present unexpected obstacles toward our ability to obtain or renew the required permits, licenses and certificates or that we will be able to overcome these obstacles in a timely manner, or at all. In addition, we are required to make necessary governmental filings to relevant authorities for our business operations, such as real estate brokerage institution filing and property management service agreement filing. If we fail to make filings required by the law or regulations or relevant authorities or fail to make such filings timely, we may be subject to administrative fines or penalties. Loss of or failure to obtain or renew our permits, licenses and certificates and omission to make necessary governmental filings or failure to make timely filings may stall our business operations, possibly leading to material adverse effects on our business and results of operations.

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

Pursuant to applicable PRC laws and regulations, lease agreements must be registered with housing administration authorities. As of the Latest Practicable Date, we failed to register our lease agreements for all of our 13 leased properties, primarily due to (i) lack of cooperation from our landlords in registering the relevant lease agreements and/or (ii) the fact that title certificates and proofs of ownership were not obtained by our landlords for certain of our leased properties. As advised by our PRC Legal Advisors, under PRC laws and regulations, while the failure to register a lease agreement would not affect its validity between the tenant and the landlord, we and our landlords may be subject to administrative fines for failing to register the lease agreements and competent authorities may require that we register such lease agreements within a prescribed period. Our PRC Legal Advisors have advised us that we may be ordered to rectify our failure to register and if we fail to do so within a prescribed period, a penalty of between RMB1,000 and RMB10,000 per agreement may be imposed on us as a result. The estimated total amount of penalty for our failure to file our lease agreements is approximately RMB13,000 to RMB130,000. In the event that we are required by competent authorities to rectify the non-compliance with lease registration requirement and we are not able to rectify due to lack of cooperation from the landlords, we intend to terminate the non-compliant

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leases, find alternative locations nearby and relocate. We may incur additional relocation costs and cannot assure you that we will be able to find alternative locations in a timely or effective manner.

We may fail to effectively protect our intellectual property rights and licensed rights.

We rely on our trade name and trademarks to build brand value and recognition, which we believe are key to our future growth and for fostering customer loyalty. In addition, we are granted licensed rights to use certain intellectual properties owned by other companies, such as intellectual properties owned by the CCRE Group. Unauthorized use or infringement of our trade names or trademarks may impair our brand value and recognition. Third parties may use our intellectual property in ways that damage our reputation within our industry. Although we are not aware that any such instances occurred during the Track Record Period, we cannot guarantee that our measures to protect our intellectual property and licensed rights will be sufficient. Despite the precautions taken, there can be no assurance that we will be able to detect all misappropriation or unauthorized use of our trade name and trademarks and licensed rights in a timely manner, or at all. There is also no guarantee that we will be successful in any enforcement proceedings that we undertake. Litigation to protect our intellectual property and licensed rights may be time-consuming, costly and divert management attention from our operations. While experiencing material adverse effects on our business and financial position, failures to protect our intellectual property rights and licensed rights may also diminish our competitiveness and market share. For more information, please see the section entitled “Business—Intellectual Property” in this prospectus.

We may be exposed to liabilities from disputes involving products and services marketed on our Jianye + (建業+) platform.

We collaborate with local suppliers surrounding the properties we manage to offer their products and services on our Jianye + (建業+) platform. As a result, we may become, or may be joined as, a defendant in litigation or administrative proceedings brought against such local suppliers by purchases or their products and services, governmental authorities or other third parties. These actions could involve claims alleging, among other things, that:

- the quality of the products sold by local suppliers fails to meet the relevant requirements;
- information provided on our Jianye + (建業+) platform with respect to such local suppliers products or services are false, deceptive, misleading, libelous, injurious to the public welfare or otherwise offensive;
- such local suppliers products or services marketed on our platform are defective or injurious and may be harmful to others; and
- such local suppliers marketing, communications or advertising infringe the proprietary rights of third parties.

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

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

We may receive complaints arising from our advertising services from residents of the properties we manage.

We sometimes post advertisements on the exterior walls or doors of properties we manage. These advertisements typically are related to information of services and products closely tied to residents' daily life and basic needs such as consumer goods, household supplies and financial products. We closely manage the content and frequency of advertisements to ensure that the advertisements do not intrude upon the residents' quiet enjoyment of their properties and there was no complaints about the advertisements we posted during the Track Record Period. However, we cannot assure you that resistance to or complaints about the advertisements we post will not arise in the future, which may have adverse effect on our business and reputation.

Any claims by third parties alleging possible infringement of their intellectual property rights would have a material adverse effect on our business, brand value and reputation.

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

We may be subject to penalties from the PBOC or adverse judicial rulings as a result of extending loans to related companies during the Track Record Period.

During the Track Record Period, we made loans to certain related parties (the "Loans"), which was not compliant with the PRC laws and regulations. These Loans were unsecured and carry an interest rate of 9.0%. As of December 31, 2017, 2018 and 2019, the outstanding balance of the Loans to entities controlled by Mr. Hua Ziyi and Hua Zhichang were approximately RMB646.9 million, RMB564.0 million and nil, respectively. The interest income derived in relation to the Loans amounted to RMB56.3 million, RMB48.9 million and RMB13.2 million during the Track Record Period. The Loans were settled as of June 30, 2019.

According to the General Lending Provisions (貸款通則) promulgated by PBOC in 1996, only financial institutions may legally engage in the business of extending loans, and loans between

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companies that are not financial institutions are prohibited. The PBOC may impose a fine equivalent to one to five times of the income generated (being interests charged) from the loan advancing activities between enterprises. However, according to the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (最高人民法院關於審理民間借貸案件適用法律若干問題的規定), which became effective on September 1, 2015, the validity of inter-company loan agreements which are for the needs of production and operation should be generally supported by the people's courts except they fall into the invalid contract circumstances regulated under the Provisions and under the PRC Contract Law (中華人民共和國合同法).

As of the Latest Practicable Date, our Directors confirm that we had not received any penalties, investigation or notice from relevant authorities regarding such loans to related parties. Our PRC Legal Advisors are of the view that the risk of us being penalized based on the General Lending Provisions is remote on the basis that the above loan arrangements have been terminated and all such loans have been settled. If we are subject to penalties from the PBOC or to an adverse judicial ruling in respect of the Loans, our cash flows, financial position and results of operations may be adversely affected.

We may be involved in legal disputes and subject to administrative fines or penalties from time to time, which may adversely affect our financial position, divert management attention and harm our reputation.

From time to time, we may be directly or indirectly involved in legal disputes with employees, subcontractors, regulatory bodies, customers or other third parties. These legal disputes may relate to, contractual warranties, employment, negligence and intellectual property. For example, our customers may bring claims against us for perceived failures (actual or otherwise) to perform in accordance with their expectations as to quality. Our employees and subcontractors may also sue us for occupational injuries, and we are subject to risks associated with having limited control over the behavior of employees, subcontractors and other third parties who may accidentally or intentionally harm the interests of our customers. Any claims, disputes and legal proceedings brought against us, with or without merit, could result in substantial costs and divert capital resources and management attention. We may suffer damage to our reputation regardless of whether we prevail, leading to material adverse effects on our business, financial position and brand value.

Administrative fines or penalties may be imposed on us by relevant authorities for failure to comply certain regulatory requirements or laws. Such administrative fines or penalties may relate to environmental responsibilities, insufficient contributions to social insurance and housing provident funds for our employees, failure to register lease agreements with housing administration authorities and the lack of a tender and bidding process or the approval of the competent government authorities for the selection of property management service providers. Any administrative fines or penalties imposed on us could result in costs and damage to our reputation and divert management attention.

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

We rely on our information technology systems to manage key operational functions such as processing financial data and facilitating communications. For example, we rely heavily on our Jianye + (建業+) platform for our goods and services of new lifestyle business. However, we cannot assure you that damages or interruptions caused by power outages, computer viruses, hardware and software failures, telecommunication failures, fires, natural disasters, security breaches and other

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similar occurrences relating to our information systems will not occur going forward. We may incur significant costs in restoring any damaged information technology systems. Furthermore, data security incidents are not uncommon in recent years. For example, each of Marriott International and Facebook experienced a major data leakage incident in 2018. Consumers and customers' awareness of the importance of data security and information privacy has increased in recent years and they may lose trust in a service provider if such incidents occur. As of December 31, 2017, 2018 and 2019, there were over 407,300, 1,045,200 and 2,186,000 registered users on our Jianye + (建業+) mobile app. If we fail to protect the confidential information of the registered users and members of our Jianye + (建業+) mobile app, they may lose trust in our products and services and resort to other alternatives. Failures in or disruptions to our information technology systems and loss or leakage of confidential information could cause transaction errors, processing inefficiencies and the loss of customers and sales. We may thus experience material adverse effects on our business and results of operations.

Interruptions to automatized, platformized, standardized and digitalized operations, which rely on our digitalized intelligent command center, may materially and adversely affect our business, financial position and results of operations.

Our operational efficiency primarily relies on the implementation of our “tool automation, resource platformization, service standardization and operation digitalization” initiative. With the aid of automation devices and our digitalized intelligent command center, we have centralized certain standardized services to our headquarters by instructing and supervising on-site service teams through remote security cameras and receiving requests and feedback from residents through our customer service hotline. For more information, please see the section entitled “Business—Technology” in this prospectus.

Many factors such as power outage and damage to our equipment may cause interruptions to our centralized remote system and customer service hotline. If we experience any power outage, our computer system which is key to our remote surveillance system may not function properly. Our equipment may also be subject to damages caused by unforeseeable events and unexpected natural disasters, such as earth quakes, fire or flood, or other similar events. If there is any interruption to our centralized business operations, our business, financial position and results of operations may be materially and adversely affected.

The share-based compensation expenses associated with the Pre-IPO Share Option Scheme will adversely affect our results of operations and any exercise of the options granted may result in a dilution of our Shareholders' shareholdings.

For the purpose of motivating the grantees of the Pre-IPO Share Options (the “Grantees”) to optimize their future contributions to our Group and/or rewarding them for their past contributions, attracting and retaining or otherwise maintaining on-going relationships with the Grantees who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group, we adopted the Pre-IPO Share Option Scheme, details of which are set out in “Statutory and General Information—D. Pre-IPO Share Option Scheme” in Appendix IV to this prospectus. Based on the valuation carried out by our valuer, the fair value of the Pre-IPO Share Options is estimated to be RMB20.8 million, and such amount will be substantially recognized as share-based compensation expenses in our consolidated statement of profit or loss and other comprehensive income in 2 years upon Listing.

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The issue of Shares on any exercise of the Pre-IPO Share Options in the future will result in a reduction in the percentage ownership of the Shareholders in our Company and may result in a dilution in the earnings per Share and net asset value per Share, as a result of the increase in the number of Shares outstanding after such issuance.

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

We purchase and maintain insurance policies that we believe are customary with the standard commercial practice in our industry and as required under the relevant laws and regulations. For more information, please see the section entitled “Business—Insurance” in this prospectus. However, we cannot guarantee that our insurance policies will provide adequate coverage for all the risks in connection with our business operations. Consistent with customary practice in the PRC, we do not carry any business interruption insurance or litigation insurance. Moreover, insurance policies against disruption or damage caused by instances such as natural disasters, wars, civil unrest and acts of terrorism are not available in China on commercially practicable terms. We may be required to bear our losses to the extent that our insurance coverage is insufficient. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we could suffer significant costs and diversion of our resources, and thereby materially and adversely affect our business, financial position and results of operations.

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

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

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

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

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

For approximately four decades, the PRC Government has implemented economic reform measures to utilize market forces in the PRC economy. Many of the reform measures are unprecedented or experimental and are expected to be modified from time to time. Other political,

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economic and social factors may lead to further readjustment or introduction of other reform measures. This reform process and any changes in laws and regulations or the interpretation or implementation thereof in China may have a material impact on our operations or may adversely affect our financial position and results of operations.

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

Restrictions on currency exchange under PRC laws and regulations may limit our ability to satisfy obligations denominated in foreign currencies.

Currently, the Renminbi cannot be freely converted into foreign currencies, and the conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. Substantially all of our revenue is denominated in Renminbi. Under our current corporate structure, we derive our income primarily from dividend payments made by our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to pay dividends or other payments to us or satisfy other foreign currency-denominated obligations, if any.

Under existing PRC foreign exchange regulations, the Renminbi is convertible without prior approval from SAFE for current account transactions so long as certain procedures are complied with. Examples of such current account transactions include profit distributions and interest payments. However, prior approval and registration with SAFE is required for capital account transactions.

Examples of capital account transactions include foreign direct investment and the repayment of loan principal. There can be no assurance that the PRC Government, in seeking to regulate the economy, will not restrict access to foreign currencies for current account transactions in the future. Such restrictions may limit our ability to convert cash from our operating activities into foreign currencies to make dividend payments or satisfy any foreign currency-denominated obligations we may have. Moreover, limitations on the flow of funds between us and our PRC subsidiaries may restrict our ability to provide financing to our PRC subsidiaries and take advantage of business opportunities in response to market conditions.

Fluctuations in exchange rates may have a material adverse impact on your investment.

The exchange rate of the Renminbi fluctuates against the Hong Kong dollar, U.S. dollar and other foreign currencies and is affected by, among other factors, the policies of the PRC Government and changes in international and domestic political and economic conditions. From 1995 to July 20, 2005, the conversion of the Renminbi into foreign currencies was based on fixed rates set by the PBOC. However, effective from July 21, 2005, the PRC Government decided to permit the Renminbi

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to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On November 30, 2015, the Executive Board of the International Monetary Fund completed a regular five-year review of the basket of currencies that make up the Special Drawing Right and determined that, effective from October 1, 2016, the Renminbi will be included in the Special Drawing Right basket as a fifth currency along with the U.S. dollar, the Euro, the Japanese yen and the British pound. It is difficult to predict how market forces and the PRC Government's policies will continue to impact Renminbi exchange rates going forward. In light of the trend towards Renminbi internationalization, the PRC Government may announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar, U.S. dollar or other foreign currencies.

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

Inflation in China could negatively affect our profitability and growth.

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

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

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

However, many of these laws and regulations are relatively new. There may be a limited volume of published decisions regarding their interpretation and implementation, or the relevant local administrative rules and guidance on implementation and interpretation have not been put into place.

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Thus, there are uncertainties involved in their enactment timetable, which may not be as consistent and predictable as in other jurisdictions. For example, on July 20, 2018, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council released the Reform Plan on the National and Local Taxation Collection and Management System (國稅地稅徵管體制改革方案) (the “Reform Plan”), which stipulated that tax authorities will collect social insurance contributions from January 1, 2019 onwards. While this may result in a stricter regime for the collection of social insurance funds, at the executive meeting held on September 6, 2018, the State Council proclaimed that it would make efforts to lower the payable amounts of social insurance funds so as to alleviate, as a general matter, the resulting financial burdens on corporations. In addition, the PRC legal system is based in part on government policies and administrative rules that may have retroactive effect. Consequently, we may not be aware of any violation of these policies and rules until some time after such violation has occurred. Furthermore, the legal protection available to you under these laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in China may be protracted and result in substantial costs and diversion of resources and management attention.

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

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

In addition, on July 14, 2006, China and Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the “Arrangement”). Pursuant to the Arrangement, a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between the parties after the effective date of the arrangement in which a Hong Kong or PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in China if the parties in dispute do not agree to enter into a choice of court agreement in writing. It may be difficult or impossible for investors to enforce a Hong Kong court judgment against our assets or our Directors or senior management in China.

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If we are classified as a “PRC resident enterprise” for PRC enterprise income tax purposes, such classification could result in unfavorable tax consequences to us and our Shareholders and have a material adverse effect on our results of operations and the value of your investment.

Under the EIT Law and its implementation rules, an enterprise established outside of the PRC with a “*de facto* management body” within the PRC is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “*de facto* management body” as the body that exercises full and substantial control over and overall management of the business, productions, personnel, accounts and properties of an enterprise. In April 2009, the SAT issued a circular, known as Circular 82, which provides certain specific criteria for determining whether the “*de facto* management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners like us, the criteria set forth in the circular may reflect the SAT’s general position on how the “*de facto* management body” test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “*de facto* management body” in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “*de facto* management body.” As substantially all of our management members are based in China, it remains unclear how the tax residency rule will apply to our case. If the PRC tax authorities determine that the Company or any of our subsidiaries outside of China is a PRC resident enterprise for PRC enterprise income tax purposes, then the Company or such subsidiary could be subject to PRC tax at a rate of 25% on its world-wide income, which could materially reduce our net income. In addition, we will also be subject to PRC enterprise income tax reporting obligations. Furthermore, if the PRC tax authorities determine that we are a non-PRC resident enterprise for enterprise income tax purposes, gains realized on the sale or other disposition of and dividends received from us on our ordinary shares may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains or dividends are deemed to be from PRC sources. It is unclear whether non-PRC Shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in our Shares.

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

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax

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

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

Regulations relating to offshore investment activities by PRC residents may subject us to fines or sanctions imposed by the PRC Government, including restrictions on the ability of our PRC subsidiaries to pay dividends or make distributions to us and our ability to increase our investment in our PRC subsidiaries.

SAFE promulgated Circular 37 in July 2014, which abolished and superseded the Circular on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Round Trip Investment via Overseas Special Purpose Vehicles (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知). Pursuant to Circular 37 and its implementation rules, PRC residents, including PRC institutions and individuals, must register with local branches of SAFE in connection with their direct or indirect offshore investments in an overseas special purpose vehicle, or SPV, directly established or indirectly controlled by PRC residents for the purposes of offshore investment and financing with their legally owned assets or interests in domestic enterprises, or their legally owned offshore assets or interests or any inbound investment through SPVs. Such PRC residents are also required to amend their registrations with SAFE when there is change to the required information of the registered SPV, such as changes to its PRC resident individual shareholder, name, operation period or other basic information, or the PRC individual resident's increase or decrease in its capital contribution in the SPV, or any share transfer or exchange, merger or division of the SPV. In accordance with the Notice of the SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知), the foreign exchange registration aforesaid has been directly reviewed and handled by banks since June 1, 2015, and SAFE and its branches perform indirect regulation over such foreign exchange registration through local banks. Under this regulation, failure to comply with the registration procedures set forth in Circular 37 may result in restrictions being imposed on the foreign exchange activities of our PRC subsidiaries, including the payment of dividends and other distributions to its offshore parent or affiliate, the capital inflow from the offshore entities and its settlement of

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foreign exchange capital, and may also subject the relevant onshore company or PRC residents to penalties under PRC foreign exchange administration regulations.

We are committed to complying with and ensuring that our Shareholders who are subject to the regulations will comply with the relevant rules. Any future failure by any of our Shareholders who is a PRC resident, or controlled by a PRC resident, to comply with relevant requirements under this regulation could subject us to penalties or sanctions imposed by the PRC Government. However, we may not at all times be fully aware or informed of the identities of all of our Shareholders who are PRC residents, and we may not always be able to timely compel our Shareholders to comply with the requirements of Circular 37. Moreover, there is no assurance that the PRC Government will not have a different interpretation of the requirements of Circular 37 in the future.

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

A number of PRC laws and regulations, including the M&A Rules and the Anti-Monopoly Law (《反壟斷法》), have established procedures and requirements that are expected to make the review of certain merger and acquisition activities by foreign investors in China more time-consuming and complex. These include requirements in some instances to notify MOFCOM in advance of any transaction in which foreign investors take control of a PRC domestic enterprise, or to obtain approval from MOFCOM before overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. PRC laws and regulations also require certain merger and acquisition transactions to be subject to merger control or security review.

Complying with the requirements of the relevant regulations to complete such transactions could be time-consuming, and any required approval processes, including approval from MOFCOM, may delay or inhibit our ability to complete such transactions, thus affecting our ability to expand our business or maintain our market share.

RISKS RELATING TO THE GLOBAL OFFERING

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

Prior to the Global Offering, there was no public market for our Shares. The indicative offer price range and the Offer Price will be determined by negotiations between us and the Joint Representatives (for themselves and on behalf of the Underwriters), and they may differ significantly from the market price of our Shares following the Global Offering.

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

- variations in our financial position and/or results of operations;
- changes in securities analysts' estimates of our financial position and/or results of operations, regardless of the accuracy of information on which their estimates are based;

RISK FACTORS

- changes in investors' perception of us and the investment environment generally;
- loss of visibility in the markets due to lack of regular coverage of our business;
- strategic alliances or acquisitions;
- industrial or environmental accidents, litigation or loss of key personnel;
- changes in laws and regulations that impose limitations on our industry;
- fluctuations in the market prices of our properties;
- announcements made by us or our competitors;
- changes in pricing adopted by us or our competitors;
- release or expiry of lock-up or other transfer restrictions on our Shares;
- the liquidity of the market for our Shares; and
- general economic and other factors.

Possible setting of the Offer Price after making a Downward Offer Price Adjustment

We have the flexibility to make a Downward Offer Price Adjustment to set the final Offer Price at up to 10% below the bottom end of the indicative Offer Price range per Offer Share. It is therefore possible that the final Offer Price will be set at HK\$5.04 per Offer Share upon the making of a full Downward Offer Price Adjustment. In such a situation, the Global Offering will proceed and the Withdrawal Mechanism will not apply. If the final Offer Price is set at HK\$5.04, the estimated net proceeds we will receive from the Global Offering will be reduced to HK\$1,389.3 million and such reduced proceeds will be used as described in the “Future Plans and Use of Proceeds section—Use of Proceeds” section in this prospectus.

Potential investors will experience immediate and substantial dilution as a result of the Global Offering and could face dilution as a result of future equity financings.

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

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

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

The market price of our Shares could decline as a result of future sales of substantial amounts of our Shares or other related securities, or the perception that such sales may occur. Our ability to

RISK FACTORS

raise future capital at favorable times and prices may also be materially and adversely affected. Our Shares held by our Controlling Shareholders are currently subject to certain lock-up undertakings, the details of which are set out in “Underwriting—Underwriting Arrangements and Expenses” in this prospectus. However, there is no assurance that following the expiration of the lock-up periods, these Shareholders will not dispose of any Shares. We cannot predict the effect of any future sales of the Shares by any of our Shareholders on the market price of our Shares.

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

Any declaration of dividends will be proposed by our Board of Directors, and the payment and amount of dividends, if any, depend on various factors, including our profit for the year, the availability of dividends received from our subsidiaries, our capital and investment requirements and other factors our Board deems relevant. For more information, please see “Financial Information—Dividend Policy and Distributable Reserves” in this prospectus. We cannot guarantee when, if and in what form dividends will be paid. Our historical dividend policy should not be taken as indicative of our dividend policy in the future.

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

Our management may use the net proceeds from the Global Offering in ways that you may not agree with or that do not yield a favorable return to our Shareholders. By investing in our Shares, you are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the net proceeds from this Global Offering. Please see the section entitled “Future Plans and Use of Proceeds” in this prospectus.

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

Our Company is incorporated in the Cayman Islands and its affairs are governed by our Memorandum, Articles of Association, the Cayman Companies Law and the common law of the Cayman Islands. The laws of the Cayman Islands may differ from those of Hong Kong or those of other jurisdictions where investors may be located. As a result, minority Shareholders may not enjoy the same rights as those afforded under the laws of Hong Kong or in other jurisdictions. A summary of the Cayman Islands Company Law on protection of minority shareholders is set out in “Appendix III—Summary of the Constitution of the Company and Cayman Islands Company Law—3. Cayman Islands Company Law—(f) Protection of Minorities and Shareholders’ Suits” to this prospectus.

The Controlling Shareholders have substantial influence over our Company and their interests may not be aligned with the interests of Shareholders who subscribe for Shares in the Global Offering.

Immediately after the Global Offering, our Controlling Shareholders will directly or indirectly control the exercise of 70.62% of voting rights in the general meeting of our Company. For more information, see “Relationship with Controlling Shareholders” in this prospectus. The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. The Controlling Shareholders will have significant influence on the outcome of any corporate transaction or other

RISK FACTORS

matters submitted to our Shareholders for approval, including mergers, consolidations, sales of all or substantially all of our assets, election of Directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent changes in control of our Company that would otherwise benefit our other Shareholders. To the extent that the interests of our Controlling Shareholders conflict with those of our other Shareholders, our other Shareholders may be deprived of opportunities to advance or protect their interests.

Since there will be a gap of several days between the pricing and trading of our Offer Shares, the price of our Offer Shares could fall below the Offer Price when trading commences.

The Offer Price of our Shares will be determined on the Price Determination Date, which is expected to be on or around Friday, May 8, 2020. However, our Shares will not commence trading on the Stock Exchange until the Listing Date, which is expected to be Friday, May 15, 2020. Accordingly, investors may not be able to sell or deal in our Shares during the period between the Price Determination Date and the Listing Date. Our Shareholders are subject to the risk that the price of our Shares could fall before trading begins, as a result of adverse market conditions or other adverse developments that could occur between the Price Determination Date and the Listing Date.

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

Certain facts, forecasts and statistics in this prospectus relating to China, the PRC economy and industries relevant to us were obtained from information provided or published by PRC Government agencies, CIA, iResearch, independent research institutions or other third-party sources, and we can guarantee neither the quality nor reliability of such source materials. They have not been prepared or independently verified by us, the Sole Sponsor, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters or any of its or their respective affiliates or advisors.

Therefore, we make no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside of China. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the statistics herein may be inaccurate or incomparable to statistics produced for other economies and should not be relied upon. Furthermore, there can be no assurance that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, investors should consider how much weight or importance they should attach to or place on such facts, forecasts or statistics.

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

This prospectus contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words “aim,” “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “going forward,” “intend,” “ought to,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will,” “would” and similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, business operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the

RISK FACTORS

other risk factors as described in this prospectus. Subject to the ongoing disclosure obligations of the Listing Rules or other requirements of the Stock Exchange, we do not intend publicly to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Investors should not place undue reliance on such forward-looking statements and information.

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

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

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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

MANAGEMENT PRESENCE

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong, which normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Our business operations are located, managed and conducted in the PRC. Our Company currently does not and in the foreseeable future will not, have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules, as only one of our executive Directors (being Mr. Wang Jun) is ordinarily resident in Hong Kong. Appointment of an additional executive Director who is ordinarily resident in Hong Kong or relocation of our existing PRC-based executive Director to Hong Kong would not be beneficial to or appropriate for the Company. Therefore, we have applied for, and the Stock Exchange has granted us a waiver from strict compliance with Rule 8.12 of the Listing Rules subject to the following conditions:

- (a) pursuant to Rule 3.05 of the Listing Rules, we have appointed two authorized representatives, Mr. Wang Jun (our executive Director, chief executive officer and chairman of our Board) and Ms. To Yee Man (our company secretary), who will act as our principal channel of communication with the Stock Exchange and ensure that we will comply with the Listing Rules at all times. Both Mr. Wang Jun and Ms. To Yee Man are ordinarily resident in Hong Kong. Each of our authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of our authorized representatives is authorized 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 our authorized representatives have also been authorized to accept service of process and notices in Hong Kong on our behalf;
- (b) both our authorized representatives have means to contact our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters;
- (c) 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;
- (d) each of our Directors and authorized representatives has provided or will provide his or her mobile phone numbers, office phone numbers, fax numbers and email addresses to the Stock Exchange; and
- (e) pursuant to Rule 3A.19 of the Listing Rules, we have appointed Ballas Capital Limited as our compliance advisor, which will act as an additional channel of communication with the Stock Exchange.

CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions for our Company under the Listing Rules after Listing. We have applied for, and the Stock

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Exchange has granted us, waivers from strict compliance with the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "Connected Transactions—(B) Non-Exempt Continuing Connected Transactions". Please see the section headed "Connected Transactions" of this prospectus for further information.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (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 with regard to our Group. Our 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.

GLOBAL OFFERING

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 contain the terms and conditions of the Hong Kong Public 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 out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus and the relevant Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorized by our Company, the Sole Sponsor, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and any of the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

The Listing is sponsored by the Sole Sponsor and the Global Offering is managed by the Joint Global Coordinators. Pursuant to the 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, subject to agreement on the Offer Price to be determined between the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or about the Price Determination Date.

The Offer Price is expected to be fixed among the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, May 8, 2020 and, in any event, not later than Tuesday, May 12, 2020 (unless otherwise determined between the parties). If, for whatever reason, the Offer Price is not agreed between the Joint Representatives (for themselves and on behalf of the Underwrites) and our Company by Tuesday, May 12, 2020, the Global Offering will not become unconditional and will lapse immediately.

We have reserved the right to make a Downward Offer Price Adjustment to provide flexibility in pricing the Offer Shares. The ability to make a Downward Offer Price Adjustment does not affect our obligation to issue a supplemental prospectus and to offer investors a right to withdraw their applications if there is a material change in circumstances not disclosed in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

If it is intended to set the final Offer Price at more than 10% below the bottom end of the indicative Offer Price range, the Withdrawal Mechanism will be applied if the Global Offering is to proceed.

Please see the section headed “Underwriting” for further information about the Underwriters and the underwriting arrangements.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedures for the Hong Kong Offer Shares are set forth in the section headed “How to Apply for Hong Kong Offer Shares” and on the relevant Application Forms.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set forth in the section headed “Structure of the Global Offering.”

SELLING RESTRICTIONS ON OFFERS AND SALE OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of Offer Shares to, confirm that he/she is aware of the restrictions on offers for the Offer Shares described in this prospectus and on the relevant Application Forms.

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

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option, the Pre-IPO Share Options and the Post-IPO Share Options.

Dealings in the Shares on the Stock Exchange are expected to commence on Friday, May 15, 2020. No part of our Shares 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. All the Offer Shares will be registered on the Hong Kong Share Registrar of our Company in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and Stabilization are set out in the section headed “Structure of the Global Offering”. Assuming that the Over-allotment Option is exercised in full, the Company may be required to issue and allot up to an aggregate of 45,000,000 Offer Shares.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on 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.

All necessary arrangements have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

SHARE REGISTER AND STAMP DUTY

Our principal register of members will be maintained in the Cayman Islands by our principal registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands, and our Hong Kong register will be maintained by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong.

All Offer Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on the Hong Kong register of members of our Company in Hong Kong. Dealings in the Shares registered in our Hong Kong register of members will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, holding and dealing in the Shares or exercising any rights attached to them. It is emphasized that none of us, the Sole Sponsor, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our/their respective affiliates, directors, supervisors, employees, agents or advisers or any other party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of holders of the Shares resulting from the subscription, purchase, holding or disposal of the Shares or exercising any rights attached to them.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

EXCHANGE RATE CONVERSION

Solely for convenience purposes, this prospectus includes translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the Renminbi amounts could actually be converted into another currency at the rates indicated, or at all. Unless otherwise indicated, (i) the translation between Renminbi and Hong Kong dollars was made at the rate of RMB0.9123 to HK\$1, the exchange rate prevailing on the Latest Practicable Date published by the PBOC for foreign exchange transactions and (ii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK\$7.7506 to US\$1, being the noon buying rate as set forth in the H.10 statistical release of the United States Federal Reserve Board on April 24, 2020.

TRANSLATION

If there is any inconsistency between the English version of this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail unless otherwise stated. However, if there is any inconsistency between the names of any of the entities mentioned in this English document which are not in the English language and their English translations, the names in their respective original languages shall prevail.

ROUNDING

Any discrepancies in any table in this prospectus between total and sum of amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
Mr. Wang Jun (王俊)	Flat A, 18/F, Tower 2 Harbour Green 8 Sham Mong Road Tai Kok Tsui Kowloon Hong Kong	Chinese
Mr. Cai Bin (蔡斌)	Room 402, Unit 1 Building 20, Phase 1 Greenland Old Street, Tianfu Road Jinshui District Zhengzhou Henan China	Chinese
<i>Non-executive Directors</i>		
Ms. Min Huidong (閔慧東)	Apartment 12, Block 42 88 Jianye Road Jinshui district Zhengzhou Henan China	Chinese
Ms. Wu Lam Li (李琳)	Flat C, 36/F The Cullinan I Luna Sky 1 Austin Road West Tsim Sha Tsui Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
Ms. Luo Laura Ying (羅瑩)	Flat B, G/F, Tower 16, Mount Pavilia 663 Clear Water Bay Road New Territories Hong Kong	Canadian
Mr. Leong Chong (梁翔)	Flat 1, 43/F Imperial Court 62G, Conduit Road Hong Kong	Chinese
Ms. Xin Zhu (辛珠)	15A, Tower 2 The Harbourside 1 Austin Road West Tsim Sha Tsui Hong Kong	Chinese

For more information on our Directors and members of senior management, please see “Directors and Senior Management” in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor

BNP Paribas Securities (Asia) Limited
59/F-63/F Two International Finance Centre
8 Finance Street
Central
Hong Kong

Joint Global Coordinators

BNP Paribas Securities (Asia) Limited
59/F-63/F Two International Finance Centre
8 Finance Street
Central
Hong Kong

Morgan Stanley Asia Limited
46/F, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

DBS Asia Capital Limited
73rd Floor, The Center
99 Queen's Road Central
Central
Hong Kong

Joint Bookrunners

BNP Paribas Securities (Asia) Limited
59/F-63/F Two International Finance Centre
8 Finance Street
Central
Hong Kong

Morgan Stanley Asia Limited (in relation to the Hong Kong Public Offering only)
46/F, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Morgan Stanley & Co. International plc (in relation to the International Offering only)
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

DBS Asia Capital Limited
73rd Floor, The Center
99 Queen's Road Central
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

(in alphabetical order as follows)

ABCI Capital Limited

11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

CCB International Capital Limited

12/F, CCB Tower
3 Connaught Road Central
Central
Hong Kong

China Everbright Securities (HK) Limited

24/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

CMB International Capital Limited

45/F, Champion Tower
3 Garden Road
Central
Hong Kong

CRIC Securities Company Limited

2007&2403, Great Eagle Centre
23 Harbour Road
Wan Chai
Hong Kong

ICBC International Capital Limited

37/F, ICBC Tower
3 Garden Road
Hong Kong

Joint Lead Managers

BNP Paribas Securities (Asia) Limited

59/F-63/F Two International Finance Centre
8 Finance Street
Central
Hong Kong

Morgan Stanley Asia Limited (in relation to the Hong Kong
Public Offering only)

46/F, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Morgan Stanley & Co. International plc (in relation to the International Offering only)
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

DBS Asia Capital Limited
73rd Floor, The Center
99 Queen's Road Central
Central
Hong Kong

(in alphabetical order as follows)

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

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

China Everbright Securities (HK) Limited
24/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

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

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

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

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Legal advisors to our Company	<p><i>As to Hong Kong law:</i> Hogan Lovells 11th Floor, One Pacific Place 88 Queensway Hong Kong</p> <p><i>As to PRC law:</i> Commerce & Finance Law Offices 6th Floor, NCI Tower A12 Jianguomenwai Avenue Chaoyang District Beijing China</p> <p><i>As to Cayman Islands law:</i> Conyers Dill & Pearman Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands</p>
Legal advisors to the Sole Sponsor and the Underwriters	<p><i>As to Hong Kong law:</i> Allen & Overy 9th Floor, Three Exchange Square Central Hong Kong</p> <p><i>As to PRC law:</i> Tian Yuan Law Firm 10th Floor, China Pacific Insurance Plaza 28 Fengsheng Lane Xicheng District Beijing 100032 China</p>
Auditor and Reporting Accountant	<p>PricewaterhouseCoopers <i>Certified Public Accountants</i> <i>Registered Public Interest Entity Auditor</i> 22nd Floor, Prince's Building Central Hong Kong</p>
Industry consultants	<p>China Index Academy Tower A No. 20 Guogongzhuang Middle Street Fengtai District Beijing China</p>

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Shanghai iResearch Co., Ltd., China

3/F, Tower B
SOHO II
No. 9 Guanghai Road
Chaoyang District
Beijing
China

Receiving bank**Industrial and Commercial Bank of China (Asia) Limited**

33/F, ICBC Tower
3 Garden Road
Central
Hong Kong

Compliance advisor**Ballas Capital Limited**

Unit 1802, 18/F
1 Duddell Street
Central
Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business and headquarters in China	Unit 1905, PICC Plaza No. 24 Shangwu Waihuan Road, Zhengdong New District Zhengzhou, Henan Province PRC
Principal place of business in Hong Kong registered under Part 16 of the Companies Ordinance	Room 7706, 77/F International Commerce Center No. 1 Austin Road West Kowloon Hong Kong
Company's website	<u>www.ccnewlife.com.cn</u> <i>(The contents on this website do not form part of this prospectus)</i>
Company secretary	Ms. To Yee Man (<i>HKICPA</i>) Room 7706, 77/F International Commerce Center No. 1 Austin Road West Kowloon Hong Kong
Audit committee	Ms. Xin Zhu (Chairman) Mr. Leong Chong Ms. Luo Laura Ying
Remuneration committee	Ms. Luo Laura Ying (Chairman) Mr. Leong Chong Mr. Wang Jun
Nomination committee	Mr. Wang Jun (Chairman) Mr. Leong Chong Ms. Xin Zhu
Authorized representatives (under the Listing Rules)	Mr. Wang Jun Flat A, 18/F, Tower 2 Harbour Green 8 Sham Mong Road Tai Kok Tsui Kowloon Hong Kong

CORPORATE INFORMATION

Ms. To Yee Man
Room 7706, 77/F
International Commerce Center
No. 1 Austin Road West
Kowloon
Hong Kong

**Principal share registrar and
transfer office in the Cayman
Islands**

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111, Cayman Islands

Hong Kong Share Registrar

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China

Bank of China Zhengzhou Nanyang Road Sub-branch
Crossroad of Xingnan Street and Nanyang Road
Huiji District
Zhengzhou, Henan
China

INDUSTRY OVERVIEW

The information contained in this section is derived from various governmental and official publications, other publications and the market research reports prepared by CIA and iResearch, which were commissioned by us.

We believe that the sources of information are appropriate and we have taken reasonable and cautious care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. We, the Sole Sponsor, the Joint Representatives, Joint Global Coordinators, Joint Bookrunners or any of our or their respective directors, senior management, representatives and any other persons (other than CIA and iResearch) involved in the Global Offering have not independently verified such information and have made no representation as to accuracy and completeness thereof. The relevant information and statistics may not be consistent with such other information and statistics compiled within or outside the PRC. As a result, you are advised not to place undue reliance on such information.

RESEARCH BACKGROUND, METHOD AND ASSUMPTION

China Index Academy

We purchased the right to use and quote various data from publications by CIA at a total cost of RMB800,000. Established in 1994, CIA is a property industry research organization in the PRC with over 500 analysts. It covers more than 600 cities across the five regions of Northern China, Eastern China, Southern China, Central China and Southwestern China with 20 branches. 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. 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, the China Real Estate Statistics Yearbooks, public data from governmental authorities 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.

iResearch Consulting Group

We also purchased the right to use and quote various data from publications by iResearch at a total cost of approximately RMB450,000, and supplemented such information with other data from publicly available sources. Established in 2002 and with more than 400 experts, iResearch is an organization focusing on in-depth research on China's internet industry, including e-commerce. Since its establishment, iResearch has accumulated extensive experience in researching and monitoring the development of the internet industry in the PRC. Data related to the market size and forecast of the consumer goods and services industry is mainly obtained through interviews related to the industry, marketing surveys, secondary sources and other research methods, some of which have not been directly confirmed by the related operators.

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MACROECONOMY IN THE PRC AND HENAN

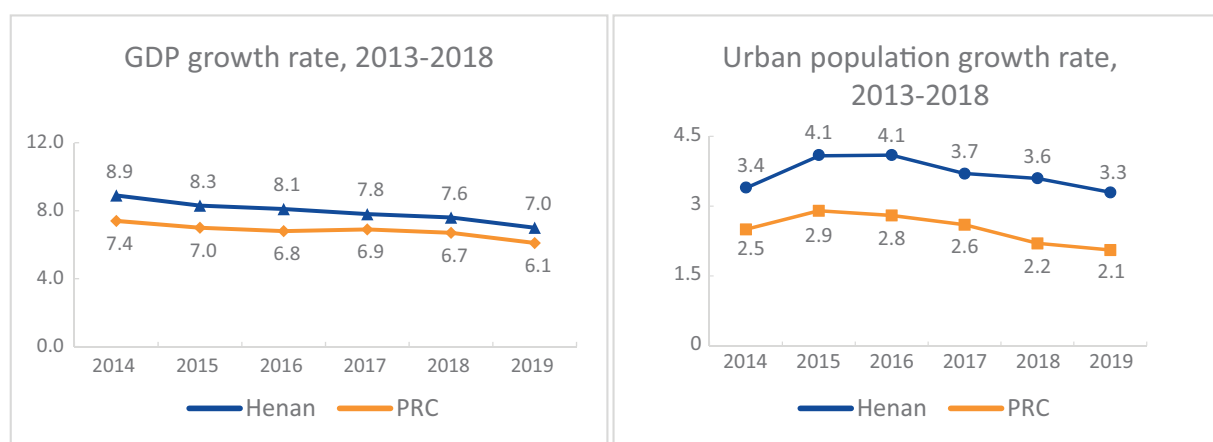
Overview

The PRC has experienced significant economic growth since the adoption of the reform and opening-up policy by the PRC government in 1978. The PRC's nominal GDP grew at a CAGR of 9.0% from 2014 to 2019 according to CIA, reaching approximately RMB99,086.5 billion in 2019, making the PRC one of the fastest-growing economies in the world. The table below sets forth macroeconomic indicators in the PRC for the years indicated.

General Macroeconomy Indicators in the PRC, 2014-2019

	2014	2015	2016	2017	2018	2019	CAGR for five years
Nominal GDP (RMB in hundred million)	643,563.1	688,858.2	746,395.1	832,035.9	919,281.1	990,865	9.0%
Real GDP growth rate (%)	7.4	7.0	6.8	6.9	6.7	6.1	NA
Per capita GDP (RMB)	47,173	50,237	54,139	60,014	66,006	70,892	8.5%

Henan is located in the central China region, spanning across 18 prefectural-level cities and 104 county-level cities. According to iResearch, Henan had the largest number of registered population in the PRC as of December 31, 2018. Henan ranked fifth in the PRC in terms of nominal GDP for seven consecutive years from 2013 to 2019 according to iResearch and its nominal GDP increased from approximately RMB3,219 billion in 2013 to approximately RMB5,426 billion in 2019, representing a CAGR of 9.1%. The graphs below compare the real GDP growth rate and urban population growth rate between the PRC and Henan for the years indicated.



Source: State Statistics Bureau; CREIS

Henan is a hub for ground transportation in China. According to CIA, Henan had a total railway mileage of approximately 6,080.26 km, of which 1,915.15 km was high-speed railway, which was comparable to the UK which had a high-speed railway of 1,997 km as of December 31, 2019. In 2017, the National Development and Reform Commission officially issued the “Central China Region Urban Agglomeration Development Plan” to Henan, Hebei, Shanxi, Anhui and Shandong Provinces, which proposed to build a transportation network to position Zhengzhou, the only eight-direction railway transition center, in becoming the major transportation hub in the central China region, which is expected to promote comprehensive economic development in Zhengzhou. In 2023, the urbanization

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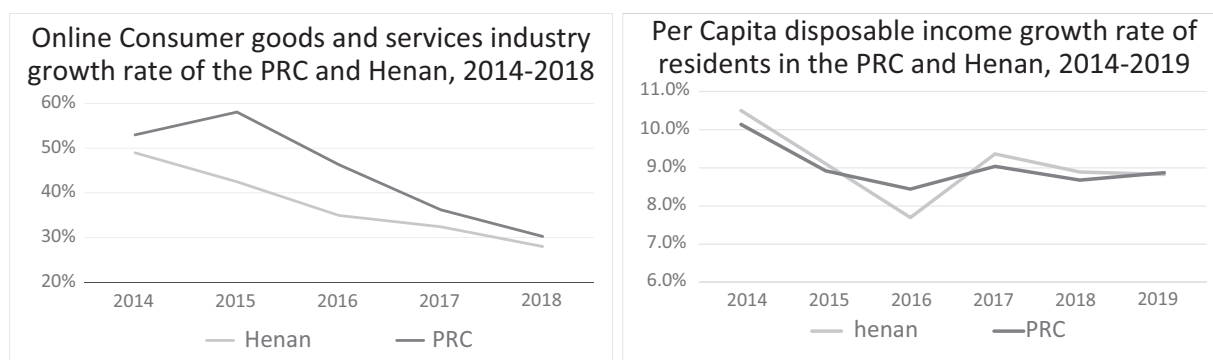
rate in Henan would exceed 57%. The table below compares urbanization rate between the PRC and Henan for the years indicated.

	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E	Increase in % points 2013-18	Increase in % points 2019-23E
Urbanization rate in PRC	53.7%	54.8%	56.1%	57.3%	58.5%	59.6%	60.6%	61.7%	62.7%	63.7%	64.7%	5.9%	4.1%
Urbanization rate in Henan	43.8%	45.2%	46.8%	48.5%	50.2%	51.7%	53.2%	54.6%	55.9%	56.9%	57.8%	7.9%	4.6%

Source: iResearch

Online Consumer Goods and Services

The graphs below compare the *per capita* disposable income growth rate and online consumer goods and services industry growth rate between the PRC and Henan for the years indicated.



Source: iResearch

Following the rapid urbanization and rapid economic growth, service industry and consumer spending power in Henan has grown significantly. According to iResearch, the urbanization rate in Henan has increased from 43.8% in 2013 to 51.7% in 2018, and is projected to increase to 57.8% in 2023. During the same period, the urbanization rate of the PRC increased from 53.7% in 2013 to 59.6% in 2018, and is estimated to increase to 64.7% in 2023. According to iResearch, the *per capita* disposable income in Henan has increased by 52.3% from RMB15,695 in 2014 to RMB23,903 in 2019, representing a CAGR of 8.8%, and is expected to increase to RMB31,233 in 2023. Furthermore, the consumption scale of online consumer goods and services industry in Henan has increased from RMB67,030 million in 2013 to RMB420,660 million in 2018, representing a CAGR of 44.4%, which is higher than the CAGR for the PRC of 37.2% in the same period according to iResearch. Henan demonstrates high growth potential for consumer goods and services industry with steady growth in urban population and *per capita* disposable income. Consumer goods and services industry has become the single largest driver for economic growth in Henan, contributing to approximately 50% of its GDP growth in 2018 according to iResearch. It is projected that consumer goods and services industry in Henan is expected to reach RMB3,633.3 billion in 2023 from RMB1,306.9 billion in 2013, representing a CAGR of 10.77%.

Real Estate

According to CIA, the real estate market in Henan has been growing steadily. Henan ranks first in the PRC, among the 31 provinces, in terms of GFA of commodity properties sold in 2019, according to CIA. In 2019, a total GFA of 65.7 million sq.m. commodity properties was completed in Henan, representing a CAGR of -2.1% since 2014, higher than that of China's overall CAGR of -2.2% during

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the same period. Approximately 158.4 million sq.m. of commodity properties newly commenced work in Henan in 2019 representing a CAGR of 8.4% since 2014 higher than that of China’s overall CAGR of 4.8% during the same period. In 2019, a total of 142.8 million sq.m. of commodity properties was sold in Henan, contributing to the total sales revenue of RMB901.0 billion. The average sale price of commodity properties increased from RMB4,366 per sq.m. in 2014 to RMB6,311 per sq.m. in 2019 representing a CAGR of 7.6%. The table below describes the commodity properties market in Henan for the years indicated.

Commodity properties and commercial residential housing marketing in Henan, 2014-2019

<u>Henan province</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>CAGR for five years</u>
GFA of commodity properties completed (million sq. m.)	73.2	53.9	63.0	62.0	66.6	65.7	-2.1%
GFA of commodity properties newly commenced work (million sq. m.)	105.9	109.7	146.7	136.3	146.8	158.4	8.4%
GFA of commodity properties for sale (million sq. m.)	36.9	36.1	34.0	28.5	28.0	25.3	-7.3%
GFA of commodity properties sold (million sq. m.)	78.8	85.6	113.1	133.1	139.9	142.8	12.6%

PROPERTY MANAGEMENT INDUSTRY IN THE PRC AND HENAN

Overview

The history of the property management industry in the PRC can be traced back to the early 1980s. Since then, the PRC property management industry has experienced rapid growth. In June 2003, the Provisions on Property Management (2018 revision) (物業管理條例 (2018年修正)) were promulgated, providing a regulatory framework for the property management industry. 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 services a wide range of properties, including residential communities, office buildings, shopping centers, industrial facilities, schools and hospitals. Furthermore, the property management industry in the PRC is leveraging advance technology, such as big data, cloud computing and artificial intelligence, to improve and diversify service offerings.

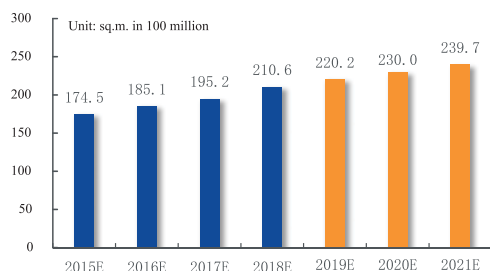
In the PRC, property management fees may be charged either on a lump sum basis or commission basis. The “lump sum” model for property management fees is the dominant model in the PRC property management industry, especially for residential properties. The lump sum model can bring efficiency by dispensing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

In recent years, the potential of the property management industry has increased with the rapid development of China’s real estate market. According to CIA, the total GFA under management by property management companies in the PRC is expected to increase from 21.1 billion sq.m. in 2018 to 24.0 billion sq.m. in 2021. According to CIA, the revenue generated from property management companies in the PRC has increased from approximately RMB398.3 billion in 2015 to approximately

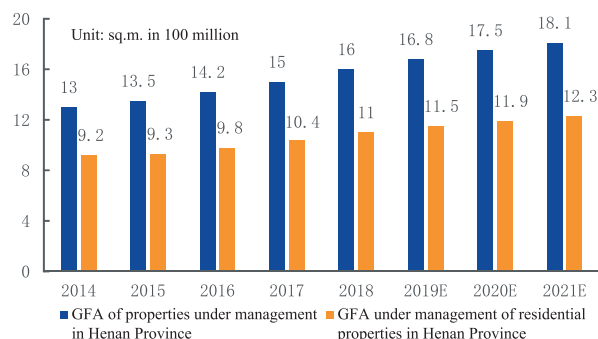
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RMB491.3 billion in 2018, representing a CAGR of 7.2%, and is projected to increase to over RMB564.8 billion in 2021. The graphs below set forth the growth of property management industry market in terms of GFA under management in the PRC and Henan for the years indicated.

GFA of properties under Management in the PRC and Forecast, 2015-2021



GFA of properties under Management in Henan Province and Forecast, 2014-2021



Source: State Statistics Bureau; CREIS

The property management industry in Henan is regulated by the Henan Province Property Management Regulations (《河南省物業管理條例》) which has been effective since January 2018. According to CIA, Henan ranks first in the central China region and ranks fifth in the PRC in terms of GFA under management in 2018. As of December 31, 2018, the GFA under management in Henan amounts to 1.6 billion sq.m., accounting for 7.6% of the PRC property management area. There were more than 7,000 property management companies in Henan, employing over 360,000 property management professionals, managing projects with a total GFA of 1,600 million sq.m. as of December 31, 2018. Among the Top 100 Property Management Companies in 2019, six companies are from Henan and Central China Property Management is ranked within Top 13.

Industry Growth Drivers

Support from the PRC government

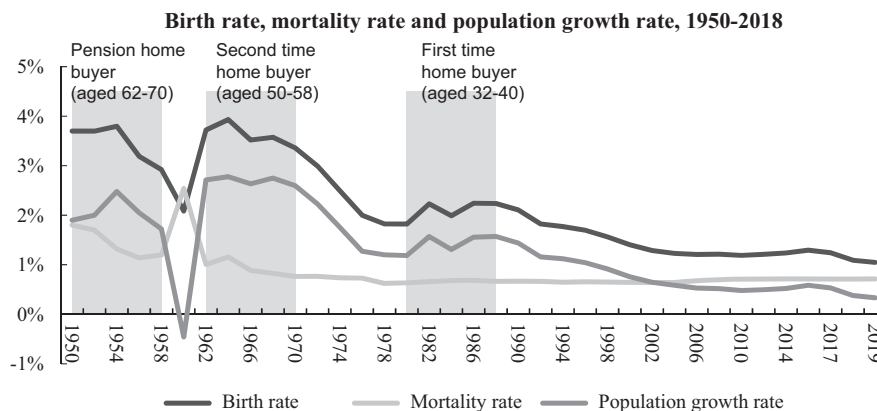
Since the promulgation of the Provisions on Property Management by the PRC Government in June 2003, a number of laws and rules have come into effect regulating property management industry and promoting its development, including the Service Industry Development Outline (服務業創新發展大綱) which promotes diverse service offerings in property management companies and the Recommendations on Strengthening and Improving the Governance of Urban and Rural Communities (關於加強和完善城鄉社區治理的意見) which encourages property management companies to expand their business operations and bring their expertise into rural areas. On an administrative level, the Notice on the Release of Opinions on the Price of Service (關於放開部分服務價格意見的通知) and the Notice on Adjusting the Structure of Electricity Price (關於調整銷售電價分類結構有關問題的通知), liberalize the scope and application of fees for various types of property management services, including the fees for non-guaranteed housing service and parking services. In addition, in order to ensure the standardization of bidding activities in the early stage of property management, in June 2003, the Ministry of Construction of the PRC promulgated the Interim Measures for the Administration of Bidding Management for Pre-Property Management (前期物業管理招標投標管理暫行辦法) to promote fair competition in the property management market. Furthermore, each provincial and municipal governments has issued its own laws and rules to regulate local property management industry. In December 2018, Henan Province promulgated the Property Management Regulations of

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Henan Province (河南省物業服務規範) advocating for the increase use of standardized property management services and encourage diverse service offerings. The Guide on Construction of Intelligent Communities (智慧社區建設指南(試行)) was promulgated in May 2014 by the Ministry of Housing and Urban Development to encourage the development of intelligent communities to modernize property management services. We expect the PRC property management industry market to flourish on a national scale as encouraged by the government and supported by a stable regulatory framework.

Growth in Demand

According to CIA, the increase in the number of home buyers and the growth in urbanization rate and *per capita* disposable income have been the key drivers for the development of property management industry. The population of first time home buyers (aged 32 to 40) has increased, creating a demand for new homes which stimulates the demand for property management services. The chart below sets forth the population of home buyers in different age groups.



Source: State Statistics Bureaus; CREIS

The urbanization rate in the PRC increased from 31.9% as of December 31, 1997 to 60.6% as of December 31, 2019. The urbanization rate in Henan was 53.2% in the year ended December 31, 2019 and is expected to grow to 57.8% by 2023, demonstrating high growth potential for the property management industry. The increase in the urbanization rate will promote home purchase in urban areas, which supports the growth of the PRC property management industry.

Benefiting from the rapid economic development in the PRC, the consumer base of middle- to high-income class of consumers and the *per capita* disposable income for the urban population continued to grow. According to CIA, the *per capita* disposable income for urban population in Henan increased from approximately RMB23,672.1 in 2014 to approximately RMB34,201.0 in 2019, representing a CAGR of 7.6%. We expect that the abovementioned consumers will be increasingly willing to pay premiums for quality and increase their discretionary spending on goods and services beyond basic necessities. We believe that the emerging middle- to high-income class of consumers and their growing spending power will have substantial influence on the development of mid- to high-end property management services in the PRC.

Growth in Supply

The real estate market in Henan has been growing steadily. In 2019, a total GFA of 65.7 million sq.m. of commodity properties was completed in Henan, representing a CAGR of -2.1% since 2014,

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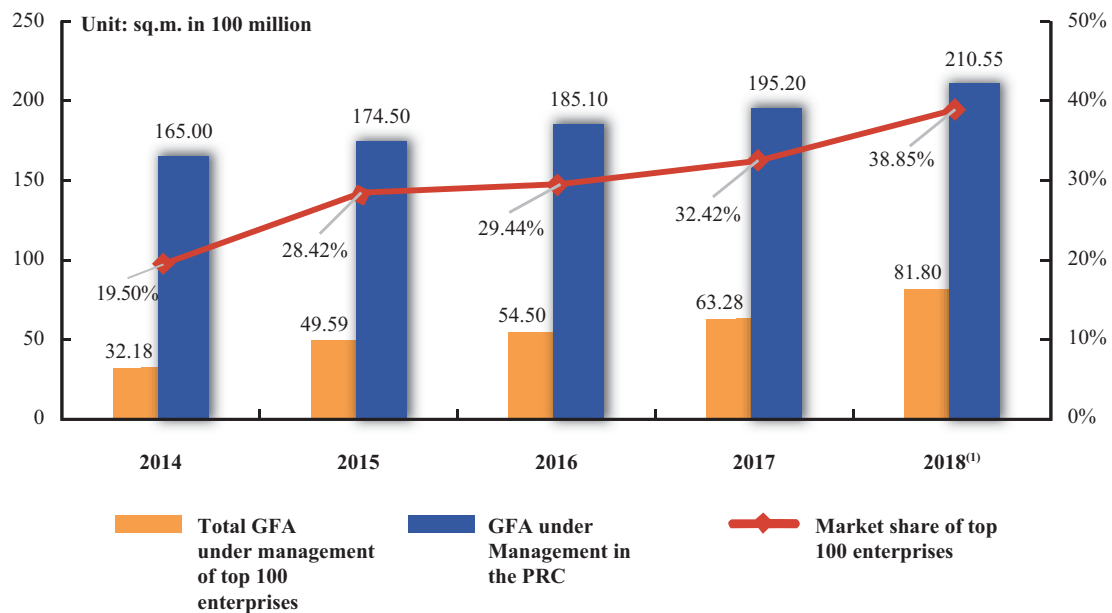
higher than that of China's overall CAGR of -2.2% in the same period. In 2019, a total GFA of 575.7 million sq.m. of commodity properties commenced work in Henan, representing a CAGR of 8.2% since 2014, higher than that of China's overall CAGR of 4.2%. Despite the relatively slow growth in completed GFA in the past five years, the higher growth rate of commodity properties commencing work indicates that future completion of commodity properties should edge up high, becoming a driver for the growth of property management. The total investment in real estate in Henan increased from RMB437.6 billion in 2014 to RMB746.5 billion in 2019, representing a CAGR of 11.3%, higher than that of China's overall CAGR of 6.8% in the same period. The sales of commodity properties in Henan increased from RMB344.1 billion in 2014 to RMB901.0 billion in 2019, representing a CAGR of 21.2%, higher than that of China's overall CAGR of 15.9% in the same period. The growth in supply of commodity properties is going to support the growing demand for property management services.

Trends in the PRC Property Management Industry

Increasing Market Concentration

After decades of development of the PRC property management industry, some of the Top 100 Property Management Companies have sped up innovating their services and expanding their business scale while the market continues to 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 economies of scale. The chart below sets forth the total GFA managed by the Top 100 Property Management Companies and the aggregate market share of the Top 100 Property Management Companies in terms of the total GFA under management for the years indicated.

The Market Share of Top 100 Enterprises, 2014-2018



Source: State Statistics Bureaus; CREIS

Note:

(1) Total GFA under management in the PRC in 2018 was estimated based on the aggregate of the total GFA under management in the PRC in 2017 and the total GFA of commercial properties completed in the PRC in 2018.

Increasing Standardization and Adoption of Technology

Standardization is not only an important tool for property management companies to improve their service quality but also the foundation for the scalability of their operations across regions, which the PRC government encourages. In December 2015, the General Office of the State Council issued the National Standardization System Construction and Development Plan (《國家標準化體系建設發展規劃(2016-2020年)》) to help promote standardization of the quality of property management services and achieve better allocation and integration of resources. Many of the Top 100 Property Management Companies in the PRC have set up their own internal standardized operating procedures for their services.

Technology has played an increasingly important role in property management services. Many property management companies believe that increasing adoption of technology could enhance service quality while reducing labor costs. For example, property management companies have placed greater emphasis on adopting technology to centralize and standardize service offering, which enables the headquarters to monitor managed properties across their business networks to ensure the quality of property management services. Increased automation can also reduce the reliance on human labor and enhance residents' satisfaction by elevating corporate management standards and reducing human error.

New Opportunities in Diversified Services and Intelligent Communities Facilitated by the internet

In response to residents' demands for better quality and diversified services as well as increasing operational pressure driven by general cost increases for property management companies, more property management companies are willing to adjust their business model. Service diversification in the property management industry is often facilitated by the internet and mobile applications, which gradually promotes the development of intelligent communities. Centered around the needs of residents, an "intelligent community" (智慧社區) aims to achieve digitalization, automation, modernization and synergy of resident services through the integration of online and offline information and resources, the reflection of community characteristics and the use of internet, intelligent terminal and other information technologies. Having established an edge in technological advancements, some industry leaders are looking to expand their customer group to include non-residents through the provision of services relating to everyday life, social activities and entertainment.

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Competition in the PRC Property Management Industry

Competitive Landscape

Our major competitors in property management services are large national and local property management companies in the PRC. Our Company has the largest GFA under management and generates the highest revenue among the Top 100 Property Management Companies in the central China region for 2018 according to CIA. The table below shows our ranking among the Top 100 Property Management Companies in the central China region in terms of revenue for 2018.

Ranking	Companies	Revenue (RMB in million) 2018	Net profit (RMB in million) 2018	Revenue growth rate 2018	Operating costs ratio 2018	Company description
1	Central China New Life	694.0	> 52.0 ⁽¹⁾	50.7%	76.8%	The intermediate holding company of our Group established in the PRC on April 21, 2016.
2	Company A	> 650.0	> 50.0	> 15%	> 80%	A company established in 2002 providing management services for various types of properties such as residential properties, office buildings, commercial properties, villas, and industrial parks.
3	Company B	~ 600.0	> 40.0	> 30%	> 77%	A company established in 2006 and is positioned as a professional operator of high-end office buildings. Its business scope also covers property management, commercial property management, consulting service, and provision of intelligent community solutions.

Source: CIA report

Note:

(1) The amount represents our net profit from our continuing operations for the year ended December 31, 2018.

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Major property management companies in the PRC experienced steady growth in GFA under management. According to CIA, our Company is the largest property management company among the Top 100 Property Management Companies in the central China region in terms of GFA under management as of December 31, 2018. The table below shows our ranking among the Top 100 Property Management Companies in the central China region in terms of GFA under management as of December 31, 2018.

Ranking	Companies	GFA under management (million sq. m.)	Company description
1	Central China New Life	25.7	The intermediate holding company of our Group established in the PRC on April 21, 2016.
2	Company C	> 25	A company listed on the National Equities Exchange and Quotations and established in 2008. It mainly manages non-residential properties and is renowned for its university management services.
3	Company A	> 20	A company established in 2002 providing management services for various types of properties such as residential properties, office buildings, commercial properties, villas, and industrial parks.

Source: CIA report

Many property management companies in the PRC have begun diversifying their service offering and expanding their sources of revenue. The competitors of our value-added services are mainly property management companies, engineering companies and O2O companies, who provide comparable services. The table below shows our market position among Top 100 Property Management Companies in the PRC in terms of revenue derived from services other than traditional property management for 2018.

Ranking	Companies	% of revenue from other services	Company description
1	Company D	> 55.0%	A company headquartered in Shenzhen and listed on the Stock Exchange with its business covering property management service, pre-delivery and consultancy service, community value-added service and intelligent solution service.
2	Company E	> 51.0%	A company founded in 1992 and listed on the Stock Exchange in 2018 with its business covering four major sectors of property management, commercial property management, public service and community commercial services.
3	Company F	~46.0%	A company headquartered in Shanghai with more than 60 branch offices. Its portfolio under management includes various types of properties such as residential properties, office buildings, commercial properties, hotel, apartments, government offices, university logistics and other public construction projects.
4	Company G	> 45.0%	A company headquartered in Guangzhou and established in 1997, which is an integrated services operator who has contracted projects in more than 280 cities across the country.

INDUSTRY OVERVIEW

Ranking	Companies	% of revenue from other services	Company description
5	Central China New Life	44.2%	The intermediate holding company of our Group established in the PRC on April 21, 2016.

Source: CIA report

Entry Barriers

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

- **Brand:** Chinese consumers increasingly demand better living conditions and high quality property management services, hence, a brand with established reputation built through decades of services and operations has advantage over new companies without a track record.
- **Technological capabilities:** Property management companies with more resources to invest in technological developments are more likely to automate their business operations and lower labor costs. Centralization, standardization and automation of property management services lay solid foundation for scalability for property management services across regions.
- **Management expertise:** According to CIA, the expertise and experience of management teams may significantly contribute to the competitiveness of property management companies. Property management companies now have to seamlessly implement technological solutions, management systems, service quality standards and internal policies and procedures across networks of subsidiaries, branches and offices. New market entrants with less management experience may find it difficult to compete against larger property management companies especially for large scale projects.
- **Talents and technical expertise:** Property management depends on manual labor, not only for the performance of property management services, but also for innovating and implementing technological solutions. It is increasingly difficult for property management companies to recruit and retain talented individuals who are up to date with the technological advances in the industry. New market entrants may find it difficult to compete against larger property management companies with better brand value and recognition for attracting talents.

CONSUMER GOODS AND SERVICES INDUSTRY IN HENAN

Overview

Consumer goods and services industry is a industry in which services or products are produced, marketed or designed with a view to cater to consumers' needs. Typical products produced in the consumer goods and services industry include food and drinks, apparel and jewelry, electronic products and groceries. Services offered by the consumer goods and services industry usually revolves around the daily lives of residents, such as entertainment, hospitality, cultural education, catering, health and fitness, and beauty and spa.

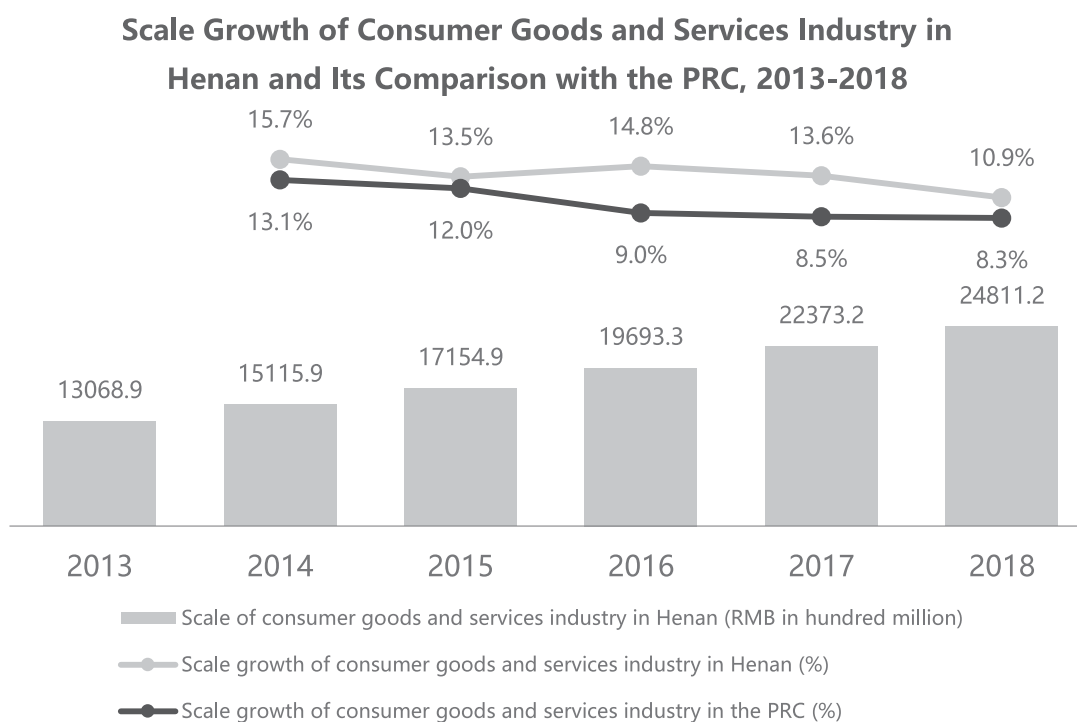
Major players in this landscape include mainly online consumer goods and services providers and offline consumer goods and services providers. Some new form of online consumer goods and

INDUSTRY OVERVIEW

services providers combine the benefits of online and offline resources when providing goods and services. Such form of online consumer goods and services providers give consumers access to a wide variety of products and services through numerous merchants as well as a convenient location for the delivery and acceptance of goods and services.

Market Size

The growth of the consumer goods and services industry in the PRC is benefited from the rapid urbanization and increase in *per capita* disposable income. Henan ranks first in consumer goods and services industry in the central China region in 2018 according to iResearch. The consumer goods and services industry in Henan has increased from RMB1,306.9 billion in 2013 to RMB2,481.1 billion in 2018 in terms of market size, representing a CAGR of 13.7%, and is expected to grow to RMB3,633.3 billion in 2023. The following chart compares the growth rate of consumer goods and services industry in terms of market size, between the PRC and Henan for the years indicated.



Source: iResearch

Supported by continuing development in technology, the online consumer goods and services industry in Henan demonstrates steady growth and is expected to reach RMB1,115.5 billion in 2023 in terms of market size, according to iResearch. Although the online consumer goods and services industry in Henan has reached RMB420.66 billion in 2018 in terms of market size, researches show that the penetration rate is merely 17.0% compared to the penetration rate of the PRC which is 22.6%, indicating high potential for growth. As advised by iResearch, the consumer goods and services industry in Henan is highly fragmented and the market share of the top five players in such industry by gross merchandise volume of good and services sold in 2018, in aggregate, was approximately only 11.8%. In particular, the market share of our Group's Jianye + (建業+) platform in the consumer goods and services industry in Henan by gross merchandise volume of goods and services sold in 2018 was merely approximately 0.01%. As such, iResearch confirmed that our Group is not a key market player in the consumer goods and services industry.

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Market Outlook and Future Opportunities

There are several factors contributing to the positive outlook of consumer goods and services industry, including:

- **Increasing wealth of PRC and Henan residents:** The growth of *per capita* disposable income of the PRC and Henan residents has stimulated the demand for online consumer goods and services as the internet provides real-time information and access to a wide variety of merchants.
- **Logistics and technology developments foster the demand for online consumer goods and services:** Online consumer goods and services have become more convenient, readily available and easy to access. With the development of logistics and technology, consumers are able to view, select, purchase and receive a wide variety of products without having to leave the comfort of his or her home. Meanwhile, offline consumer goods and services providers face intense competition due to the highly fragmented competitive landscape and low entry barriers. Coupled with the increase use of internet and mobile payment, the demand for online consumer goods and services increases considerably.
- **Support from the PRC government:** In recent years, the PRC government has issued a range of policies and guidelines to encourage the innovation and development of the online consumer goods and services industry through promoting the use of internet, integration of online and offline services, *etc.*, which is expected to improve the overall quality of the consumer goods and services industry and strengthen standardization.
- **High internet penetration and the availability of mobile payment infrastructure:** The increased demand for online consumer goods and services along with the availability of mobile payment further supports the growth of the online consumer goods and services industry. The proportion of mobile internet Users in the overall internet Users increased from 80.6% in 2013 to 98.3% in 2018. As of December 31, 2018, the PRC has 800 million mobile internet users. With continual improvement of mobile features and applications, the penetration rate of the mobile internet in the PRC is expected to further increase to 99.6% in 2023. In addition, mobile payment transaction volume in the PRC is expected to increase from RMB190.5 trillion in 2018 to RMB460 trillion in 2023, representing a CAGR of 19.3% according to iResearch.

Entry Barriers

The barriers to enter into consumer goods and services industry mainly include:

- **Consumer Acquisition and Retention:** The consumer goods and services industry is consumer centric and the ability to acquire and retain consumers is especially important. Property management companies have established deep links with consumers by providing property management services, and the cost of consumer acquisition and retention is relatively low. New entrants without established connections with consumers will bear higher consumer acquisition and retention costs.
- **Resource Acquisition and Integration:** Consumer needs are diverse and complex. Enterprises that can acquire and integrate comprehensive and high-quality service resources will be more favored by consumers. Platforms with rich and high-quality service

INDUSTRY OVERVIEW

resources can attract more consumers. New entrants without service resources will face higher cost and pressure in market expansion.

- **Brand Recognition:** As consumers' income continues to increase, their demand for quality goods and services also continues to increase. Consumers are more willing to choose brands with a good reputation. New entrants without brand recognition will face more challenges in terms of market penetration.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

HISTORY AND DEVELOPMENT

History

The history of our business can be traced back to 1994 when we were founded by the CCRE Group and started providing property management services for properties developed by them (and their associates or joint ventures) under the predecessor of Central China Property Management, our major operating subsidiary. In 1999, Central China Property Management was established by the CCRE Group and 23 individuals (all of whom were Independent Third Parties) and became the operating company of our property management services. Throughout more than two decades of history, we have significantly grown our business and operations. To date, our service offering includes property management and value-added services, lifestyle services and commercial property management and consultation services. We are the largest property management service provider in central China region by total GFA under management as of December 31, 2018 and total revenue for the year ended December 31, 2018, according to CIA.

Key development milestones

Our key development milestones include:

Year	Events
1994	We began providing property management services under the predecessor of Central China Property Management for properties developed by the CCRE Group (and its associates or joint ventures) in Zhengzhou, Henan province.
1999	Central China Property Management was established and became the operating company of our property management services.
2000	We started to manage properties developed by other property developers.
2005	We were the first company in Henan province to be accredited by the Ministry of Construction of the PRC as a property management company with Level One qualification certificate.
2006	We were accredited with ISO 9001:2000 quality management system certification.
2010	We were awarded “Top 100 Companies with Comprehensive Strength” by China Property Management Institute.
2012	We started to provide property management services in Kaifeng, Henan province, and completed the pilot distribution of property management services in 18 prefecture-level cities in Henan province.
2016	We started to provide lifestyle services.
2017	We started to provide commercial property management and consultation services.
2019	We acquired One Family Network, Songyun Beijing Information and Aiou Electronic and started to provide value-added services in relation to property management, including the operation of our Jianye + (建業+) platform.

We were ranked first and 13th among property management companies in central China and China, respectively, in terms of business size, operational efficiency, service quality, growth potential and social responsibility, according to CIA.

OP Financial became our pre-IPO investor.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CORPORATE DEVELOPMENT

Our Group comprises our Company, three intermediate holding companies and 40 other subsidiaries. Our subsidiaries were incorporated or established in the BVI, Hong Kong or the PRC, and each of them commenced business after their respective incorporation or establishment. Set out below is information and the corporate development history of members of our Group which were material to our financial performance during the Track Record Period:

Holding company and operating entities of our property management and value-added services

<u>Name</u>	<u>Date and place of establishment</u>	<u>Registered capital (RMB)</u>	<u>Interest attributable to our Group</u>	<u>Principal business activities</u>
Central China New Life	April 21, 2016 (PRC)	200.0 million	100%	Investment holding
Central China Property Management	January 12, 1999 (PRC)	10.0 million	100%	Property management and value-added services
Zhizun Housing Agency	March 25, 2010 (PRC)	10.0 million	100%	Property agency services for secondary properties
Aiou Electronic	March 25, 2014 (PRC)	8.0 million	93.3%	Consultation, engineering installation and software development of intelligent technology solutions

Central China New Life and Central China Property Management

Central China New Life is an intermediate investment holding company within our Group, which holds all of our PRC subsidiaries and manages all of our businesses conducted within the PRC.

Central China Property Management is our major operating subsidiary, which has over two decades' track record of providing property management services and other related value-added services in Henan province, the PRC.

The major corporate development history of Central China New Life and Central China Property Management essentially has four key stages:

1. **1999 to 2006—Initial ownership under the CCRE Group**—The CCRE Group established Central China Property Management to operate its property management business. After several years, the CCRE Group disposed of Central China Property Management to an Independent Third Party in order to focus on its property development business.
2. **2007 to 2012—Series of disposals among Independent Third Parties**—There was a series of transfers in Central China Property Management among Independent Third Parties.
3. **2012 to 2017—Expansion of business under the ownership of the Independent Third Parties**—Independent Third Parties expanded our property management business and carried out various restructuring (including the establishment of Central China New Life and capital injection), and also prepared for a potential listing application on the National

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Equities Exchange and Quotations of the PRC. Such listing application did not proceed in the end.

4. **2017 to Present—Acquisition by our Controlling Shareholders for further expansion of our business**—Our Controlling Shareholders acquired Central China New Life and Central China Property Management from such Independent Third Parties. Our business has since continued to grow. We are the largest property management service provider in central China region by total GFA under management as of December 31, 2018 and total revenue in 2018, according to CIA.

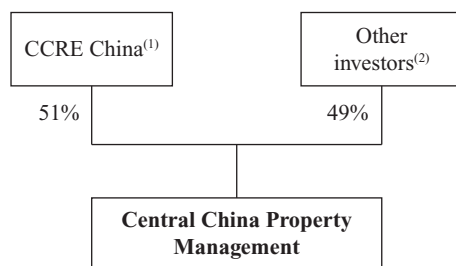
Particulars of the above stages are set out in detail below:

1. 1999 to 2006—Initial ownership under the CCRE Group

(a) January 12, 1999—The CCRE Group established Central China Property Management

On January 12, 1999, Central China Property Management was established in the PRC with an initial registered capital of RMB1.0 million (which has been fully paid up) and was owned as to 51% by CCRE China (a wholly-owned subsidiary of the CCRE Group) and 49% by 23 individuals (all of whom were Independent Third Parties). Upon its establishment, Central China Property Management was a non-wholly-owned subsidiary of the CCRE Group.

The below chart shows the simplified ownership structure of Central China Property Management upon its establishment:



Notes:

- (1) CCRE China was a wholly-owned subsidiary of the CCRE Group, which was controlled by Mr. Wu.
- (2) These consists of 23 individuals, all of whom were Independent Third Parties.

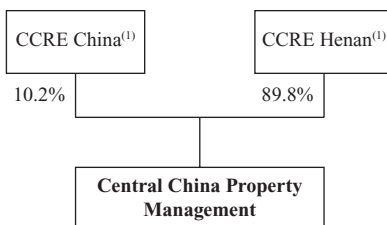
(b) March 30, 2004—The CCRE Group acquired all minority interests in Central China Property Management

On March 30, 2004, CCRE Henan (a wholly-owned subsidiary of the CCRE Group) acquired the 49% equity interest held by the various 23 individual investors for a consideration of RMB0.49 million, which was based on the total capital contribution then paid by such individual investors. As a result of such transfer, Central China Property Management became a wholly-owned subsidiary of the CCRE Group.

On the same day, the registered capital of Central China Property Management was increased from RMB1.0 million to RMB5.0 million, with all of such increase being fully paid up by CCRE Henan.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The below chart shows the simplified ownership structure of Central China Property Management immediately after the above steps:



Note:

(1) CCRE China and CCRE Henan were wholly-owned subsidiaries of the CCRE Group, which was controlled by Mr. Wu.

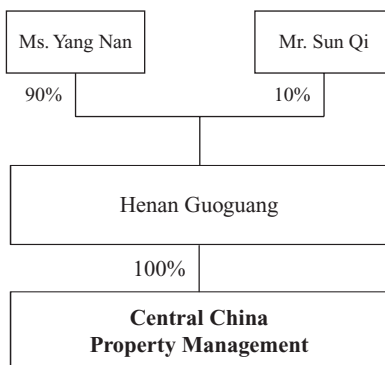
(c) *August 17, 2006—The CCRE Group disposed of Central China Property Management to an Independent Third Party in order to focus on its core business*

Subsequently in 2006, the CCRE Group took into account the fact that Central China Property Management’s principal business of property management services was labor intensive, and ultimately decided to focus on CCRE Group’s property development business. Also, CCRE was at the time contemplating a listing of its property development business on the Stock Exchange (which subsequently took place in June 2008). In order to better delineate its core business of property development from the property management business, on August 17, 2006, CCRE disposed of its entire equity interest in Central China Property Management to Henan Guoguang Industrial Investment Co., Ltd.* (河南國光實業投資有限公司) (“**Henan Guoguang**”) (an Independent Third Party from us and also CCRE) for a consideration of RMB5.0 million, which was based on the total capital contribution then paid by CCRE China and CCRE Henan.

To our Directors’ best knowledge and belief: (1) Henan Guoguang was a company primarily engaged in trading, agricultural products and investment holding, and was at the time owned as to 90% by Ms. Yang Nan (楊楠小姐) (Mr. Wu’s niece) and 10% by Mr. Sun Qi (孫起先生) (an Independent Third Party); (2) Ms. Yang Nan previously held investments in various industries including the property industry, and is currently focused on her various appointments, including serving as the vice-chairlady and deputy secretary general of Henan Football Association (河南省足球協會) and the chairlady of Football Development Foundation of Henan (河南足球事業發展基金會); and (3) save as disclosed in this section, Henan Guoguang, Ms. Yang Nan, Mr. Sun Qi and their respective associates do not have any past or present material relationship (business, employment, financing or otherwise) with our Company, subsidiaries, Directors, senior management, Controlling Shareholders or any of their respective associates.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The below chart shows the ownership structure of Central China Property Management immediately after the above step:



Since CCRE's above disposal of Central China Property Management, CCRE had all along granted Central China Property Management a royalty-free license to use various trademarks and its brand name in connection with its property management business. CCRE considered such license to be appropriate given: (1) the CCRE Group was no longer engaged in property management; (2) Central China Property Management had since its establishment managed, and is expected to continue to manage, the vast majority of the properties developed by the CCRE Group (and its associates or joint ventures) and the two had developed a mutually beneficial relationship; (3) CCRE considered that it would be beneficial to associate its brand name with Central China Property Management's reputable property management services; and (4) the continued use of such trademarks and brand name will enhance CCRE's brand in the real estate market. Further, the CCRE Group reserved the right to revoke the license under certain circumstances and to charge Central China Property Management a licensing fee in the future, and also adopted various internal control measures to safeguard such intellectual property rights. See "Connected Transactions" for details of the perpetual and royalty-free trademark license currently in effect.

2. 2007 to 2012—Series of disposals among Independent Third Parties

(a) June 20, 2007—Disposal of Central China Property Management to another Independent Third Party

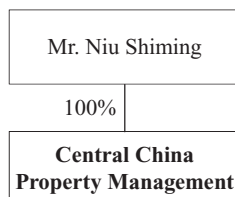
On June 20, 2007, Henan Guoguang disposed of its entire equity interest in Central China Property Management to Mr. Niu Shiming (牛師明先生) (an Independent Third Party from us and also CCRE) for a consideration of RMB5.0 million, which was also based on the total capital contribution then paid by Henan Guoguang.

To our Directors' best knowledge and belief: (1) the shareholders of Henan Guoguang decided to dispose of Central China Property Management because they realized it will require unexpectedly significant effort and commitment from them to turn around its loss-making position, and such shareholders of Henan Guoguang decided to instead focus on other business ventures. Further, such consideration meant that they would be able to recuperate their entire investment. Therefore, such shareholders of Henan Guoguang began seeking potential buyers and ultimately approached Mr. Niu Shiming; (2) Mr. Niu Shiming believed the outlook of the property management industry to be positive and that, leveraging his investment experience, he could improve the position of Central China Property Management; (3) Mr. Niu Shiming has over 30 years of experience in import and export trading, property leasing and investments across multiple industries such as property, agriculture,

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

mining, science and technology; and (4) save as disclosed in this section, Mr. Niu Shiming and his associates do not have any past or present material relationship (business, employment, financing or otherwise) with our Company, subsidiaries, Directors, senior management, Controlling Shareholders or any of their respective associates.

The below chart shows the ownership structure of Central China Property Management immediately after the above step:



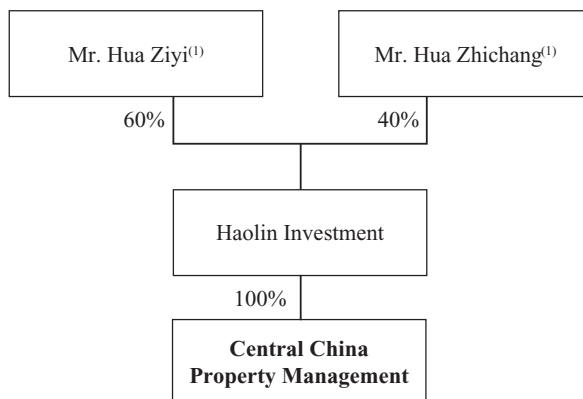
(b) *January 5, 2012—Further disposal of Central China Property Management to Independent Third Parties*

On January 5, 2012, Mr. Niu Shiming disposed of his entire equity interest in Central China Property Management to Haolin Investment (an investment holding company owned, to our Directors' best knowledge and belief, as to 60% by Mr. Hua Ziyi (滑子義先生) and 40% by Mr. Hua Zhichang (滑志昌先生) (both being Independent Third Parties)), for a consideration of RMB5.0 million, which was also based on the total capital contribution then paid by Mr. Niu Shiming.

To our Directors' best knowledge and belief: (1) Mr. Niu Shiming decided to dispose of Central China Property Management as it continued to be loss-making despite being under his ownership for nearly five years, and Mr. Niu Shiming decided to instead focus on his other investments in different industries. Further, such consideration meant that he would be able to recuperate his entire investment. Therefore, Mr. Niu Shiming began seeking potential buyers; (2) Mr. Hua Ziyi and Mr. Hua Zhichang were acting in concert and decided to acquire Central China Property Management in light of Central China Property Management's strong track record of providing property management and other services to properties developed by the CCRE Group (which was a leader in residential property development in Henan); (3) Mr. Hua Ziyi and Mr. Hua Zhichang hold multiple business investments, which mainly cover the property, technology, culture and education industries in Henan; and (4) save as disclosed in this section and the historical loans made by us to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang (which have been fully settled as of June 30, 2019), Haolin Investment, Mr. Hua Ziyi, Mr. Hua Zhichang and their respective associates (including Hongdao Investment and Jianye Holdings as described further below in this section) do not have any past or present material relationship (business, employment, financing or otherwise) with our Company, subsidiaries, Directors, senior management, Controlling Shareholders or any of their respective associates.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The below chart shows the ownership structure of Central China Property Management immediately after the above step:



Note:

(1) To our Directors' best knowledge and belief, Mr. Hua Ziyi and Mr. Hua Zhichang were acting in concert.

3. 2012 to 2017—Expansion of business under the ownership of Independent Third Parties

Between 2012 and 2017, the property management business of Central China Property Management was expanded under the ownership of Independent Third Parties. During this period, Central China Property Management provided property management and value-added services for the vast majority of properties developed by the CCRE Group (and its associates or joint ventures). For each of the financial years between 2012 and 2017, revenue attributable to the properties developed by the CCRE Group and its associates or joint ventures accounted for over 90% of the total revenue of Central China Property Management.

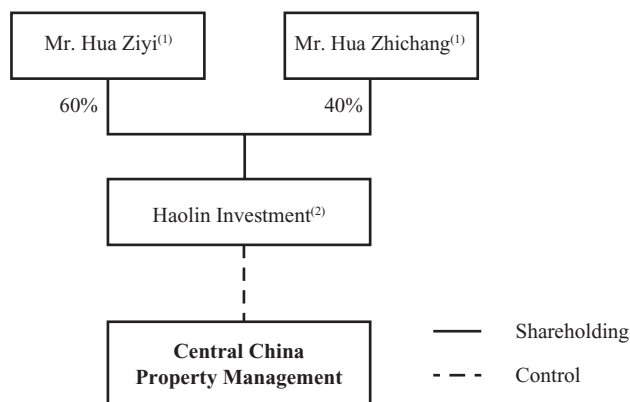
These Independent Third Parties also carried out various restructuring (including the establishment of Central China New Life and capital injection).

(a) December 2013—Establishment of equity entrustment arrangement in relation to Central China Property Management

On December 5, 2013, Haolin Investment and Central China Investment Holdings (a company of which Mr. Wu is the single largest beneficial owner) entered into an equity entrustment agreement, whereby Central China Investment Holdings will hold the entire equity interest in Central China Property Management on behalf of Haolin Investment (the “**2013 Entrustment**”). On December 12, 2013, in order to effect the 2013 Entrustment, Haolin Investment transferred such equity interest to Central China Investment Holdings. To our Directors' best knowledge and belief, the purpose of the 2013 Entrustment was to facilitate planning by Mr. Hua Zhichang (which was a private family matter), who intended to minimize disputes over his estate planning on account of his then family's circumstances, which could potentially in turn result in disruptions to Central China Property Management. At the time, Mr. Hua Ziyi had been business acquaintances and fellows of the same hometown with Mr. Wu since the 1990's.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The below chart shows the simplified ownership structure of Central China Property Management immediately after the above steps:



Notes:

- (1) To our Directors' best knowledge and belief, Mr. Hua Ziyi and Mr. Hua Zhichang were acting in concert.
 (2) Central China Property Management was controlled and beneficially owned by Haolin Investment by virtue of the 2013 Entrustment.

(b) April 21, 2016—Establishment of Central China New Life

On April 21, 2016, Central China New Life was established in the PRC with an initial registered capital of RMB200.0 million, of which RMB90.0 million has been paid in full and the remaining RMB110.0 million will be paid by December 31, 2026. Central China New Life was established to act as an investment holding company. At the time, our then beneficial owners wished to expand our service offerings beyond our traditional property management and value-added services, and it was intended that such new businesses would be carried out under newly established subsidiaries to be centrally held by Central China New Life. For example, shortly after Central China New Life was established, in May 2016, each of New Life Travel Services, New Life Hotel Management and Central China OP was established under Central China New Life to expand our Group's service offerings to customized travel services, hotel management services and property sub-leasing services.

Upon its establishment, Central China New Life was wholly owned by Central China Investment Holdings (through its wholly-owned subsidiary, Jianye Holding Development), which held such equity interest on behalf of Hongdao Investment (an investment holding company at the time wholly owned by Mr. Hua Ziyi, who to our Directors' best knowledge and belief, was acting in concert with Mr. Hua Zhichang, both being Independent Third Parties) by virtue of an equity entrustment agreement (the "**2016 Entrustment**").

To our Directors' best knowledge and belief, Mr. Hua Zhichang at the time still had the same estate planning considerations (which was a private family matter), that he had in connection with the 2013 Entrustment as disclosed above. Therefore, in connection with the establishment of Central China New Life, the following two steps were taken: (1) the 2016 Entrustment was established, the purpose of which was similar to the 2013 Entrustment, so the beneficial interest held via such entrustment would not be publicly available information; and (2) Mr. Hua Ziyi would, as a temporary interim measure, use his wholly-owned investment holding company (Hongdao Investment) to hold beneficial interests in Central China New Life, with the understanding that, upon Mr. Hua Zhichang acquiring sufficient certainty in respect of his estate planning, their interests will be formally adjusted to reflect the proportion in which they have always historically held their joint business investments i.e. 60% held by Mr. Hua Ziyi and 40% held by Mr. Hua Zhichang. Such adjustment was conducted a few

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

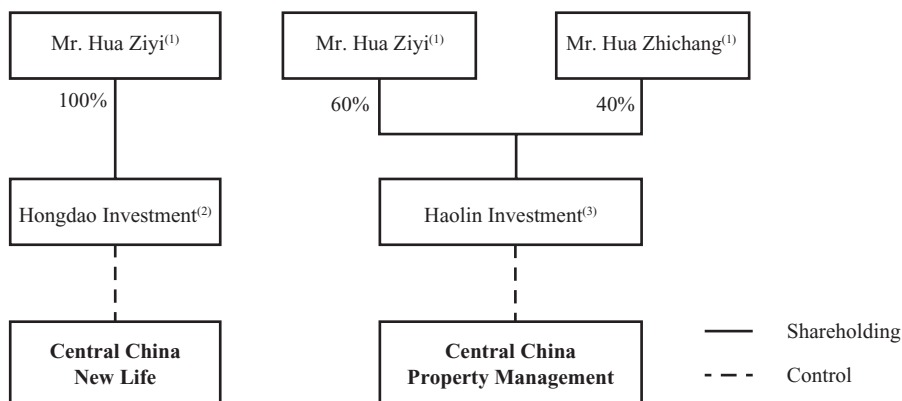
months later as detailed in the below paragraph “(d) August to September 2016—Further reorganization conducted by Independent Third Parties”.

Throughout the subsistence of the 2013 Entrustment and the 2016 Entrustment and in relation to Central China New Life and Central China Property Management: (1) Mr. Hua Ziyi and Mr. Hua Zhichang did not have any managerial role and were not involved in the day-to-day operations and management of Central China New Life and Central China Property Management. Their role was limited to their capacity as the ultimate beneficial owners. From time to time, Mr. Hua Ziyi and Mr. Hua Zhichang delivered authorization letters signed on behalf of Hongdao Investment or Haolin Investment (as the respective beneficiary) to the management (not being Mr. Wu) of Central China Investment Holdings and Jianye Holding Development (as the respective nominee). These included authorizing the establishment of Central China New Life, setting annual performance targets (such as revenue and customer satisfaction) and other corporate changes; (2) Mr. Wu did not have any managerial role and was not involved in the day-to-day operations and management of Central China New Life and Central China Property Management. Mr Wu’s role in these entrustment arrangements was limited to being the single largest beneficial owner of Central China Investment Holdings and Jianye Holding Development. Actions carried out by these companies, in their sole capacity as nominee acting only on abovementioned prior authorization letters from Haolin Investment or Hongdao Investment, were done so through the management (not being Mr. Wu) of Central China Investment Holdings and Jianye Holding Development, respectively; and (3) Mr. Hua Ziyi and Mr. Hua Zhichang (through Haolin Investment and Hongdao Investment, as beneficiaries under the entrustment arrangements) were entitled to dividends, while Mr. Wu was not entitled because he was only a nominee despite being the registered shareholder. As a matter of fact, no dividends, returns or other compensation in respect of Central China New Life or Central China Property Management were received by Mr. Hua Zhichang, Mr. Hua Ziyi, Mr. Wu or their respective associates.

Mr. Wu agreed for the above nominee companies to act as nominee of the 2013 Entrustment and the 2016 Entrustment for nil consideration due to various factors, including: (1) any instructions to be given to the nominee will be limited (given they will only involve shareholder actions and not director or management actions), with the nominee’s involvement being minimal and essentially limited to simply relaying such instructions to the relevant personnel or otherwise exercising shareholders’ rights in strict accordance with such instructions; (2) the nominee will not need to incur any expense or otherwise be financially exposed, given that pursuant to the entrustment agreements, the relevant beneficiary will assume all operating losses of, or legal disputes involving, Central China New Life and Central China Property Management; and (3) his many years of relationship with Mr. Hua Zhichang and Mr. Hua Ziyi as mentioned above.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The below chart shows the simplified ownership structure of Central China New Life and Central China Property Management immediately after the above step:



Notes:

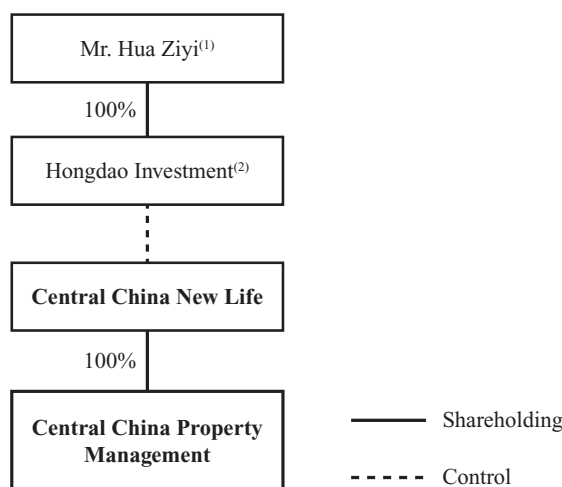
- (1) To our Directors' best knowledge and belief, Mr. Hua Ziyi and Mr. Hua Zhichang were acting in concert. As mentioned above, Mr. Hua Ziyi was temporarily using his wholly-owned investment holding company to hold beneficial interests in Central China New Life, pending sufficient certainty regarding Mr. Hua Zhichang's estate planning. During this interim period, Mr. Hua Ziyi and Mr. Hua Zhichang continued to jointly make shareholder decisions in relation to Hongdao Investment (and ultimately, Central China New Life).
- (2) Central China New Life was controlled and beneficially owned by Hongdao Investment by virtue of the 2016 Entrustment.
- (3) Central China Property Management was controlled and beneficially owned by Haolin Investment by virtue of the 2013 Entrustment.

(c) July 15, 2016—Reorganization conducted by Independent Third Parties

Mr. Hua Ziyi and Mr. Hua Zhichang (who, to our Directors' best knowledge and belief, were acting in concert) decided to consolidate their ownership of Central China New Life and Central China Property Management, which required the termination of the 2013 Entrustment. As such, on July 15, 2016 and as instructed by Haolin Investment, Central China Investment Holdings (as nominee under the 2013 Entrustment) transferred the entire equity interest in Central China Property Management to Central China New Life.

Upon completion of the above, Central China Property Management became a wholly-owned subsidiary of Central China New Life.

The below chart shows the simplified ownership structure of Central China New Life and Central China Property Management immediately after the above step:



HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notes:

- (1) To our Directors' best knowledge and belief, Mr. Hua Ziyi and Mr. Hua Zhichang were acting in concert. As mentioned above, Mr. Hua Ziyi was temporarily using his wholly-owned investment holding company to hold beneficial interests in Central China New Life, pending sufficient certainty regarding Mr. Hua Zhichang's estate planning. During this interim period, Mr. Hua Ziyi and Mr. Hua Zhichang continued to jointly make shareholder decisions in relation to Hongdao Investment (and ultimately, Central China New Life and Central China Property Management).
- (2) Central China New Life and Central China Property Management were controlled and beneficially owned by Hongdao Investment by virtue of the 2016 Entrustment.

(d) August to September 2016—Further reorganization conducted by Independent Third Parties

Subsequently, Mr. Hua Ziyi and Mr. Hua Zhichang (who, to our Directors' best knowledge and belief, were acting in concert) decided to carry out further restructuring of their ownership of Central China New Life and Central China Property Management. This involved the establishment of an investment holding company and also the termination of the 2016 Entrustment. The purpose of this was to facilitate a change of estate planning by Mr. Hua Zhichang (which was a private family matter, in light of which Mr. Hua Zhichang felt any potential family issues had been sufficiently managed and settled) and to implement a more suitable holding structure of Central China New Life and Central China Property Management in anticipation of a potential listing application on the National Equities Exchange and Quotations of the PRC.

To our Directors' best knowledge and belief, it was intended at the time that Central China New Life (as the holding company of all of our Group's businesses) will act as the proposed listing vehicle. Further, in preparation of such listing, Mr. Hua Ziyi and Mr. Hua Zhichang wished to hold their interests in Central China New Life (and its subsidiaries) directly through a dedicated investment holding company i.e. its only investment being Central China New Life (and its subsidiaries). This will ultimately provide restructuring flexibility (including disposal) after such proposed listing. Hongdao Investment could not serve such purpose given it was the vehicle through which Mr. Hua Ziyi and Mr. Hua Zhichang held multiple other business investments. As such, Jianye Holdings was established to fulfil such purpose. To our Directors' best knowledge and belief, such potential listing application: (1) never proceeded beyond preliminary discussions and no advisers were engaged to prepare such listing application; and (2) was abandoned due to commercial reasons, primarily in light of the liquidity and valuation of other companies listed on the National Equities Exchange and Quotations of the PRC at the time.

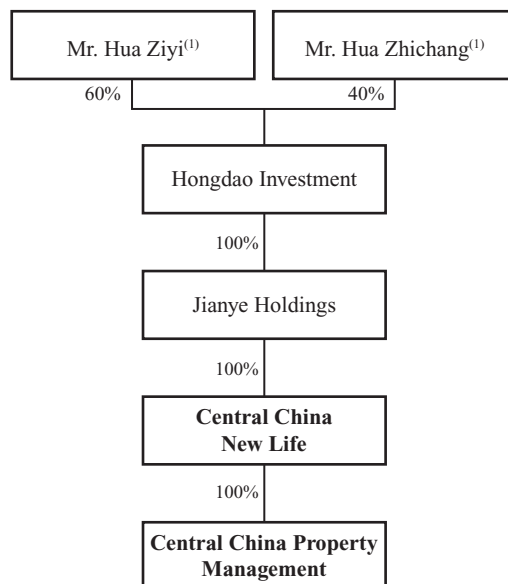
On August 1, 2016, Jianye Holdings was established in the PRC as a subsidiary of Hongdao Investment (an Independent Third Party).

On September 26, 2016, as instructed by Hongdao Investment (which at the time was jointly owned by Mr. Hua Ziyi and Mr. Hua Zhichang), Jianye Holding Development (as nominee under the 2016 Entrustment) disposed of its entire equity interest in Central China New Life (which held Central China Property Management) to Jianye Holdings for a consideration of RMB90.0 million, which was based on the total capital contribution then paid by Jianye Holding Development.

Further, in September 2016, the equity interest of Hongdao Investment was adjusted to 60% held by Mr. Hua Ziyi and 40% by Mr. Hua Zhichang in order to reflect the proportion with which the two have always held their joint investments.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The below chart shows the ownership structure of Central China New Life and Central China Property Management immediately after the above steps:



Note:

(1) To our Directors' best knowledge and belief, Mr. Hua Ziyi and Mr. Hua Zhichang were acting in concert.

4. 2017 to Present—Acquisition by our Controlling Shareholders for further expansion of our business

In 2017, Mr. Wu (our Controlling Shareholder) decided to purchase the entire equity interest in Central China New Life, having taken into account the improving financial performance of Central China Property Management and its long-term growth potentials leveraging on the synergy between its property management services and the properties developed by the CCRE Group (of which Mr. Wu is also the ultimate controlling shareholder).

As such, on December 19, 2017, Hongdao Investment and Mr. Wu entered into an equity transfer agreement, whereby: (a) Mr. Wu agreed to purchase the entire beneficial interest in Central China New Life for a consideration of RMB100.0 million (which was determined based on arm's length negotiation and with reference to valuation of Central China New Life as at November 30, 2017 as assessed by an independent valuer); and (b) Mr. Wu will later transfer such equity interest to an offshore vehicle designated by him, until which, Hongdao Investment will hold such equity interest on behalf of Mr. Wu (as the sole beneficial owner). Our PRC Legal Advisors have advised that such transfer of equity interest to Mr. Wu has been completed on December 19, 2017 and no regulatory approval was required. Our Directors confirm that the consideration has been fully settled. As such, on December 19, 2017, Mr. Wu became the ultimate beneficial owner of Central China New Life and Central China Property Management.

As disclosed above, the previous valuation of Central China Property Management in 2012 was determined by the then beneficial owner and prospective buyers to be RMB5.0 million, being the total capital contribution then paid by the then beneficial owner. The primary reason for such basis was that Central China Property Management was loss-making in 2012. Since then, Central China Property Management has continued to develop and expand, and eventually achieved profitability which led to the abovementioned valuation of RMB100.0 million as at November 30, 2017. For illustration, we had

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

developed from a loss-making company in 2012 to a company that recorded retained earnings of RMB14.4 million as of December 31, 2017, profit from continuing operations of RMB39.1 million for the year ended December 31, 2017, and the total net assets of Central China New Life as at December 31, 2017 was RMB99.6 million. For details on the factors that led to such profitability, see the section headed “Financial Information—Selected Items of the Consolidated Balance Sheets—Accumulated Losses”.

Mr. Hua Ziyi and Mr. Hua Zhichang decided to dispose of Central China New Life to Mr. Wu because Mr. Hua Ziyi and Mr. Hua Zhichang had already decided to abandon the previously considered potential listing application on the National Equities Exchange and Quotations of the PRC, primarily due to the liquidity and valuation of other companies listed on such exchange at the time. Therefore, they believed at the time that market sentiment towards the property management industry was not high and they were not optimistic about the performance of other business segments of our Group. Mr. Wu offered to purchase Central China New Life for RMB100.0 million, which Mr. Hua Ziyi and Mr. Hua Zhichang believed to be an acceptable valuation given it was assessed by an independent valuer and would allow them to realize their investment and focus on their other business investments.

Subsequently, on November 2, 2018, CCNL (HK) was incorporated in Hong Kong as an indirect wholly-owned subsidiary of our Company. CCNL (HK) then further entered into an equity transfer agreement with Jianye Holdings to effect the arrangement as agreed under the aforesaid equity transfer agreement dated December 19, 2017, whereby Jianye Holdings agreed to transfer the entire equity interest in Central China New Life to CCNL (HK), being the offshore vehicle designated by Mr. Wu. Our PRC Legal Advisors have advised that such transfer to CCNL (HK) has been properly and legally completed on November 20, 2018 and no regulatory approval was required.

Zhizun Housing Agency

Zhizun Housing Agency is principally engaged in property agency services. It was established on March 25, 2010 with an initial registered capital of RMB1.0 million (which has been fully paid up), contributed solely by Central China Property Management. Central China Property Management owned Zhizun Housing Agency via entrustment arrangements, with certain of the then senior managers as its nominee. Shortly after Mr. Wu acquired Central China New Life and Central China Property Management, all such arrangements were terminated on December 22, 2017, and Central China New Life acquired the entire equity interest in Zhizun Housing Agency from the then nominee. Our PRC Legal Advisors have advised that such transfer has been properly and legally completed and no regulatory approval was required.

On January 25, 2019, the registered capital of Zhizun Housing agency was increased from RMB1.0 million to RMB10.0 million, of which RMB5.2 million has been paid.

Aiou Electronic

Aiou Electronic is principally engaged in consultation, engineering installation and software development of intelligent technology solutions. It was established on March 25, 2014 with an initial registered capital of RMB1.0 million (which has been fully paid up), and was owned as to 60% by Mr. Lu Feng (盧峰先生) and 40% by Ms. Shan Dandan (單單單女士) (both being Independent Third Parties). Between 2015 to 2018, there were several changes in ownership in Aiou Electronic among

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

various Independent Third Parties, eventually resulting in Aiou Electronic having a registered capital of RMB8.0 million and being owned as to 93.3% by Songyun Network and 6.7% by Mr. Lu Feng (both being Independent Third Parties).

Subsequently, we wanted to expand our value-added services by providing intelligent community solutions and intelligent home devices. As such, on December 25, 2018, we (through Central China New Life) entered into an equity transfer agreement with Songyun Network to acquire 93.3% equity interest in Aiou Electronic for a consideration of RMB2.8 million, which was determined after arm's length negotiation with reference to the total capital contribution then paid by Songyun Network. Since completion of such acquisition, Aiou Electronic has been our non wholly-owned subsidiary, being owned as to 93.3% by us (through Central China New Life) and 6.7% by Mr. Lu Feng (a director of Aiou Electronic, an insignificant subsidiary (as defined under the Listing Rules), and therefore an Independent Third Party). Our PRC Legal Advisors have advised that such acquisition has been properly and legally completed and no regulatory approval was required. Our Directors confirm that the consideration has been fully settled.

Operating entities of our lifestyle services

<u>Name</u>	<u>Date and place of establishment</u>	<u>Registered capital (RMB)</u>	<u>Interest attributable to our Group</u>	<u>Principal business activities</u>
Central China Dashitang	January 24, 2019 (PRC)	5.0 million	94%	Catering services
New Life Travel Services	May 18, 2016 (PRC)	100.0 million	100%	Customized travel services
One Family Network	February 5, 2015 (PRC)	30.0 million	100%	Network technology development and consulting services (including operation of our Jianye + (建業+) platform)
Songyun Beijing Information	August 24, 2015 (PRC)	10.0 million	80%	Technology development and consulting services

Central China Dashitang

Central China Dashitang is principally engaged in catering services. It was established on January 24, 2019 with an initial registered capital of RMB5.0 million (of which RMB1.0 million has been paid), and has since been our non wholly-owned subsidiary (by virtue of being wholly owned by New Life Agricultural Development).

New Life Travel Services

New Life Travel Services is principally engaged in customized travel services. It was established on May 18, 2016 with an initial registered capital of RMB100.0 million (of which RMB16.05 million has been paid) and has since been wholly owned by us through Central China New Life.

One Family Network

One Family Network is principally engaged in network technology development and consulting services, including operation of our Jianye + (建業+) platform. It was established on February 5, 2015

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

under its former name of Henan Yijia E-commerce Co., Ltd.* (河南易家電子商務有限公司) with an initial registered capital of RMB5.0 million, and was wholly owned by Central China Property Management (which at the time was controlled by Independent Third Parties). On August 10, 2015, these Independent Third Parties decided to restructure their ownership of One Family Network, whereby Songyun Network (which was wholly owned by these Independent Third Parties) acquired 70% of the equity interest in One Family Network from Central China Property Management for a consideration of RMB3.5 million, which was based on the total capital contribution then paid by Central China Property Management. On December 31, 2015, One Family Network was renamed as its current name, Henan One Family Network Technology Co., Ltd* (河南一家網絡科技有限公司). On September 8, 2016, the registered capital of One Family Network was increased from RMB5.0 million to RMB30.0 million, with RMB17.5 million of such increase to be paid by Songyun Network and remaining RMB7.5 million to be paid by Central China Property Management.

Subsequent to our Group's acquisition of Central China New Life and Central China Property Management, we wished to further build our Jianye + (建業+) platform and to provide online services. As such, on December 25, 2018, we (through Central China New Life) entered into equity transfer agreements to acquire the entire equity interest in One Family Network from Songyun Network and Central China Property Management for a consideration of RMB14.0 million and RMB6.0 million, respectively, which was determined after arm's length negotiation with reference to the total capital contribution then paid by the then existing shareholders. Our PRC Legal Advisors have advised that such acquisition has been properly and legally completed and no regulatory approval was required. Our Directors confirm that the consideration has been fully settled. Since completion of such acquisition, One Family Network has been wholly owned by us through Central China New Life.

Songyun Beijing Information

Songyun Beijing Information is principally engaged in technology development and consulting services. It was established on August 24, 2015 with an initial registered capital of RMB10.0 million and was owned as to 70% by Songyun Network, 20% by Henan Central China Football Club and 10% by Beijing Shenzhou Qingyun Information Technology Co., Ltd.* (北京神州青雲信息技術有限公司) ("**Beijing Shenzhou Qingyun**"), all being Independent Third Parties. On July 20, 2016, Songyun Network acquired the 10% equity interest in Songyun Beijing Information from Beijing Shenzhou Qingyun.

Subsequent to our Group's acquisition of Central China New Life and Central China Property Management, we wished to provide technology development and consulting services. As such, on December 25, 2018, we (through Central China New Life) entered into an equity transfer agreement to acquire 80% equity interest in Songyun Beijing Information from Songyun Network for a consideration of RMB8.0 million, which was determined after arm's length negotiation with reference to the total capital contribution then paid by Songyun Network. Our PRC Legal Advisors have advised that such acquisition has been properly and legally completed and no regulatory approval was required. Our Directors confirm that the consideration has been fully settled. Since completion of such acquisition, Songyun Beijing Information has been our non wholly-owned subsidiary, being owned as to 80% by Central China New Life and 20% by Henan Central China Football Club (an Independent Third Party).

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Operating entities of our commercial property management and consultation services

Name	Date and place of establishment	Registered capital (RMB)	Interest attributable to our Group	Principal business activities
New Life Agricultural Development	November 6, 2018 (PRC)	50.0 million	94%	Management of suburban leisure complex
Central China Jingyuecheng . . .	January 24, 2019 (PRC)	10.0 million	51%	Commercial property management and consultation services
New Life Hotel Management	May 18, 2016 (PRC)	100.0 million	100%	Hotel management services

New Life Agricultural Development

New Life Agricultural Development is principally engaged in modern agricultural projects. It was established on November 6, 2018 with an initial registered capital of RMB50.0 million (of which RMB1.0 million has been paid), and has since been our non wholly-owned subsidiary, being owned as to 94% by us (through Central China New Life) and 6% by Henan Minghe Agricultural Technology Co., Ltd.* (河南銘禾農業科技有限公司) (which is owned as to 70% by Mr. Zhang Hu (張虎先生) (a member of our senior management, a director of New Life Travel Services and New Life Hotel Management and therefore a connected person), and 30% by Mr. Wang Kaixing (王凱星先生) (a director of Central China Rural Garden Planning, and insignificant subsidiary (as defined under the Listing Rules) and therefore an Independent Third Party).

Central China Jingyuecheng

Central China Jingyuecheng is principally engaged in commercial property management and consultation services including management of shopping malls and office buildings. It was established on January 24, 2019 with an initial registered capital of RMB10.0 million (of which RMB6.0 million has been paid), and has since been our non wholly-owned subsidiary, being owned as to 51% by us (through Central China New Life) and 49% by Shanghai Yiyuejia Business Management Group Co., Ltd.* (上海怡悅嘉商業管理集團有限公司) (an Independent Third Party).

New Life Hotel Management

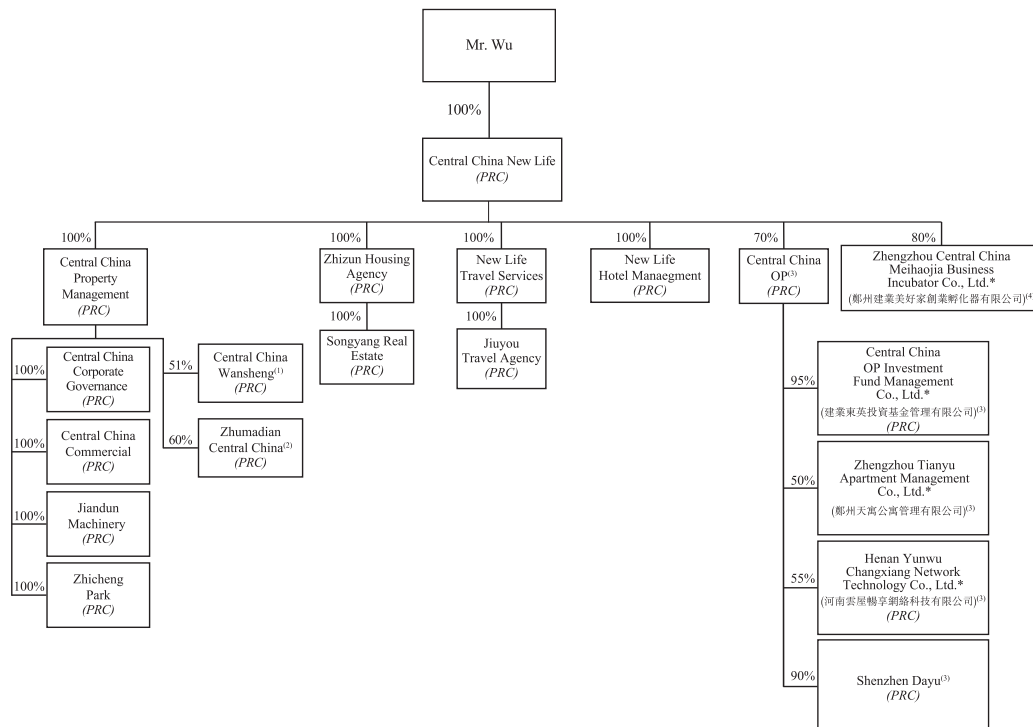
New Life Hotel Management is principally engaged in hotel management services. It was established on May 18, 2016 with an initial registered capital of RMB100.0 million (of which RMB10.0 million has been paid), and has since been wholly owned by us through Central China New Life.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

REORGANIZATION

Corporate structure before our Reorganization

The below chart shows our simplified ownership structure immediately before our Reorganization:



Notes:

- (1) Central China Wansheng was owned as to 49% by Henan Jiankong Commercial Operational Management Co., Ltd.* (河南建控商業運營管理有限公司) (an Independent Third Party).
- (2) Zhumadian Central China was owned as to 40% was held by Henan Lantian Real Estate Co., Ltd.* (河南藍天置業有限公司) (an Independent Third Party).
- (3) Immediately prior to our Reorganization, Central China OP was owned as to 30% by OP New Life Co., Ltd.* (東英新生活有限公司) (an Independent Third Party) and held four non wholly-owned subsidiaries.

Details of the other interests held in such subsidiaries are as follows:

- (a) Central China OP Investment Fund Management Co., Ltd.* (建業東英投資基金管理有限公司) was held as to 5% by 深圳昀德投資諮詢有限公司 (an Independent Third Party);
- (b) Zhengzhou Tianyu Apartment Management Co., Ltd.* (鄭州天寓公寓管理有限公司) was held as to 50% by Ms. Jiang Fang (姜芳女士) (an Independent Third Party);
- (c) Henan Yunwu Changxiang Network Technology Co., Ltd.* (河南雲屋暢享網絡科技有限公司) was held as to 24.75% by Mr. Qiao Xiaoyong (喬小勇先生) and 20.25% by Mr. Liu Da (劉達先生) (both being Independent Third Parties); and
- (d) Shenzhen Dayu was held as to 10% by Mr. Liu Da (劉達先生) (an Independent Third Party).

We subsequently disposed of Central China OP. See “—Post-Reorganization—Disposal of Central China OP”.

- (4) Zhengzhou Central China Meihaojia Business Incubator Co., Ltd.* (鄭州建業美好家創業孵化器有限公司) was established in the PRC as a limited liability company on March 16, 2017. Prior to our Reorganization, it was our non wholly-owned subsidiary, being owned as to 80% by us (through Central China New Life) and 20% by Mr. Zheng Lihua (張立華先生) (an Independent Third Party). This subsidiary was subsequently deregistered in January 2019 as it had no operations.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Reorganization steps

In preparation for the Listing, our Group implemented our Reorganization, which consisted of the following steps: (a) incorporation of our Company; (b) incorporation of our BVI intermediate company and HK intermediate holding company; and (c) transfer of our PRC intermediate holding company. Details are set out below:

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands on October 16, 2018 and the initial authorised share capital of our Company was HK\$380,000 divided into 38,000,000 Shares with a par value of HK\$0.01 each. Upon incorporation, one Share was issued to an Independent Third Party. On the same day, such Share was transferred to Enjoy Start and the remaining 37,999,999 Shares were allotted to Enjoy Start.

2. Incorporation of Sky Joy (our BVI intermediate holding company) and CCNL (HK) (our Hong Kong intermediate holding company)

Sky Joy was incorporated in the BVI on October 26, 2018. Upon incorporation, one share, representing the entire issued share capital of Sky Joy, was allotted to our Company.

CCNL (HK) was incorporated in Hong Kong on November 2, 2018. Upon incorporation, 10,000 shares, representing the entire issued shares of CCNL (HK), were allotted to Sky Joy.

3. Transfer of Central China New Life (our PRC intermediate holding company)

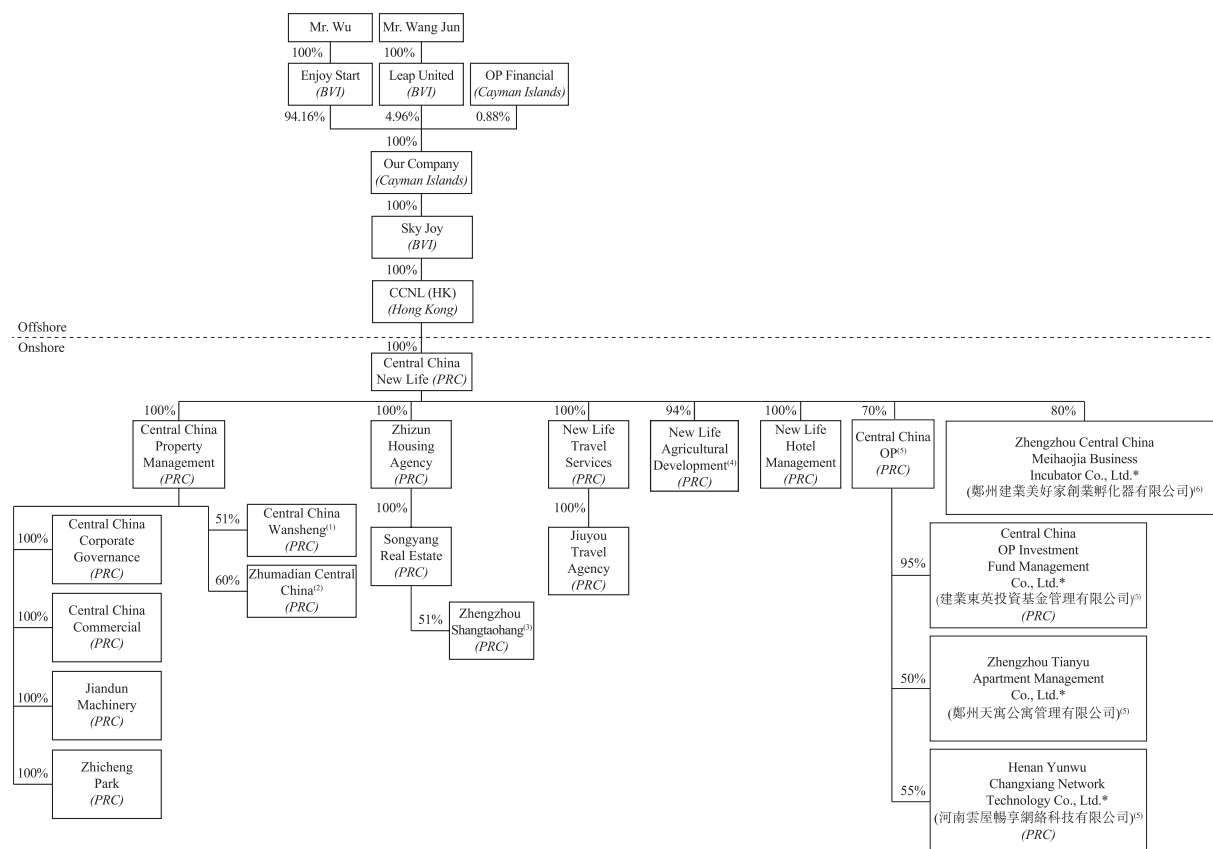
On November 20, 2018, as instructed by Mr. Wu (as the sole beneficial owner of Central China New Life), the entire equity interest in Central China New Life was transferred to CCNL (HK) (our wholly-owned subsidiary). Our PRC Legal Advisors have advised that such transfer has been properly and legally completed on November 20, 2018 and no regulatory approval was required.

Our Reorganization has been legally and properly completed and settled and no regulatory approval was required.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Corporate Structure after our Reorganization

The below chart shows our shareholding structure immediately after completion of our Reorganization:



Notes:

- (1) Central China Wansheng was owned as to 49% by Henan Jiankong Commercial Operational Management Co., Ltd.* (河南建控商業運營管理有限公司) (an Independent Third Party).
- (2) Zhumadian Central China was owned as to 40% by Henan Lantian Real Estate Co., Ltd.* (河南藍天置業有限公司) (an Independent Third Party).
- (3) Zhengzhou Shangtaohang was owned as to 49% by Chongqing Shangtau Property Consultancy Co., Ltd.* (重慶上韜房地產顧問有限公司), which was in turn held by six Independent Third Parties (including Mr. Shen Hailang (沈海浪先生), a director of Zhengzhou Shangtaohang, an insignificant subsidiary (as defined under the Listing Rules), and therefore an Independent Third Party).
- (4) New Life Agricultural Development was owned as to 94% by us (through Central China New Life) and 6% by Henan Minghe Agricultural Technology Co., Ltd.* (河南銘禾農業科技有限公司) (which was held as to 70% by Mr. Zhang Hu (張虎先生) (a member of our senior management, a director of New Life Travel Services and New Life Hotel Management and therefore a connected person), and 30% by Mr. Wang Kaixing (王凱星先生) (a director of Central China Rural Garden Planning, and insignificant subsidiary (as defined under the Listing Rules) and therefore an Independent Third Party).
- (5) Immediately after completion of our Reorganization, Central China OP was owned as to 30% by OP New Life Co., Ltd.* (東英新生活有限公司) (an Independent Third Party) and held three non wholly-owned subsidiaries.

Details of the other interests held on such subsidiaries are as follows:

- (a) Central China OP Investment Fund Management Co., Ltd.* (建業東英投資基金管理有限公司) was held as to 5% by 深圳响德投資諮詢有限公司 (an Independent Third Party);
- (b) Zhengzhou Tianyu Apartment Management Co., Ltd.* (鄭州天寓公寓管理有限公司) was held as to 50% by Ms. Jiang Fang (姜芳女士) (an Independent Third Party); and
- (c) Henan Yunwu Changxiang Network Technology Co., Ltd.* (河南雲屋暢享網絡科技有限公司) was held as to 24.75% by Mr. Qiao Xiaoyong (喬小勇先生) and 20.25% by Mr. Liu Da (劉達先生) (both being Independent Third Parties);

We subsequently disposed of Central China OP. See “—Post-Reorganization—Disposal of Central China OP”.

- (6) Zhengzhou Central China Meihaojia Business Incubator Co., Ltd.* (鄭州建業美好家創業孵化器有限公司) was established in the PRC as a limited liability company on March 16, 2017. Immediately after completion of our reorganization, it was our non wholly-owned subsidiary, being owned as to 80% by us (through Central China New Life) and 20% by Mr. Zheng Lihua (張立華先生) (an Independent Third Party). This subsidiary was subsequently deregistered in January 2019 as it had no operations.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

POST-REORGANIZATION

Disposal of Central China OP

Central China OP and its subsidiaries were principally engaged in the provision of property sub-leasing service. Immediately prior to the Reorganization and the disposal of Central China OP, Central China OP was our non wholly-owned subsidiary, being owned as to 70% by us (through Central China New Life) and 30% by OP New Life Co., Ltd.* (東英新生活有限公司) (a then subsidiary of OP Financial, our pre-IPO investor).

On March 15, 2019, we (through Central China New Life) disposed of our 70% equity interest in Central China OP to Shenzhen Xinboda (an Independent Third Party) for a nominal consideration of RMB1.0 on the basis that Central China OP was loss-making throughout the Track Record Period and had an outstanding debt of RMB59.35 million to our Group as at the date of disposal, which was a shareholder's loan provided by our Group for the purpose of financing the business operations of Central China OP during the two years ended December 31, 2017 and 2018. For details on the results of Central China OP (including reasons for its losses), see the section headed "Financial Information—Description of Certain Consolidated Statements of Comprehensive Income Items—Discontinued Operation". Further, based on the 2018/2019 annual report of OP Financial, on the same date, OP Financial disposed of its entire equity interest in OP New Life Co., Ltd.* (東英新生活有限公司) and consequently, also ceased to have any interest in Central China OP.

Our Directors consider that such disposal would be in the best interests of our Group as (i) the business of Central China OP (as well as its subsidiaries) was unrelated to the core business of our Group and does not add value to the synergies in line with the long term development of our Group; and (ii) maintaining the operations of Central China OP (as well as its subsidiaries) required substantial resources, which could instead be utilized to develop our core business segments with better prospects. Our PRC Legal Advisors have advised that such disposal has been properly and legally completed and no regulatory approval was required. Our Directors confirm that the consideration was fully settled on the same day. Upon completion of the above disposal, we ceased to have any interest in Central China OP.

Pursuant to the disposal agreement dated March 15, 2019, Shenzhen Xinboda agrees to settle the outstanding debts of RMB59.35 million owed by Central China OP to our Group in the following manner: (i) a sum of RMB30.0 million shall be settled on or before April 30, 2019; and (ii) the remaining sum of RMB29.35 million shall be settled on or before April 30, 2020. As of the Latest Practicable Date, the sum of RMB30.0 million had been settled and the remaining sum of RMB29.35 million remained outstanding. Further details are set out in the section headed "Financial Information—Selected Items of the Consolidated Balance Sheet—Trade and Other Receivables and Prepayments—Other Receivables" in this prospectus.

Share award arrangement with our Director

On January 25, 2019, in order to incentivize and enhance loyalty, Enjoy Start (our Controlling Shareholder) entered into a share transfer agreement to transfer 1,900,000 Shares to Leap United (which is wholly owned by Mr. Wang Jun, our executive Director, chief executive officer and chairman of our Board) for a consideration of HK\$50.0 million. Such consideration was determined after arm's length negotiation, having taken into account the fair value of such Shares and the value brought by Mr. Wang Jun, and has been fully settled (against a personal loan from Mr. Wu to

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Mr. Wang Jun). Such share transfer was completed on April 26, 2019. The Shares held by Leap United will represent 3.72% of the issue shares of our Company immediately upon completion of the Global Offering and will not be considered part of our public float. Pursuant to a supplemental agreement dated October 28, 2019 between the same parties, all special rights or obligations were terminated with immediate effect.

Pre-IPO investment by OP Financial

On March 15, 2019, our Company entered into a share subscription agreement with OP Financial, pursuant to which 339,000 Shares were allotted and issued to OP Financial at a consideration of HK\$11.0 million.

Principal terms of the above share subscription are summarized below:

Parties	(1) Our Company (as issuer) (2) OP Financial (as investor)
Background of the investor	OP Financial is a cross-border investor with a focus on China's fast growing industries and is listed on the Main Board of the Stock Exchange (stock code: 1140)
Date of share subscription agreement	March 15, 2019
Date of share subscription	April 29, 2019
Number of Shares purchased	339,000 Shares (being 0.88% interest in our Company as at the date of the investment)
Shareholding of the investor in our Company immediately upon completion of the Global Offering	0.66%
Consideration and payment date	HK\$11.0 million (fully paid on April 30, 2019)
Basis of determination of the consideration	Consideration was determined after arm's length negotiation between the parties with reference to the fair value of the relevant Shares as appraised by an independent valuer
Investment cost per Share	HK\$32.45 per Share before the Capitalization Issue, or HK\$1.38 per Share taking into account the effect of the Capitalization Issue and the Global Offering (but before any exercise of the Over-allotment Option)
Discount to the Offer Price	78.4% (based on the mid-point of the Offer Price range of HK\$6.40)
Use of net proceeds and its utilization by our Company	General working capital. As of the Latest Practicable Date, the proceeds had not been utilized
Special rights granted to the investor	None
Lock-up of the investment	None

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Public float for the purposes of Rule 8.08 of the Listing Rules The Shares held by OP Financial will be considered part of our public float

Strategic benefits to our Company Our Directors believe that (i) we can benefit from OP Financial's knowledge on the capital markets, strategic advice and business network given that OP Financial is an institutional investor with extensive experience in identifying investment targets, enhancing their performance and providing support and advise; (ii) OP Financial's investment in our Company demonstrates its confidence in our operations, performance, strength and prospects; and (iii) OP Financial is a cross-border investor with a focus on China's fast growing industries such as utilization of artificial intelligence, big data analytics, IoT in the provision of internet services, which are consistent with our expansion strategies

Share-based payments Not applicable

Sole Sponsor's confirmation

On the basis that (i) the consideration for the pre-IPO investment by OP Financial was settled more than 28 clear days before the date of our first submission of the listing application form to the Listing Department of the Stock Exchange in relation to the Listing; and (ii) no special rights were granted to OP Financial in connection with its pre-IPO Investment as confirmed by our Directors, the Sole Sponsor is of the view that the pre-IPO investment by OP Financial is in compliance with the Interim Guidance on Pre-IPO Investments issued by the Stock Exchange on October 13, 2010 (as updated in March 2017), and the Guidance Letter HKEx-GL43-12 issued by the Stock Exchange in October 2012 (as updated in July 2013 and March 2017). The Guidance Letter HKEx-GL44-12 issued by the Stock Exchange in October 2012 (as updated in March 2017) is not applicable to the pre-IPO investment by OP Financial Limited as no convertible instrument was issued.

Increase of authorized capital

On April 29, 2020, our Shareholders resolved that the authorized share capital of our Company be increased to HK\$50,000,000 divided into 5,000,000,000 Shares of HK\$0.01 each.

Capitalization Issue

Conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorized to capitalize HK\$8,616,610.00 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 861,661,000 Shares, such Shares to be allotted and issued on the Listing Date, credited as fully-paid at par to our Shareholder(s) whose name(s) appear on the register of members of our Company at the close of business on May 14, 2020 in proportion (as near as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then shareholding in our Company and

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

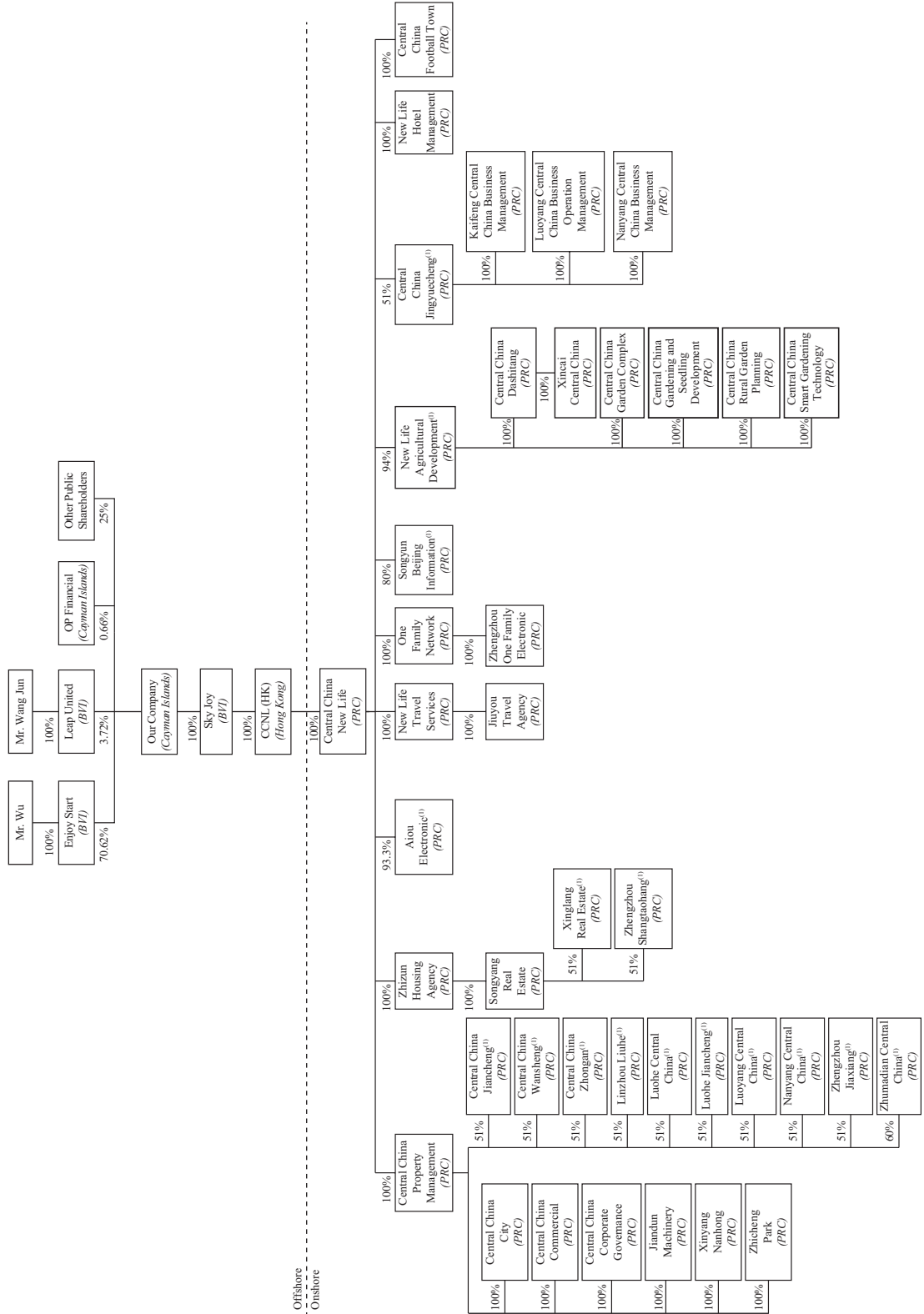
the Shares to be allotted and issued pursuant to the Capitalization Issue shall carry the same rights in all respects with the then existing issued Shares.

Details of the resolutions of our Shareholders are set out in “Appendix IV—Statutory and General Information—A. Further Information about our Company—4. Written Resolutions of our Shareholders passed on April 29, 2020”.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

The below chart shows our shareholding structure immediately following the Global Offering (assuming the Over-allotment Option, the Pre-IPO Share Options and Post-IPO Share Options have not been exercised):



HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Note (1):

As of the Latest Practicable Date, 16 of our subsidiaries were not wholly owned by us. Details of the other interests held in such non wholly-owned subsidiaries are set out below:

Name of non-wholly-owned Subsidiary	Details of minority interests
Aiou Electronic	6.67% by Mr. Lu Feng (盧峰先生) (a director of Aiou Electronic, an insignificant subsidiary (as defined under the Listing Rules), and therefore an Independent Third Party)
Central China Jiancheng	49% by Zhoukou Jiancheng Property Service Co., Ltd.* (周口建城物業服務有限公司) (an Independent Third Party)
Central China Jingyuecheng	49% by Shanghai Yiyuejia Business Management Group Co., Ltd.* (上海怡悅嘉商業管理集團有限公司) (a company owned by various Independent Third Parties, including 15% by Jianye Holdings)
Central China Wansheng	49% by Henan Jiankong Commercial Operational Management Co., Ltd.* (河南建控商業運營管理有限公司) (an Independent Third Party)
Central China Zhongan	49% by Huaiyang Zhongan Property Management Co., Ltd.* (淮陽縣中安物業管理有限公司) (an Independent Third Party)
Linzhou Liuhe	29.4% by Ms. Liu Yuzhen (劉玉珍女士) and 19.6% by Mr. Guo Junjie (郭俊傑先生) (both being a director of Linzhou Liuhe, an insignificant subsidiary (as defined under the Listing Rules), and therefore Independent Third Parties)
Luohe Central China	49% by Ms. Guo Ailing (郭愛玲女士) (an Independent Third Party)
Luohe Jiancheng	49% by Luohe City Huida Property Management Co., Ltd.* (漯河市惠達物業管理有限公司) (an Independent Third Party)
Luoyang Central China	49% by Luoyang Shihua Huikang Property Management Co., Ltd.* (洛陽石化惠康物業管理公司) (an Independent Third Party)
Nanyang Central China	49% by Henan Shuntai Property Management Co., Ltd.* (河南順泰物業管理有限公司), which was in turn owned by Mr. Yang Kang (楊康先生) (an Independent Third Party) and Mr. Zhang Mingli (張明理先生) (a director of Nanyang Central China, an insignificant subsidiary (as defined under the Listing Rules) and therefore an Independent Third Party)
New Life Agricultural Development	6% was held by Henan Minghe Agricultural Technology Co., Ltd.* (河南銘禾農業科技有限公司), which was in turn held as to 70% by Mr. Zhang Hu (張虎先生) (a member of our senior management, a director of New Life Travel Services and New Life Hotel Management and therefore a connected person) and 30% by Mr. Wang Kaixing (王凱星先生) (a director of Central China Rural Garden Planning, and insignificant subsidiary (as defined under the Listing Rules) and therefore an Independent Third Party)
Songyun Beijing Information	20% by Henan Central China Football Club (an Independent Third Party)
Xinglang Real Estate	49% was held by Henan Tiancheng Real Estate Sales Co., Ltd.* (河南天成不動產營銷有限公司), which was in turn held by Mr. Mao Chunling (毛春領先生) (an Independent Third Party) and Mr. Liu Xingjie (劉星傑先生) (a director of Xinglang Real Estate, an insignificant subsidiary (as defined under the Listing Rules), and therefore an Independent Third Party)

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

<u>Name of non-wholly-owned Subsidiary</u>	<u>Details of minority interests</u>
Zhengzhou Jiaxiang	29% by Mr. Ma Zheng (馬征先生) and 20% by Mr. Bai Jianhua (白建華先生) (being respectively a director and a supervisor of Zhengzhou Jiaxiang, an insignificant subsidiary (as defined under the Listing Rules), and therefore Independent Third Parties)
Zhengzhou Shangtaohang	49% by Chongqing Shangtau Property Consultancy Co., Ltd.* (重慶上韜房地產顧問有限公司), which was in turn held by six Independent Third Parties (including Mr. Shen Hailang (沈海浪先生), a director of Zhengzhou Shangtaohang, an insignificant subsidiary (as defined under the Listing Rules), and therefore an Independent Third Party)
Zhumadian Central China	40% by Henan Lantian Real Estate Co., Ltd* (河南藍天置業有限公司) (an Independent Third Party)

OUR POSITIONING

We are a comprehensive service provider deeply rooted in central China region. Leveraging on our brand recognition, existing individual and corporate clients and integrated O2O one-stop service platform, we create an ecosystem which brings additional value to our customers, and foster a growing portfolio of high quality and customized products and services that is personal and customizable to the vast middle class in central China.

OUR MISSION

Our mission is to enrich the living experience and lifestyle of all the people in Henan.

OVERVIEW

We are the largest property management service provider in central China by total GFA under management as of December 31, 2018 and total revenue for the year ended December 31, 2018, according to CIA. Throughout more than two decades of operating history, we have significantly grown our business and operations. We believe our prospects and the pursuit of better living experience and lifestyle by the people in Henan are inseparable. We believe our well established operating history affords us a trusted and reputable brand which in turn enables us to continue to offer a full spectrum of services that can satisfy our customers' diverse needs and effectively improve their living quality.

We focus on serving our customers' diverse needs and enriching the list of goods and services within the geographic areas which we cover: where they stay, where they travel, what they eat and how they relax. We believe our competitive edge is the extensive network of goods and services we offer, coupled with our deep understanding of market demands and our capabilities in data analytics. Through frequent interactions with our customers, we have gained a deep understanding of customer needs and preferences. Combined with our strong resource consolidation, online-to-offline synergy and cross-selling capabilities, we are able to identify and deliver desirable services and products within our network and constantly refine our offering to better satisfy customer needs. By providing these services, we are able to aggregate significant consumer information which helps us cater to our customers with more tailor-made services.

To date, our service offering includes:

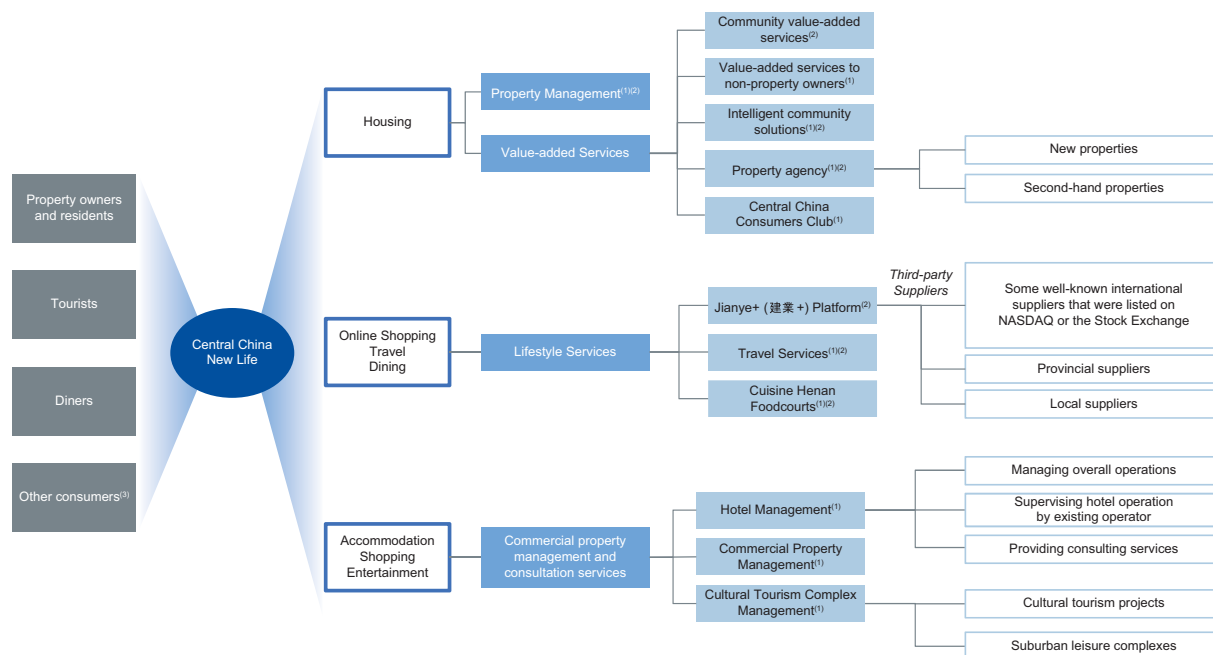
- Property management and value-added services: We provide property management and related value-added services, community value-added services, value-added service to non-property owners, property agency services, intelligent community solutions, and personalized services to VIPs of the Central China Consumers Club, who are the CCRE Group's exclusive group of high-net-worth customers. We have provided property management service in Henan for more than two decades, and we ranked 16th, 15th and 13th among the Top 100 Property Management Companies in China in 2017, 2018 and 2019, respectively, according to CIA. As of December 31, 2019, our property management and value-added services covered all the 18 prefecture-level cities (and also 81 of the 104 county-level cities) in Henan as well as one city in Hainan, namely Haikou, and we served more than one million property owners and residents in 312 properties. We manage a diversified portfolio of properties, including residential properties, shopping malls, cultural tourism complexes, commercial apartments, office buildings, schools and properties of governmental agencies.

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- Lifestyle services: Lifestyle services include products and services we offer on our Jianye + (建業+) platform, travel services, and management services we provide in Cuisine Henan Foodcourts (建業大食堂). The Jianye + (建業+) platform is an O2O one-stop service platform which integrates our internal and external, online and offline resources in order to provide our customers with convenient and more affordable goods and services, serving approximately 2,186,000 registered users as of December 31, 2019. From December 31, 2017 to December 31, 2019, the CAGR of our registered users was 131.8%. During the Track Record Period, the total GMV of our Jianye + (建業+) platform was RMB90.9 million, RMB205.8 million and RMB426.4 million, respectively. As of December 31, 2019, we were cooperating with over 340 suppliers, some of which were well-known brands that were listed on NASDAQ or the Stock Exchange. We also offer a wide range of benefits including exclusive offers with hotels, malls and restaurants in Henan. Our travel services offer four distinct types of tours to customers, namely leisure tours, corporate tours, football tours and educational tours. The six Cuisine Henan Foodcourts (建業大食堂) we manage hosted over 330 vendors as of December 31, 2019, offering a wide variety of food options to consumers. Pursuant to the strategic cooperation framework agreements with CCRE, we had 12 Cuisine Henan Foodcourts (建業大食堂) planned for our future management services.
- Commercial property management and consultation services: Unlike property management which concentrates on operations of a property, commercial property management and consultation focuses on maximizing the value of property by streamlining operations of and repositioning a property to reduce costs and increase income. Our commercial property management and consultation services include hotel management, commercial property management and cultural tourism complex management. For hotels, we manage overall hotel operations, supervise hotel operations performed by an existing operator and provide consultancy services. For other commercial properties, we provide pre-opening consultation and post-opening management services. For cultural tourism complexes, our services include overall operations and consultancy services. In each area, we strive to help our clients achieve asset value appreciation and sustainable development. As of the Latest Practicable Date, the commercial properties managed by us consisted of three cultural tourism complexes (with an aggregate site area of approximately 10.1 million sq.m.), seven shopping malls (with a total GFA of approximately 0.58 million sq.m.) and nine hotels (with a total GFA of approximately 0.25 million sq.m.), some of which hotels are branded under internationally recognized hotel brands such as Marriott, Intercontinental and Accor. Pursuant to the strategic cooperation framework agreements with CCRE, we had 12 cultural tourism complexes, 19 shopping malls and six hotels planned for our future management services.

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Our ability to provide customers with high quality products and services places us in the center of the value chain. The chart below illustrates how we connect resources and customers through our platform and meet customers' needs with our services:



Notes:

- (1) Business-to-Business “B2B” offerings
- (2) Business-to-Consumers “B2C” offerings
- (3) Consist of football fans of Jianye Football Club and teachers and parents of Central China Education

We believe “Central China New Life” has become synonymous with high quality property management and consumer goods and services. We enjoy a high customer satisfaction rate, as evidenced by a survey conducted by FG Consulting (賽惟諮詢), an independent third party consultancy, which reported that our customer satisfaction rate for property management and value-added services for 2017, 2018 and 2019 were 82.5%, 87.6% and 87.1%, respectively. Due to the expansion of our business scale, we progressively increased our participation in tender bids for property management projects initiated by third-party developers (especially the governmental bodies) for 2019 and our bid win rates for property management service were 100.0% for properties developed by the CCRE Group and its associates or joint ventures, and 92.9%, 96.7% and 88.4% for properties developed by third-party developers, respectively. To our Directors’ best knowledge and belief, such third-party developers elected to appoint other property management companies, having taking into account, among others, our competitors’ and our proposed service terms and prior business relationship with such third-party developers. During the same periods, our contract retention rate for property management service was over 80% on average, excluding 15 contracts which we chose not to renew following our review of their profitability.

The average MAUs on our Jianye + (建業+) platform for 2018 and 2019 were over 277,000 and 614,000, respectively. During the Track Record Period, the repeat purchase rate of our Jianye + (建業+) platform was 56.2%, 62.1% and 50.7%, respectively. We were named a “Leading Property Management Brand in the central China Region (華中物業服務領先品牌)” by CIA in each of 2018 and 2019. In 2018, we were named an “Outstanding Enterprise of the Property Management Industry of Henan Province (河南省物業服務行業先進企業)” by the Property Management Association of Henan

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Province (河南省物業管理協會). As of December 31, 2019, five communities under our management were recognized as national level model communities or national excellent communities by the Ministry of Construction of the PRC and Ministry of Housing and Urban-Rural Development of the PRC, and 49 communities under our management were selected as provincial level model communities (省級示範小區) by the Department of Construction of Henan Province (河南省建設廳).

We believe the strong support from the CCRE Group on residential, commercial and cultural tourism projects and consumer coverage, and the high recognition of the “Central China (建業)” brands, have supported our fast growth during the Track Record Period and laid a concrete foundation for our sustainable future development and expansion outside of Henan. During the Track Record Period, our total revenue from continuing operations was RMB460.5 million, RMB694.0 million and RMB1,754.4 million, respectively; and our net profit was RMB39.1 million, RMB52.0 million and RMB232.8 million, respectively.

COMPETITIVE STRENGTHS

Central China (建業) is a leading, highly recognizable brand in central China

We are well positioned in Henan province’s large and fast-growing market with the leading, highly recognizable Central China (建業) brand. The CCRE Group has been deeply rooted in Henan province for over two decades, and has benefited significantly from Henan’s large and growing market. It has gained wide market recognition in Henan with support from its leading brands. The “Central China (建業)” brand is a household name for high quality residential development, and the CCRE Group is a leading real estate developer in terms of scale, profitability, financial stability and growth potential in Henan province. The CCRE Group ranked first in the “Top 10 Regional Operations among the Top 500 Real Estate Developers in China” for 11 consecutive years since 2009 by China Real Estate Association and Shanghai E-house China R&D Institute.

Henan is one of China’s most populous provinces, with a registered population of approximately 109.0 million as of December 31, 2018, according to Henan province’s Bureau of Statistics. According to CIA, Henan province is China’s fifth largest provincial economy and the largest among the provinces in the central China region, with a nominal GDP of RMB5.4 trillion in 2019, accounting for 5.5% of China’s nominal GDP, according to iResearch. Henan’s economy is also fast-growing, with a GDP CAGR of 9.1% from 2013 to 2019, higher than China’s national average of 8.9%, according to iResearch. Henan’s per capita disposable income was RMB23,903 in 2019, representing a CAGR of 9.1% from 2013 to 2019, higher than China’s national CAGR of 9.0%. Moreover, according to iResearch, Henan province is quickly urbanizing, with an urbanization rate of 51.7% as of December 31, 2018, an increase of 1.6% from 2017 to 2018, higher than the increase in China’s average urbanization rate of 1.1% in the same period. Henan’s large population and scale of economy drives growth in its already sizable consumer goods and services and property management markets. Henan province has the largest consumer goods and services market among the provinces in the central China region with a market size of RMB2.5 trillion in 2018, representing a CAGR of 13.7% from 2013 to 2018, according to iResearch. Moreover, Henan province has the fifth largest provincial property management market in China, with a total GFA under management of 1.6 billion sq.m. as of December 31, 2018, according to CIA. In 2018, the total GFA commencing construction, total completed GFA and total GFA sold of commodity properties in Henan province was 146.8 million sq.m., 66.6 million sq.m. and 139.9 million sq.m., respectively, accounting for 7.0%, 7.1% and 8.2% of China’s total GFA commencing construction, total completed GFA and total GFA sold of commodity properties, respectively, according to CIA.

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Leveraging its success on property development, the CCRE Group has developed into a reputable conglomerate underpinned by its matrix of brands across industries:

- *Central China Malls:* As of December 31, 2019, the CCRE Group had six shopping malls under our management.
- *Central China Cultural Tourism:* As of December 31, 2019, the CCRE Group held equity interest in three cultural tourism projects under our management.
- *The Central China Consumers Club:* The Central China Consumers Club (君鄰會), the CCRE Group's exclusive VIP service platform, had over 10,000 VIP customers as of December 31, 2019, with an average net worth of over RMB11 million per person according to a survey conducted by Zhengzhou Tonghe Brand Marketing Consultant Co., Ltd (鄭州通和品牌營銷顧問有限公司). Through the Central China Consumers Club, the CCRE Group maintained a strong bond with its high-net-worth customers.
- *Central China Education:* As of December 31, 2019, the CCRE Group owned around 70 schools with over 3,300 teachers providing education to approximately 17,400 students.

In addition to the above, we also had access to several business partners of the CCRE Group, including Henan Central China Football Club, an Independent Third Party and the owner of Jianye Football Club, which provided us with access to more than 260,000 registered users of Jianye Football Club's mobile application, as of December 31, 2019. We partner with the CCRE Group in nearly all its business sectors. We believe the strong support from the CCRE Group on the pipeline of residential, commercial and cultural tourism projects and consumer coverage, and the high recognition of the "Central China (建業)" brands in Henan, have laid a concrete foundation for our fast and sustainable development.

Our comprehensive one-stop service platform with strong monetization capability and growth potential

The Jianye + (建業+) platform is a one-stop service platform providing comprehensive consumer goods and services to approximately 2,186,000 registered users as of December 31, 2019. The platform is widely used and growing rapidly, as evidenced by average MAUs on the platform for 2018 and 2019 of over 277,000 and 614,000, respectively. For the years ended December 31, 2017, 2018 and 2019, the total GMV of the Jianye + (建業+) platform was RMB90.9 million, RMB205.8 million and RMB426.4 million, respectively. We take pride in our strong resource integration capability and ability to offer consumers with customized services based on our deep understanding of customer needs. We believe our Jianye + (建業+) platform has the following competitive advantages:

- *Strong resource integration ability.* As of December 31, 2019, we were cooperating with more than 340 suppliers, some of which were well-known brands that were listed on NASDAQ or the Stock Exchange. Our Jianye + (建業+) mobile app serves as a gateway to our extensive internal and external resources, including (i) the cultural tourism complexes, shopping malls, hotels and the Cuisine Henan Foodcourts (建業大食堂) we manage and our customized travel services, and (ii) resources from selected third-party suppliers outside the CCRE Group, such as local gas stations, hotels, restaurants, cinemas, amusement parks, kids friendly recreation facilities, among others.
- *Strong customer acquisition ability.* Our Jianye + (建業+) platform is open to any consumer and serves more than just the owners and residents in our managed

communities. As of December 31, 2017, 2018 and 2019, there were over 407,300, 1,045,200 and 2,186,000 registered users on our Jianye + (建業+) mobile app, approximately 41.3%, 45.6% and 31.1% of which were owners and/or residents of properties developed by the CCRE Group and its associates or joint ventures. According to iResearch, brand image, and consequently the trust placed in that brand, is an important factor for consumers to consider when making consumption decisions. Our brand is rooted in our reputation among consumers in Henan, which spreads from existing customers to new ones by word of mouth. We frequently interact with property owners and residents in the process of providing property management and value-added services. Through such interactions, we obtain first-hand information about customer needs and preferences, which, by leveraging our data analytics, enables us to offer targeted services and products to our customers, and conduct more targeted marketing.

- *Strong membership service.* Leverage on the trust of our customers in our brand and service, we built the membership system on the Jianye + (建業+) platform around our core concept of creating a market place which offers “privileged, dedicated and customized” services to our members. By providing members with carefully selected, trustworthy, cost-effective, and well-known products and services, members have gradually established trust and dependencies with Jianye + (建業+) platform evidenced by repeated purchases. As the amount of orders increases, we are in a better position to negotiate with our suppliers for a better price. Under our membership system, users pay membership fees in exchange for price concessions and members-only privileges to products and services within our network. As of December 31, 2019, our Jianye + (建業+) platform had a total of over 255,000 members.
- *Strong growth in profitability.* The Jianye + (建業+) platform generated gross profits of RMB1.5 million, RMB4.1 million and RMB76.3 million during the Track Record Period, respectively. We believe such performance results from our strong grasp of customer demand and preferences, our selection of quality products and services and our centralized procurement capability. Our data analysis team reviews first-hand information we obtain through our daily interactions with customers and guides our offering of products and services. Because users trust our brand, they are more likely to recognize and accept products and services that we offer or endorse. Furthermore, we create cross-selling opportunities and synergies among our offerings to increase per-customer spending within our network and maximize our share of customer spending. During the Track Record Period, on the Jianye + (建業+) platform, the average spending per user was more than RMB2,636, RMB2,839 and RMB1,453, respectively. Customers’ brand approval often leads to repeat purchases. For the years ended December 31, 2017, 2018 and 2019, the repeat purchase rate of our Jianye + (建業+) platform was 56.2%, 62.1% and 50.7%, respectively. Our strong growth in profitability also derives from our dedicated membership services. Based on their trust in our brand, our registered members purchase packages on our Jianye + (建業+) platform for discounts in goods and services and premium experience. As of December 31, 2019, our Jianye + (建業+) platform had a total of over 255,000 members. Our effective cost control measures also help to increase our profitability. As our reputation grows, our operational costs as a percentage of our revenue have decreased for the following reasons: (1) our ability to cross-sale products and services of choice to our existing customer base has cut down our cost in customer acquisition and maintenance, (2) our centralized procurement system allows us to obtain relatively favorable prices or commercial terms, (3) our membership system offering

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certain exclusive member-only privileges and benefits allows us to charge customers a fixed upfront fee, and (4) our established service network in 18 cities in Henan allow us to maintain low logistics costs for item delivery services.

- *Mutually beneficial relationship with suppliers.* We have established a strong alliance and mutually rewarding relationships with the suppliers on our platform. We attract reputable suppliers with nationwide operations and platforms as well as quality regional and local suppliers, with whom we mutually benefit from the success of our Jianye + (建業+) platform. Our ability to attract suppliers and offer products and services that our customers need enables us to attract customers and increase our revenue and profitability. To suppliers, we provide an important channel for the sale of their products and services. We accredit the win-win results to our extensive sales network in Henan, our trusted brands, our large and growing online user traffic and our data analytics that enables us to provide targeted marketing and services.
- *Low-risk online marketplace business model.* We generally do not place a purchase order with a supplier unless we have received a corresponding order from a customer. However, if we place purchase order prior to receiving a corresponding order from a customer, those goods are usually the more popular ones based on the data analytics through our Jianye + (建業+) registered users' past purchasing habits. As such, we generally do not maintain excessive inventory and thereby reducing inventory risk. Moreover, we offer a broad spectrum of products and brands to mitigate product and supplier concentration risks.

Largest property management service provider in central China

We are the largest property management service provider in central China region by total GFA under management as of December 31, 2018 and total revenue for the year ended December 31, 2018, according to CIA. We have in-house capability in offering intelligent community solutions that can provide a safer, healthier, more convenient, more comfortable and greener lifestyle to our customers. We have provided property management service in Henan for over two decades and have developed a proven track record. We ranked 13th among the Top 100 Property Management Companies in China in 2019, according to CIA. As of December 31, 2019, we had a total of 312 properties under management with an aggregate GFA under management of 57.0 million sq.m., serving more than one million property owners and residents, according to CIA. In addition to residential properties, our portfolio of properties under management includes non-residential properties such as shopping malls, cultural tourism complexes, commercial apartments, office buildings, schools and properties of governmental agencies. We support our property management by providing value-added services, and our revenue from value-added services accounted for approximately 42.7% of our total revenue for the year ended December 31, 2019.

We believe our customers are generally willing to pay a premium for high quality and dedicated services, and we enjoy a high customer satisfaction rate. According to a survey conducted by FG Consulting (賽惟諮詢), our customer satisfaction rates for property management and value-added services for 2017, 2018 and 2019 were 82.5%, 87.6% and 87.1%, respectively. For 2017, 2018 and 2019, we were successfully awarded all of the 12, 42 and 57 bids for property management service for properties developed by the CCRE Group and its associates or joint ventures. Due to the expansion of our business scale, we progressively increased our participation in tender bids for property management projects initiated by third-party developers (especially the governmental bodies) for 2019. During the Track Record Period, we made 14, 61 and 86 tender bids, and our bid win rates was 92.9%,

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96.7% and 88.4%, respectively. To our Directors' best knowledge and belief, such third-party developers elected to appoint other property management companies, having taking into account, among others, our competitors' and our proposed service terms and prior business relationship with such third-party developers. Our contract retention rates for property management services have been over 80% on average throughout the Track Record Period, excluding 15 contracts which we chose not to renew following our review of their profitability.

In order to improve customer satisfaction and user experience, through our subsidiary, Aiou Electronic, we have introduced automation, designed and installed intelligent products in various aspects of our operations to improve operating efficiency and lower labor costs. As of December 31, 2019, we provided intelligent community solutions in more than 61.9% of our managed residential communities. We were named "Leading Property Management Brand in the Central China Region (華中物業服務領先品牌)" by CIA for 2018 and 2019. In 2018, we were named "Outstanding Enterprise of the Property Management Industry of Henan Province (河南省物業服務行業先進企業)" by the Property Management Association of Henan Province (河南省物業管理協會). As of December 31, 2019, five communities under our management were recognized as national level model communities or national excellent communities by the Ministry of Construction of the PRC and Ministry of Housing and Urban-Rural Development of the PRC, and 49 communities under our management were selected as provincial level model communities (省級示範小區) by the Department of Construction of Henan Province (河南省建設廳).

We believe our market leading position has brought us various competitive advantages, including:

- *Market penetration.* We have achieved a deep market penetration in Henan province and provided services in all 18 prefecture-level cities (and also 81 of the 104 county-level cities) in Henan as well as one city in Hainan, namely Haikou. We have accumulated extensive resources and experience over the years of operations and marketing efforts, which we believe creates a significant competitive barrier for new market players in Henan province.
- *Economies of scale.* Our scale in the central China region allows us to benefit from relatively low labor costs and achieve expansion efficiently and increased profitability through centralized procurement and cost management.
- *Resource integration.* In addition to abundant internal resources such as the pipeline of residential, commercial, hotel and cultural tourism projects and customer coverage in collaboration with the CCRE Group, the strong "Central China (建業)" brand also helps us win quality external resources. For example: (i) we are able to access quality resources in different industries and sectors to make our Jianye + (建業+) platform a go-to place for consumers and provide them with extensive benefits and privileges as well as premium experience; (ii) our well-established platform vests us with strong bargaining power in our cooperation with selected third-party suppliers; and (iii) our credible brand name facilitates our process of obtaining governmental approvals and licenses.
- *Information advantage.* We provide services to and directly interact with over one million owners and residents, and over 10,000 high-net-worth VIPs of the Central China Consumers Club as of December 31, 2019. Through such interactions, we obtain abundant first-hand consumer information and grasp market opportunities. Our information advantage can help us attract business partners to our Jianye + (建業+) platform.

Our “property management + commercial property management and consultation” two-pronged growth strategy which accelerates our growth

Our two-pronged expansion strategy, which combines our property management skills with commercial property management capabilities, affords us broader customer coverage than traditional property management companies, making it more difficult for competitors to replicate our success. We believe our experience and track record in these two separate but related areas provides us with access to opportunities on which competitors lacking the ability and expertise to pursue our two-pronged growth strategy would be unable to capitalize.

Our property management services drive our strategic layout and generates predictable and stable growth, and we believe our quality-centric, customer-oriented property management services make us a trusted brand among customers. During the Track Record Period, our contract retention rate for property management service was over 80% on average, excluding 15 contracts which we chose not to renew upon expiry. As a result, our revenue from property management business are largely recurring. Moreover, as of December 31, 2019, our GFA reserve was 57.7 million sq.m., of which 14.0 million sq.m. was scheduled to be delivered in 2020 and 22.0 million sq.m. in 2021. This will provide a predictable source of revenue growth. In addition to residential properties, our portfolio of properties under management includes non-residential properties such as shopping malls, cultural tourism complexes, commercial apartments, office buildings, schools and properties of governmental agencies. As of December 31, 2019, 30.2% of the total GFA we managed was non-residential properties.

In order to maximize the value and return on investment of a property, our commercial property management and consultation services provide solutions to streamline the operations of the property to reduce expenses, increase income and improve property value of those properties. Our commercial property management and consultation services portfolio includes cultural tourism complexes, shopping malls and hotels. We are a recognized hotel manager which we also help hotel owners to supervise the operation and management of the internationally recognized hotel brands employed by them, such as Marriott, Intercontinental and Accor. We believe such cooperation relationships are endorsements of our market position, service quality and capabilities, and will contribute to our growth potential. As a result of our capability and experience in commercial property management, we have a greater pricing power, according to iResearch. Our commercial property management and consultation services drive more vigorous growth in our revenue and overall profitability. The gross profit margin for our commercial property management and consultation business during the Track Record Period was 85.3%, 57.3% and 66.0%, respectively, generally higher than those for our property management business. We believe our ability in maintaining and enhancing asset value will differentiate us from our competitors.

Visionary and seasoned senior management team, solid corporate governance and effective talent upskilling and incentive systems

We believe our future success depends on the quality of our people. Our core management team has extensive experience in the management of medium-to large-scale enterprises and companies in similar industries. Our senior management members generally hold management positions in similar industries for of over ten years. All our senior management members have a bachelor’s or above in diverse subject areas including property management, business administration, accounting, tourism management, agricultural economic management and civil engineering. We believe our experienced management team has contributed to our success and will further enhance our execution capabilities.

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We attract management talent with extensive experience in the real estate and property management industries, technical talent with creativity and new market economy skills, and service industry talent with vision and innovative ideas. At the same time, we also hire experienced management personnel cultivated by the CCRE Group, who have rich experience in and profound understanding of the industry and outstanding professional capability. For example:

- Our executive Director, chief executive officer and chairman of our Board, Mr. Wang Jun bringing strong managerial competence and extensive management experience since joining our Company. Mr. Wang's previous professional experience includes a position as an executive director at Morgan Stanley Asia Limited, a management position in charge of investor relations and the senior manager of the finance department at Country Garden Holdings Company Limited and a position as a senior associate at PricewaterhouseCoopers. Mr. Wang has deep knowledge in real estate industry and international capital markets and global vision.
- Our executive Director and chief operating officer and, Mr. Cai Bin, is an expert in e-commerce and has extensive experience in property agency, commercial property management and overall project management. Mr. Cai was named an "Outstanding Business Leader in Zhengzhou (鄭州電子商務領軍人物)" in December 2016 and has been selected as a member of the "E-commerce Expert Panel of Zhengzhou (鄭州市電子商務專家庫)" by the Commerce Bureau of Zhengzhou (鄭州市商務局).
- Our Vice President, Mr. Wang Weiqing, is a property management expert and leads our "tool automation, resource platformization, service standardization and operation digitalization" initiative. Mr. Wang Weiqing's previous professional experience includes management positions at China Evergrande Group, Country Garden Holdings Company Limited and Longfor Group Holdings Limited, where he was actively involved in the upgrade of property management services.

We believe we have a sound corporate governance system that limits our risk exposure. Financial officers of our subsidiaries report directly to our Group chief financial officer. We believe a flat management approach within our financial and accounting department facilitates transparency and efficient and effective communications in the course of budgeting, reporting and settlement. All major business decisions and actions are subject to a group decision making process that involves our executive Director, chief financial officer and four vice presidents who are experienced in real estate, property management, commercial property management and consultation, internet operations and capital markets. By pooling the wisdom and efforts of our senior management team, we are able to make well informed decisions and reduce uncertainties.

We emphasize the importance of job training, education, and the provision of upward mobility to our employees. We have developed extensive skill-based and career-oriented training programs for our employees at all levels, including pre-job training, mentoring, new employee training, on-the-job learning, reserve cadre training and on-the-job cadre training. We pay attention to the career planning of each employee, fully implementing the internal competitive promotion and mobility system, and creating a fair, open and just work environment.

Business Strategies

To achieve our mission which is to enrich the living experience and lifestyle of all the people in Henan, to continuously increase our revenue and to further improve our operating efficiency and profitability, we intend to pursue the following strategies:

Expand our range of services and develop our Jianye + (建業+) platform

We plan to expand our range of services and further develop our Jianye + (建業+) platform through the following measures:

- *geographic coverage*: to cover all cities in Henan and expand our geographic coverage alongside the CCRE Group's pipeline of residential, commercial and cultural tourism projects outside Henan province, with a focus on the central China region;
- *software*: expand our R&D team and optimize its organization and function, develop and upgrade software and cloud systems, and rapidly promote the development of emerging technologies such as data analytics, artificial intelligence and facial recognition, to improve user experience and support major business decisions;
- *hardware*: improve and expand our facilities and equipment such as servers, smart community IoT devices and new retail experiential devices, to support larger-scale user interactions, improve user experience, enhance service network and increase our contact with customers;
- *resources*: cooperate with more suppliers, expand the scale and diversity of membership resources and provide members with more benefits and privileges and higher quality service experience; and
- *users*: continue to attract new users while increasing active users at relatively low cost, benefiting from brand awareness and recognition of "Central China."

We plan to invest approximately 15% of our net proceeds from the Global Offering to continue to develop Jianye + (建業+) platform and optimize user experience. For further details, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

Expand our business scale through organic growth, strategic investments, cooperation and acquisitions

We plan to continue to develop our commercial property management and consultation services, and further improve our service capability to cover the entire service chain, from project planning and design, to construction consultation, and to commercial property management. To support our growth, we plan to expand our commercial property management team by recruiting market leading talent with diverse experience capable of high quality performance for different aspects of the entire service chain.

Externally, we plan to pursue strategic investment and acquisition opportunities to further expand the business scale and property portfolio of our property management business and value-added services. Our targets would include:

- property management service providers with good reputation, high-quality assets and a total GFA under management of at least three million sq.m.;
- property management service providers with operational efficiency or profit margin improvement potential;

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- companies whose business that will expand property portfolio, such as public properties and office buildings, or geographic coverage, with a focus on the central China region; and
- other companies that can bring synergies, such as companies providing information technology.

To capture industry opportunities, we plan to allocate approximately 60% of our net proceeds from the Global Offering towards strategic investments, cooperation and acquisitions. As of the Latest Practicable Date, our Directors confirm that we had not identified any target company for acquisition. For further details, please see section headed “Future Plans and Use of Proceeds” in this prospectus.

Strengthen our brand recognition and marketing, and leverage our brand awareness to grow our revenues and platform users

Our brand image, and consequently the trust placed by our customers in us, plays an important role in our business development. For example, we believe our “Central China New Life (建業新生活)” has become synonymous with quality property management and consumer goods and services. We seek to further strengthen our brand awareness and image, and increase the number of MAUs on our Jianye + (建業+) platform, through various marketing and promotional channels, including through continuous and expanded cooperation with other well-known brands on this platform, working with internationally recognized hotel operators under our commercial property management and consultation business, and forming new relationships with well-known Chinese and international brands and suppliers. By leveraging the strong brand identity and customer awareness we have developed over more than two decades of operation, we expect to differentiate our offerings and services from our competitors. Furthermore, by educating our sales and marketing personnel, we expect to boost cross-selling opportunities and promote synergies among our offerings to increase per-customer spending within our network. We also seek to expand our in-house marketing department with personnel that have profiles and brand development expertise that will enable us to enhance the positive brand recognition of our services.

Enhance our commercial property management and consultation services

We plan to enhance our commercial property management and consultation services, and further improve our service capability to cover the entire service chain, from project planning and design, to pre-opening consultation, and to commercial property management. To support our growth, we plan to expand our commercial property management team by recruiting market leading talent with diverse and high quality experience. In addition to assets of the CCRE Group, we strive to increase our commercial property management and consultation services for third parties’ assets, in particular assets in the central China region, and promote our information system, culture and values to further enhance our brand recognition in commercial property management and consultation services.

Further improve management and operational efficiency by leveraging advanced technologies

We plan to continually improve our management and operational efficiency using advanced information technologies. Our goal is to build intelligent communities and upgrade facilities, which will cover all our managed properties by end of 2020. We also plan to develop our human resources and financial sharing systems to share personnel and other human resources information, and financial information on income, costs and cash flows among our board members and senior management. We believe this will better enable us to monitor our operating performance and maintain effective control over our finances. We also plan to upgrade our human resources system to monitor the full

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employment life cycle, from recruitment to promotion to exit, to facilitate smoother internal coordination and minimize human errors. We also intend to invest in the development of advanced process controls and an integrated KPI system to monitor our day-to-day operations on a real-time basis. Further, we aim to achieve digitalized documentation and cloud computing to enhance data security, support our data analytics and centralize our fully digitalized and synchronized operational data.

We plan to invest approximately 15% of our net proceeds from the Global Offering in improving operational efficiency. For further details, please refer to section headed “Future Plans and Use of Proceeds” in this prospectus.

OUR BUSINESS MODEL

The history of our business can be traced back to 1994 when we were founded by the CCRE Group and started providing property management services for properties developed by them under the predecessor of Central China Property Management, our major operating subsidiary. Over the years, we have successfully expanded our business from property management to lifestyle services and commercial property management and consultation services. Our business now consists of three major segments, including:

- property management and value-added services, which include property management services, community value-added services, value-added services to non-property owners, property agency services, the provision of intelligent community solutions and personalized services to VIPs of the Central China Consumers Club. We mainly charge property management fees for property management services on a lump sum basis. Out of such fees, we also pay out our expenses associated with providing property management services;
- lifestyle services, which include products and services offered on our Jianye + (建業+) platform, travel services and management services in Cuisine Henan Foodcourts (建業大食堂). We derive revenue from offering products and services sold on our platform on a “pay-as-you-go” basis and allowing registered users to subscribe to membership packages or to purchase credits which can be used as cash for any purchase on the Jianye + (建業+) platform on the Jianye + (建業+) platform. We charge an all-inclusive service fee on a per-person basis based on headcount for the travel services packages we offer. We charge commission based on a percentage of vendor’s revenues from the sale of food and beverages in Cuisine Henan Foodcourts (建業大食堂) under the leasing operation arrangement and we charge a fixed annual fee in addition to a floating fee under our entrustment arrangement for our operation in the Cuisine Henan Foodcourts (建業大食堂); and
- commercial property management and consultation services, which include hotel management, commercial property management and cultural tourism complex management. For hotel management, we charge a percentage of gross operating profit or revenue generated from the hotel and/or a pre-determined fee per hotel room. With regards to commercial property management, we charge a management fee on a monthly basis, depending on the complexity of the asset. In cultural tourism complex management, we charge a management fee based on the area we manage and the types of services we provide.

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We focus on satisfying our customers' needs and enriching the list of goods and services within the geographic areas which we cover: where they stay, where they travel, what they eat and how they relax. We believe that it is because we are attentive to our customers' needs and behavior that we are able to identify their desirable services and products within our network and constantly improve our offerings to better satisfy their needs. Leveraging on our economies of scale, we adopt the following approaches to set ourselves apart from market competition:

- *Cross-selling opportunities and synergies.* As a result of our understanding of customer needs, we provide desirable, diversified offerings to different customer groups. Our strong resource integration capability enables us to cover a wide range of customer needs, such as housing, shopping, accommodation, travel, catering and entertainment. The provision of one service can create cross-selling opportunities and synergies among our offerings. Therefore, there are ample opportunities for us to increase per-customer spending within our network and maximize our share of customer spending.
- *Online-to-offline integration.* We consolidate the services and products we provide on our Jianye + (建業+) Platform, putting high quality services and products with a close fit to customers' needs at their fingertips. The record of user continued activities and transactions through our Jianye + (建業+) mobile app accumulates data, which enables us to better analyze customer needs and preferences, identify unmet customer needs, refine our offerings and conduct more targeted marketing. Continuous improvements in offerings and user experience in turn will help us attract new customers and promote customer loyalty.
- *Combination of "B to B" and "B to C" offerings.* We provide both "B to B (business customers)" and "B to C (to individual customers)" services. To business customers, we primarily act as an asset manager helping them to operate and manage their hotels, commercial assets and cultural tourism complexes. We also provide property management and value-added services to property developers and travel services to business customers. To individual customers, we help them manage and maintain their properties, and we also serve a large and growing group of consumers, such as property owners and residents of our managed communities. We have frequent interactions with consumers, through which we have gained their trust and a deep understanding of consumer needs and preferences. Once admitted as registered users on our platform, our customers will gain access to an extensive range of privileges and benefits for free or, in some cases, on a "pay-as-you-go basis", which have led to a greater extent of customer satisfaction, retention and stickiness, as reflected in the high customer retention and repeated business.

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The table below sets forth our revenue from each business segment during the Track Record Period.

	Year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Property management and value-added services	421,397	91.5	620,712	89.4	1,341,092	76.4
Lifestyle services	23,877	5.2	62,179	9.0	308,575	17.6
Commercial property management and consultation services	15,258	3.3	11,097	1.6	104,735	6.0
Total revenue	460,532	100.0	693,988	100.0	1,754,402	100.0

The following table sets forth a breakdown of our revenue generated from the CCRE Group and its associates or joint ventures and other customers which are Independent Third Parties for the periods indicated:

	Year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
The CCRE Group and its associates or joint ventures	80,685	17.5	135,252	19.5	746,458	42.5
Independent Third Parties	375,911	81.6	554,444	79.9	1,007,944	57.5
One Family Network ^(Note 1)	3,936	0.9	4,292	0.6	—	0.0
Total revenue	460,532	100.0	693,988	100.0	1,754,402	100.0

Note 1: One Family Network was owned as to 70% by Songyun Network and 30% by Central China Property Management prior to acquisition by Central China New Life on December 25, 2018. Since completion of such acquisition, One Family Network has been our wholly-owned subsidiary.

For details on our relationship with the CCRE Group, see the sections headed “Relationship with Controlling Shareholders” and “Business—Our Customers—Our Top Five Customers”.

PROPERTY MANAGEMENT AND VALUE-ADDED SERVICES

We have provided property management services since 1994 and over the years, we have expanded our service offerings to include value-added services aimed at elevating the living quality of the residents in the properties we manage. To promote a contemporary, interactive and intelligent environment within the communities, we provide intelligent community solutions to property developers as well as residents. As of December 31, 2019, we also provide customized services to over 10,000 VIPs of the Central China Consumers Club, an exclusive social platform established by the CCRE Group for high-net-worth customers, which fosters collaboration and deepens relationships between these high-net-worth customers, the CCRE Group as well as ourselves. Furthermore, we provide property agency services to property developers, buyers and sellers by leveraging our strong network of property buyers with purchasing power.

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The table below sets forth our revenue from each service in this business segment during the Track Record Period.

	Year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Property management	330,377	78.4	423,358	68.2	592,356	44.2
Value-added services:						
Community value-added services	25,699	6.1	31,473	5.1	57,852	4.3
Value-added services to non-property owners	64,625	15.3	111,973	18.0	204,113	15.2
Intelligent community solutions	—	—	—	—	179,944	13.4
Property agency	696	0.2	47,079	7.6	259,657	19.4
Central China Consumer Club	—	—	6,829	1.1	47,170	3.5
Total	<u>421,397</u>	<u>100.0</u>	<u>620,712</u>	<u>100.0</u>	<u>1,341,092.0</u>	<u>100.0</u>

The table below sets forth a breakdown of our revenue from property management and value-added services recognized by three categories, the CCRE Group and its associates or joint ventures, Independent Third Parties and our Group's associates, for the periods indicated:

	Year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
The CCRE Group and its associates or joint ventures	60,175	14.3	109,484	17.6	586,307	43.7%
Independent Third Parties	358,122	85.0	507,124	81.7	754,785	56.3%
One Family Network ^(Note 1)	3,100	0.7	4,104	0.7	—	0.0%
Total	<u>421,397</u>	<u>100.0</u>	<u>620,712</u>	<u>100.0</u>	<u>1,341,092</u>	<u>100.0%</u>

Note 1: One Family Network was owned as to 70% by Songyun Network and 30% by Central China Property Management prior to acquisition by Central China New Life on December 25, 2018, and is therefore a former related party. Since completion of such acquisition, One Family Network has been our wholly-owned subsidiary.

The revenue from property management and value-added services attributable to the CCRE Group, its associates or joint ventures increase during the year ended December 31, 2018 and 2019 was primarily because our value-added service offerings expanded to cover personalized services to VIPs of the Central China Consumers Club, property agency services and intelligent community solutions in September 2018, November 2018 and January 2019, respectively.

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Property Management

We are a leading property management service provider in the central China region, and as of December 31, 2017, 2018 and 2019, our total contracted GFA was approximately 34.1 million sq.m., 70.3 million sq.m. and 114.7 million sq.m., respectively. The majority of our customers for property management service is Independent Third Parties, representing over 97.3% of revenue generated from property management services during the Track Record Period. As of December 31, 2019, our total contracted GFA was approximately 114.7 million sq.m. The table below sets out the total contracted GFA by property developer as of the dates indicated.

	As of December 31,					
	2017		2018		2019	
	'000 sq.m.	%	'000 sq.m.	%	'000 sq.m.	%
The CCRE Group and its associates or joint ventures	28,498	83.5	47,402	67.4	69,459	60.6
Third-party property developers	5,622	16.5	22,945	32.6	45,239	39.4
Total	<u>34,120</u>	<u>100.0</u>	<u>70,347</u>	<u>100.0</u>	<u>114,698</u>	<u>100.0</u>

During the Track Record Period, we managed: (1) all of the properties developed by the CCRE Group; and (2) 97.8%, 92.1% and 96.8% of the properties developed by the CCRE Group and its associates or joint ventures. The Group did not manage all properties developed by such associates or joint ventures because, to our Directors' best knowledge and belief, such associates or joint ventures elected to appoint other property management companies, having taking into account, among others, our competitors' and our proposed service terms and prior business relationship with such associate or joint venture. As of December 31, 2019, we managed 312 properties located in all the 18 prefecture-level cities (and also 81 of the 104 county-level cities) in Henan as well as one city in Hainan, namely Haikou, with an aggregate GFA under management of 57.0 million sq.m., among which approximately 39.3 million sq.m. were developed by the CCRE Group and its associates or joint ventures. During the Track Record Period, we successfully increased the property management fee rates for 17 properties under management by an average of approximately 41.8%. During the Track Record Period, the average property management fee rate charged for the residential properties we manage was approximately RMB1.73 per sq.m./month, RMB1.89 per sq.m./month and RMB1.82 per sq.m./month, respectively. In addition to residential properties, which accounted for 69.8% of the GFA we managed as of December 31, 2019, we also manage shopping malls, cultural tourism complexes, commercial apartments, office buildings, schools and properties of governmental agencies. We began to manage properties developed by third-party property developers since 2000, and started to scale up our management of such properties in 2018. As of December 31, 2019, 31.1% of the GFA we managed was developed by third-party property developers. During the Track Record Period, we generated revenue of RMB330.4 million, RMB423.4 million and RMB592.4 million, respectively, from offering property management.

Scope of Services

We provide a broad range of property management services which are grouped into the following main categories:

- *Security.* We provide high-quality security services to ensure the properties we manage are safe and in order. Daily security services we provide include patrolling, access control, video surveillance, carpark management, electronic access control system management,

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visitor management, fire control, electronic anti-theft alarm system management and emergency response and handling.

- *Cleaning.* We provide quality professional cleaning service through standardized cleaning procedures and with advanced cleaning tools and hygiene management. We use modern technology to improve the professionalism of our cleaning service and pay extra attention to the etiquette and activeness of our cleaning staff to create a clean and tidy living environment for our residents.
- *Gardening.* We provide standardized professional gardening services to the properties we manage. Gardening services we provide include design and maintenance of greenery such as watering, fertilization and pest control, plant placement and design and water conservation in the common areas.
- *Repair and maintenance.* We utilize QPI facilities to inspect and monitor the status of facilities in common areas in order to maximize our efficiency in inspection and maintenance of common area facilities. We are generally responsible for the maintenance of common area facilities, such as elevators, fire control systems, power generators and water pumps and water tanks. We use automated systems that send orders upon receiving notification of repair and maintenance issues to our repair and maintenance staff to simplify the process and increase efficiency.
- *Customer services.* Our customer services include (i) assisting property owners and residents with daily services, such as decoration, valet parking, moving in and out and (ii) handling customer complaints and suggestions and following up on the progress and feedback.

We employ on-site personnel to provide property management services listed above. As of December 31, 2019, we had also engaged 27 subcontractors to provide certain property management services, which mainly include cleaning, greening and gardening and security guard functions.

GFA under Management

During the Track Record Period, we managed: (1) all of the properties developed by the CCRE Group, which also accounted for the vast majority of our total GFA under management by our property management segment; and (2) 97.8%, 92.1% and 96.8% of the properties developed by the CCRE Group and its associates or joint ventures. The Group did not manage all properties developed by such associates or joint ventures because, to our Directors' best knowledge and belief, such associates or joint ventures elected to appoint other property management companies, having taking into account, among others, our competitors' and our proposed service terms and prior business relationship with such associate or joint venture. As of December 31, 2017, 2018 and 2019, our total contracted GFA was approximately 34.1 million sq.m., 70.3 million sq.m. and 114.7 million sq.m., respectively, and our total GFA under management for the same period was approximately 20.4 million sq.m., 25.7 million sq.m. and 57.0 million sq.m., respectively, of which, approximately 90.9%, 83.7% and 68.9% were developed by the CCRE Group and its associates or joint ventures, respectively.

The table below sets forth a breakdown of our total GFA under management and number of property management contracts for our property management services attributable to the properties

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developed by the CCRE Group (and its associates or joint ventures) and third-party property developers as of the dates as indicated.

	As of December 31,								
	2017			2018			2019		
	GFA		Number of contracts	GFA		Number of contracts	GFA		Number of contracts
'000 sq.m.	%	'000 sq.m.		%	'000 sq.m.		%		
The CCRE Group and its associates or joint ventures	18,500	90.9	138	21,506	83.7	153	39,272	68.9	194
Third-party property developers	<u>1,861</u>	<u>9.1</u>	<u>19</u>	<u>4,182</u>	<u>16.3</u>	<u>39</u>	<u>17,711</u>	<u>31.1</u>	<u>181</u>
Total	<u><u>20,361</u></u>	<u><u>100.0</u></u>	<u><u>157</u></u>	<u><u>25,688</u></u>	<u><u>100.0</u></u>	<u><u>192</u></u>	<u><u>56,983</u></u>	<u><u>100.0</u></u>	<u><u>375</u></u>

The percentage of total GFA under management by our property management services for properties developed by third-party property developers grew from 9.1% as of December 31, 2017 to 31.1% as of December 31, 2019.

The table below sets forth a breakdown of our revenue generated and our gross profit margin from the provision of property management services attributable to the properties developed by the CCRE Group (and its associates or joint ventures) and third-party property developers for the periods indicated.

	For the year ended December 31,								
	2017			2018			2019		
	Revenue		Gross profit margin	Revenue		Gross profit margin	Revenue		Gross profit margin
RMB'000	%	%		RMB'000	%		%	RMB'000	
The CCRE Group and its associates or joint ventures ...	310,855	94.1	15.5	386,420	91.3	15.6	472,455	79.8	16.0
Third-party property developers	<u>19,522</u>	<u>5.9</u>	<u>13.0</u>	<u>36,938</u>	<u>8.7</u>	<u>13.2</u>	<u>119,901</u>	<u>20.2</u>	<u>13.7</u>
Total	<u><u>330,377</u></u>	<u><u>100.0</u></u>	<u><u>15.3</u></u>	<u><u>423,358</u></u>	<u><u>100.0</u></u>	<u><u>15.4</u></u>	<u><u>592,356</u></u>	<u><u>100.0</u></u>	<u><u>15.5</u></u>

The revenue generated from our property management services managing properties developed by third-party developers increased from approximately RMB36.9 million for the year ended December 31, 2018 to approximately RMB119.9 million for the year ended December 31, 2019, representing approximately 8.7% and 20.2% of the total revenue generated from our property management services, respectively. During the Track Record Period, our revenue for our property management services attributable to properties developed by the CCRE Group (and its associates or joint ventures) accounted for approximately 67.5%, 55.7% and 26.9% of our total revenue, respectively. Our gross profit margin for our property management services attributable to properties developed by the CCRE Group and its associates or joint ventures was approximately 15.5%, 15.6% and 16.0% during the Track Record Period, respectively, which were slightly higher than those properties developed by third-party property developers. It is because several non-residential properties developed by the CCRE Group and its associates or joint ventures under our management (such as shopping malls and office buildings) generally had a higher gross profit margin (which shopping malls and office buildings under our management were mostly developed by the CCRE Group and its associates or joint ventures), which had over 24% of gross profit margin throughout the Track Record Period.

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Further, during the Track Record Period, even though the vast majority of our property management services were provided to the properties developed by the CCRE Group and its associates or joint ventures, the vast majority of our property management services revenue generated thereunder came from Independent Third Parties which include property owners and third-party property developers, which amounted to approximately 97.3%, 98.1% and 98.7% during the Track Record Period, respectively. During the development phase of the properties, property developers enter into preliminary property management services agreements with us on behalf of property owners, which shall be reflected in the property purchase agreement entered into by the property developer and the purchaser who later becomes the property owner. Shall property owners wish to engage another property management services provider at a later stage, they may establish a property owners' association to act on their behalf, who will enter into a property management services agreement with the new property management services provider. However, it is not mandatory under applicable PRC laws and regulations that a property owners' association is established. The establishment of a property owners' association is subject to votes by relevant property owners in their general meetings, and such meetings shall be held upon application by the property owners constituting a quorum and under the guidance of relevant government authorities, as stipulated in the Property Law of the PRC (《中華人民共和國物權法》), the Regulation on Property Management (2018 revision) (物業管理條例 (2018年修正)) and the Guidance Rules on Property Owners' Meeting and Property Owners' Association (《業主大會和業主委員會指導規則》). For further details, please see “—tender process” in this section.

The table below sets forth a breakdown of our property management revenue recognized by two categories, the CCRE Group and its associates or joint ventures and Independent Third Parties, for the periods indicated:

	For the year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Revenue from the CCRE Group and its associates or joint ventures	9,040	2.7	7,846	1.9	7,441	1.3
Revenue from Independent Third Parties ⁽¹⁾	321,337	97.3	415,512	98.1	584,915	98.7
	<u>330,377</u>	<u>100.0</u>	<u>423,358</u>	<u>100.0</u>	<u>592,356</u>	<u>100.0</u>

Note:

(1) Independent Third Parties include property owners and third-party property developers.

Based on the increase in percentage of total GFA under management and the revenue generated from our property management services for properties developed by third party developers, our Directors consider this upward trend is an indication of recognition of our quality service. We aim to further expand our portfolio of properties under management developed by third-party property developers by: (i) managing residential properties of state-owned companies by capturing market opportunities brought by such policies, (ii) forming strategic partnership or joint ventures with third-party property developers, and (iii) seeking other market opportunities through participation in biddings organized by third-party property developers.

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The table below sets forth the movements in our GFA under management during the Track Record Period:

	As of or for the year ended December 31,		
	2017	2018	2019
	('000 sq.m.)		
GFA under management as of the beginning of the period	16,794	20,361	25,688
GFA newly delivered during the period			
Through new engagements	3,567	5,501	27,246
Through acquisitions	—	—	5,331
GFA under contracts terminated during the period	—	175	1,282
GFA under management as of the end of the period	20,361	25,688	56,983

The table below sets forth a breakdown of movement of our property management contracts as well as the number of contracts corresponding to the GFA involved as of the dates and for the period as indicated:

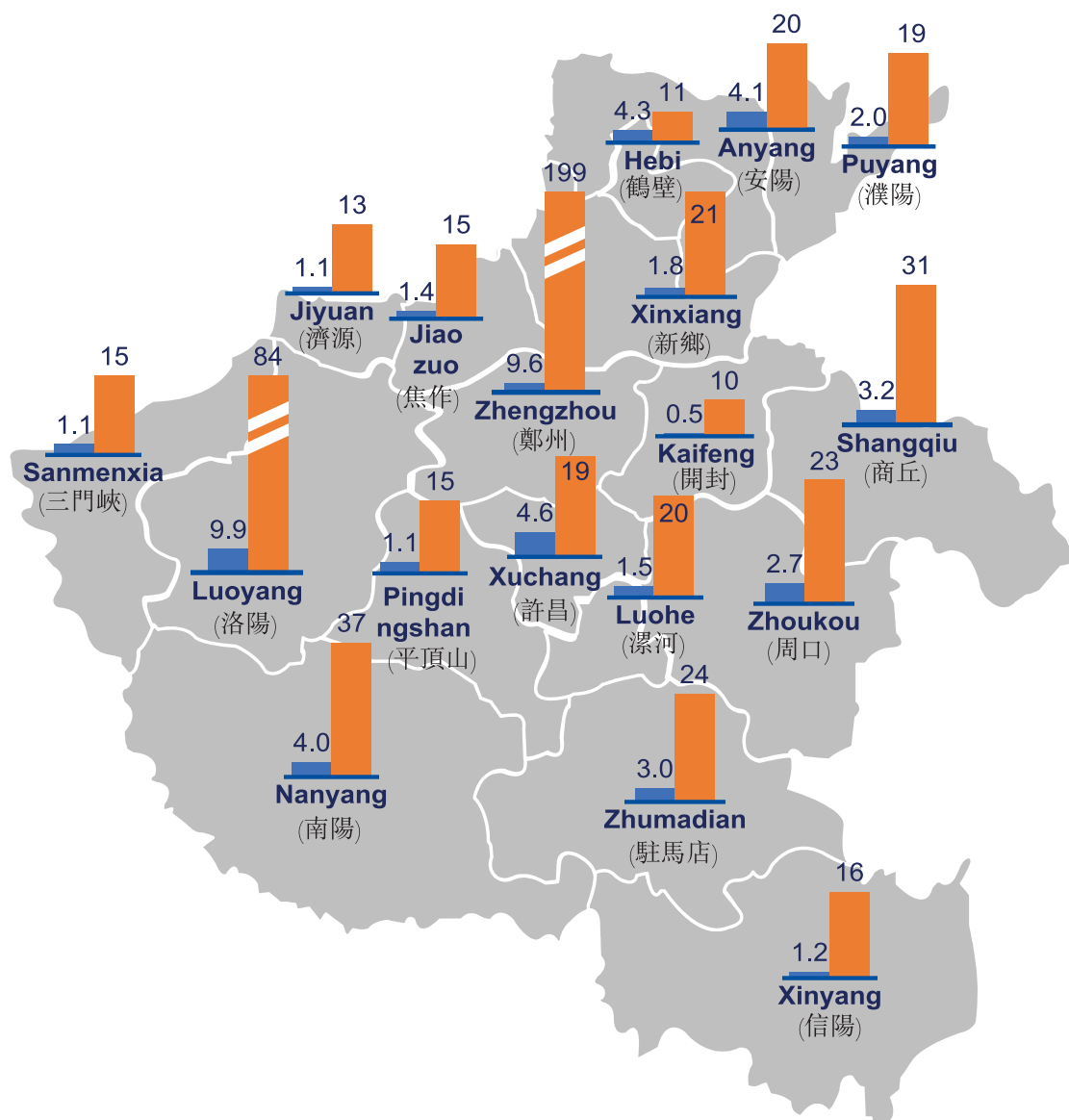
	Contracted GFA	Number of contracts ^(Note 1)	Number of properties	GFA under management	GFA contracted but not yet under management
	Sq.m.'000			Sq.m.'000	Sq.m.'000
As of January 1, 2019	70,347	370	285	25,688	44,659
New property management services agreements entered into for the year ended December 31, 2019	45,698	249	227	32,576	13,121
Termination for the year ended December 31, 2019	1,346	11	11	1,282	64
As of December 31, 2019	114,698	608	501	56,983	57,716
The CCRE Group and its associates or joint ventures	69,459	291 ^(Note 2)	212	39,272	30,187
Third-party property developers	45,239	317 ^(Note 3)	289	17,711	27,529

Notes:

- As there are different phases of development for the properties contracted for management, therefore, we usually enter into more than one contract for each of the properties contracted for management.
- Out of these 291 contracts, 164 contracts were awarded through tender bids and 127 contracts were obtained through directly reaching agreements with the CCRE Group and its associates or joint ventures.
- Out of these 317 contracts, 142 contracts were awarded through tender bids and 103 contracts were obtained through directly reaching agreements with the property owners or developers. The remaining contracts were obtained through acquisition of certain subsidiaries engaging in the provision of property management services during the Track Record Period.

Geographic Presence

Since the incorporation of our Company, we have expanded our geographic presence from Zhengzhou to cover all 18 prefecture-level cities (and also 81 of the 104 county-level cities) in Henan province as well as one city in Hainan province, namely Haikou. The map below illustrates the geographic presence of the properties under our property management segment as of December 31, 2019.



■ GFA under management (sq.m. in millions)

■ revenue (RMB in millions) for the year ended December 31, 2019

Note: GFA under management in Haikou was not illustrated in the graph above as it is located in a different province

As of December 31, 2019, we had a total of 312 properties under management and had contracted to manage 269 properties which are yet to be handed over for management, spreading across various prefecture-level cities and county-level cities in Henan as well as one city in Hainan province, namely Haikou.

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Leverage on our strong relationship with the CCRE Group, we intend to expand our property management services to cities outside Henan.

Property Management Contracts

We enter into property management contracts with or without fixed terms with property developers, or property owners. During the Track Record Period, 22.0% of our property management contracts were with fixed term, and the remaining contracts were without any fixed terms. The table below sets forth the expiration schedule of our property management contracts for properties under our management as of December 31, 2019.

	<u>GFA under management</u> '000 sq.m.	<u>Number of property management contracts</u>
Property management contracts without fixed terms	37,113	474
Property management contracts with fixed terms expiring in		
Year ended December 31, 2019	970	13
Year ending December 31, 2020	11,069	63
Year ending December 31, 2021	1,129	15
Years ending December 31, 2022 and beyond	6,701	43
Total	<u>56,983</u>	<u>608</u>

Of these 134 property management contracts that were with fixed term (representing 22% of our property management contracts) during the Track Record Period, approximately 10%, 53% and 37% of these property management contracts were entered into with the property owners' association, property owners and property developers, respectively, with a term ranging from 1 to 5 years, 1 to 3 years and 1 to 20 years, respectively.

We generally enter into preliminary management contracts with property developers prior to the pre-sale or sale of property development projects. In relation to residential properties that have already been delivered, on the basis that property owners' associations represent the interest of property owners in matters concerning property management under PRC law and its decisions are binding on all property owners, as advised by our PRC Legal Advisors, if a property owners' association has been set up, we typically enter into property management contracts with such property owners' association. As such, for our preliminary management contract entered into with property developers are usually without a fixed term and that there is not an expiry to such an agreement unless a property owner's association is established and has entered into a management property agreement with us which will then supersede our preliminary management contract with the property developer. Occasionally, we also enter into property management contracts with property owners, after negotiation of terms and conditions with property owners' associations. Property owners' associations may be established at a property owner meeting by votes of at least half of the property owners who in aggregate, own over the majority of the delivered GFA in the residential community. As confirmed by CIA, one of our Company's industry consultants, it is uncommon to establish a property owners' association in Henan and only less than 10% of the residential areas in Henan Province have established a property owners' association as of December 31, 2018. This is primarily because of the stringent requirements for establishing a property owners' association, as well as there being insufficient property owners that are willing to participate in such associations, and operational cost issues. These requirements include the establishment of a property owners' assembly which requires (a) over 50% of the building area be sold and delivered; (b) occupancy rate of the households is over

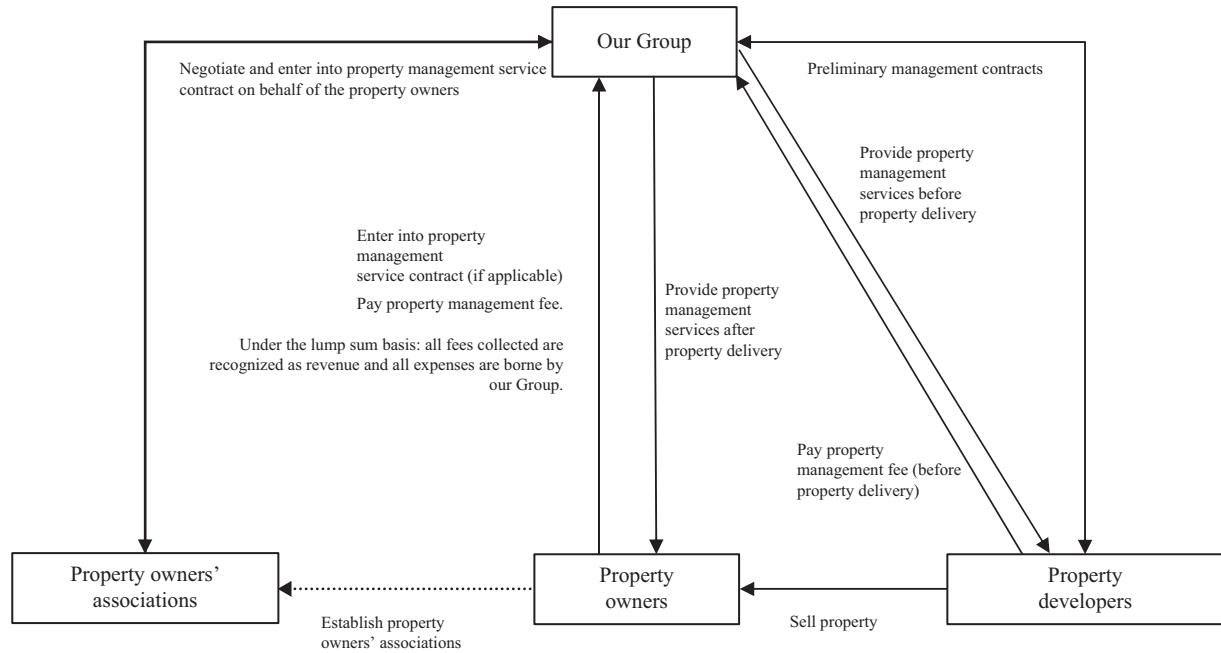
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30%; or (c) the preliminary property management agreement is either terminated by the property management company i) in accordance with the terms set out in the agreement, or ii) 90 days before the expiration of the preliminary property management agreement. After the establishment of the property owners' assembly, a property owners' association can be established if its members can meet the following conditions: (a) compliance with relevant laws and regulations or management statutes, rules and provisions stipulated by the property owners' assembly, actively fulfilling the obligations as a property owner, and timely payment of property service fees, (b) having full capacity for civil conduct, (c) be enthusiastic about public welfare and having a strong sense of responsibility and self-discipline, and (d) having adequate organizational skills and sufficient time for performing their duties. For fixed term contracts, once our preliminary management contracts have expired, we typically negotiate with the property owners' associations, property owners or property developers for the terms of renewal of our property management service contracts. Property owners are legally obligated to pay us property management fees, since we continue rendering services to those property management projects during the negotiation period. In cases where we have signed preliminary management contracts without fixed terms and no property owners' association is formed after delivery of the properties, property owners and residents are also legally obligated to pay property management fees directly to us for the services we continue to render.

As of December 31, 2019, 13 residential communities under our management established property owners' associations, accounting for 5.6% of the 231 residential communities under our management. The property owners' associations are independent from us. The historical success rate for our Group's preliminary management agreements turning into property management contract executed with the property owner's association was 92.9% during the Track Record Period. In order to secure and continue to secure property management service contracts, we must consistently provide quality services at competitive prices. According to the Regulations on Property Management (2018 revision) (物業管理條例 (2018年修正)), property owners may hire or dismiss property management service providers by vote of the majority of the property owners who own, in aggregate, over half of the GFA of delivered properties at the property owners' meeting. The property owners' association may hire a new property management service provider either through a tender process or select one based on specific standards regarding terms and conditions of service, quality and price. During the Track Record Period, we experienced no such dismissal. For more information, please see the section entitled "Regulatory Overview—Legal Supervision over Property Management Services—Appointment of Property Management Companies" in this prospectus.

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The diagram below illustrates our relationships with various parties under our property management agreements.



The property management contracts under our property management segment typically include the following key terms:

	<u>Contracts with property developers</u>	<u>Contracts with property owners' associations on behalf of the property owners</u>
Scope of services	We agree to provide property management services to communal areas and facilities, including cleaning, security, gardening and repair and maintenance. We may also agree to provide services in relation to the usage of car parks.	We agree to provide general property management services including cleaning, security, gardening and repair and maintenance. We may also agree to provide services in relation to the usage of car parks.
Performance scope and standards	The preliminary management contract would set forth the scope and expected standards for our property management services. The property developer would set forth the areas to which our services relate, as well as the frequency of performance of services such as cleaning communal areas and inspecting facilities such as power supply and distribution systems, water supply and drainage systems and fire extinguishing systems.	The property management service contract would set forth the scope and expected standards for our property management services, including the areas to which our services relate, as well as the frequency of performance of services such as cleaning communal areas and inspecting facilities such as power supply and distribution systems, water supply and drainage systems and fire extinguishing systems.
Property management fees	The preliminary management contract would set forth the amount of property management fees payable on a lump sum basis. The property developer is responsible for paying the property	The property management fee would be payable on a lump sum basis by property owners. When payable on a lump sum basis, our property management fees are generally

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	<u>Contracts with property developers</u>	<u>Contracts with property owners' associations on behalf of the property owners</u>
	management fees for units that remain unsold. For overdue property management fees, property developers pay a penalty equal to a daily-accumulating surcharge at a certain percentage of the overdue amount. If we have agreed to manage the car parks, the preliminary management contract will also specify the fees payable for such services.	charged by GFA. We also specify the fees that we will charge in relation to managing and leasing car parks. For overdue property management fees, property owners pay a penalty equal to a daily-accumulating surcharge at a certain percentage of the overdue amount. If we have agreed to manage and lease car parks, the property management service contract will also detail the fees payable for such services.
Rights and/or obligations of property developer, property owners' associations or property owners	The property developer is primarily responsible for providing us with office facilities and other support necessary for carrying out our contractual obligations in relation to our services.	The property owners' association is primarily responsible for ensuring that property owners understand and commit to their obligations in relation to the payment of property management fees, providing us with office facilities and other support necessary for carrying out our contractual obligations and reviewing plans and budgets that we may draw up in relation to our services.
Term of service	Our preliminary management contracts generally do not have a fixed term but will specify that they automatically terminate when a property owners' association is established and a new property management service contract is entered into. Preliminary management contracts without fixed terms will generally expire once a property owners' association is established and a new property management service contract is entered into with property owners.	In respect of property management contracts with property owners' associations, we generally have a fixed term of one to five years.

Property owners have the right to be informed of and to supervise the use of public funds, review our annual budget and any plans we prepare in relation to topping-up the public funds or our property management services in general. According to the Regulations on Property Management (2018 revision) (物業管理條例 (2018年修正)), which were promulgated by State Council, property owners must pay property management fees pursuant to property management contracts. Where a property owner agrees with a non-owner resident that the property management fees will be paid by such non-owner resident, the property owner assumes joint and several liability for the payment. Where any property owner, in violation of the property management contract, fails to pay the property management fees, the property owners' association will urge such owner to pay the fees within a prescribed period of time; where such owner fails to pay the fees within the prescribed period of time, the property management service provider may file a lawsuit in the people's court.

During the Track Record Period, we had 199, 370 and 608 property management contracts as of December 31, 2017, 2018 and 2019, respectively. The vast majority of our property management

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contracts do not have a fixed term and therefore do not need to be renewed. For example, as of December 31, 2019, 474 out of 608 property management contracts did not have a fixed term. The contract renewal rate (calculated based on the number of renewed property management agreements in a given year divided by the number of expiring property management agreements in the same year) for renewable contracts was 100%, 100% and approximately 52.4% (excluding 15 contracts which we chose not to renew upon expiry), respectively. As of December 31, 2019, 21 of our property management contracts were subject to renewal, of which 12 of them were successfully renewed as of the Latest Practicable Date, while the renewal of the remaining nine property management contracts are still in progress and subject to completion of formalities due to the outbreak of Novel Coronavirus pandemic as these remaining nine management contracts to be renewed are mostly either governmental properties or schools which the completion of formalities required generally takes longer and that the governmental properties and schools were temporarily shut during the outbreak of Novel Coronavirus pandemic. As we continued with the property management arrangement for these nine properties despite their contractual expiry and taking into account our business relationship with the relevant customers, we believe it is highly likely that we will be able to renew the remaining nine property management contracts.

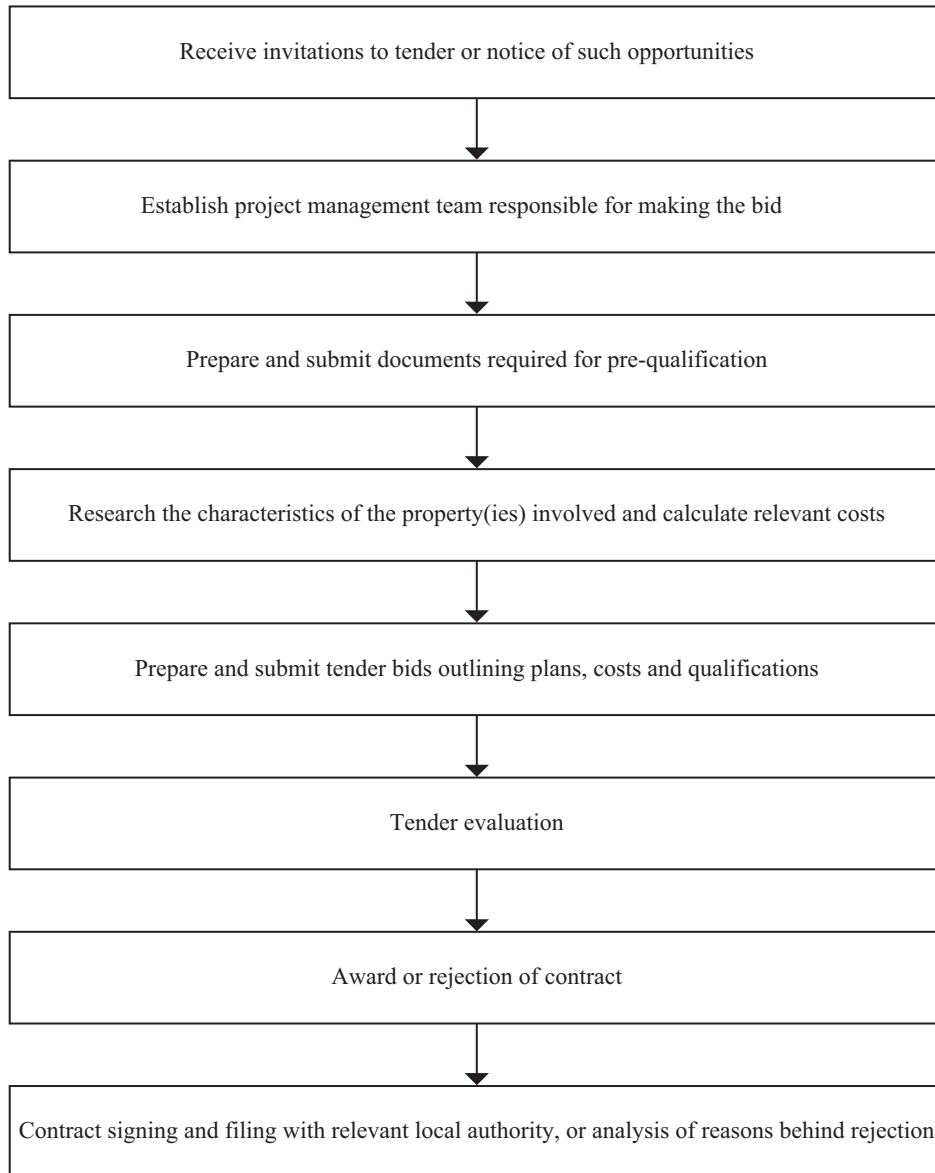
Tender Process

As advised by our PRC Legal Advisors, according to the Regulations on Property Management (2018 revision) (物業管理條例 (2018年修正)) and the Regulations on Property Management and the Interim Measures for Tender and Bidding Management of Preliminary Property Management (《前期物業管理招標投標管理暫行辦法》) issued by the Ministry of Construction on June 26, 2003 and came into effect on September 1, 2003, developer of residential buildings and non-residential buildings in the same property management area shall engage property management enterprises by inviting bid. In case where there are less than three bidders or where the scale of residential buildings are small, the developer can hire property management companies by signing an agreement with the approval of the real estate administrative department of the local government of the place where the property is located.

At the post-delivery stage, the property management services are provided by our Group directly to the property owners, and the property owners, through the property owners' general meeting, have the right to engage (or dismiss) the property management services provider. According to the Regulations on Property Management (2018 revision) (物業管理條例(2018年修正)), a general meeting of the property owners of a community can engage or dismiss the property management companies with affirmative votes of owners who own more than half of the GFA floor area of the community and who account for more than half of the total number of the property owners. Property owners' association, on behalf of the general meeting, can sign property management contract with property management companies engaged at the general meeting. If the property management contract signed by the property owners' association and the property management company comes into force within the term of preliminary property management, the preliminary property management contract automatically terminates. Property developers of residential buildings shall enter into preliminary management contracts with property management enterprises through tender process. For more information on tender processes, please see "Regulatory Overview—Legal Supervision Over Property Management Services—Appointment of Property Management Companies" in this prospectus.

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The flow chart below illustrates the stages of our typical tender process for obtaining property management service contracts:



We undergo the tender process before being awarded property management service contracts, which is a standard tender process regulated by applicable PRC laws and regulations. Going forward, we expect to continue to obtain contracts through the tender process for all properties to the extent required by applicable laws and regulations.

During the Track Record Period, we submitted a total of 12, 42 and 57 tender bids for properties developed by the CCRE Group and its associates or joint ventures, respectively, and our success rate for these bids was 100.0%. Due to the expansion of our business scale, we progressively increased our participation in tender bids for property management projects initiated by third-party developers (especially the governmental bodies) for 2019. For the years ended December 31, 2017, 2018 and 2019, we submitted a total of 14, 61 and 86 tender bids for properties developed by third-party property developers, respectively, and our success rate for the same periods was 92.9%, 96.7%

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and 88.4%, respectively. To our Directors' best knowledge and belief, such third-party developers elected to appoint other property management companies, having taking into account, among others, our competitors' and our proposed service terms and prior business relationship with such third-party developers. We believe such high bid win rates during the Track Record Period was primarily attributable to, among others, (i) our deep roots in the central China region to provide quality and innovative property management services, (ii) our trust built through historical cooperation relationship with the CCRE Group and its associates or joint ventures and third-party property developers, and (iii) the similar philosophy we share with the CCRE Group: enriching the living experience and lifestyle of the people in Henan, which has enabled us to better understand and fulfill the needs and requirements of property developers and owners.

Portfolio of Properties under Management

We mainly manage residential properties and a small portion of non-residential properties, including shopping malls, cultural tourism complexes, commercial apartments, office buildings, schools and properties of governmental agencies. The table below sets forth a breakdown of our total GFA under management of our property management segment as of the dates indicated.

	As of December 31,					
	2017		2018		2019	
	GFA		GFA		GFA	
	'000 sq.m.	%	'000 sq.m.	%	'000 sq.m.	%
Residential properties	18,440.0	90.6	23,183.3	90.2	39,771.6	69.8
Non-residential properties	1,921.4	9.4	2,504.7	9.8	17,211.2	30.2
Total	20,361.4	100.0	25,688.0	100.0	56,982.8	100.0

During the Track Record Period, our total GFA of properties under management developed by the CCRE Group and its associates or joint ventures grew rapidly from 18.5 million sq.m. as of December 31, 2017 to 39.3 million sq.m. as of December 31, 2019. We expect such growth in our GFA under management from residential properties to be sustainable as we continue to manage properties developed by both the CCRE Group and its associates or joint ventures and third-party property developers to expand our presence in the central China region.

During the Track Record Period, for both our residential and non-residential properties, apart from through tender process, we also obtained our projects through acquisition of other property management companies that have such type of property under its management or through direct negotiation with the property developers.

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The table below sets forth a breakdown of number of properties, revenue, gross profit and gross profit margin of our property management segment by property types for the periods indicated:

	For the year ended December 31,											
	2017				2018				2019			
	Number	Revenue	Gross Profit	Gross Profit Margin	Number	Revenue	Gross Profit	Gross Profit Margin	Number	Revenue	Gross Profit	Gross Profit Margin
	RMB'000	RMB'000	%		RMB'000	RMB'000	%		RMB'000	RMB'000	%	
Residential properties	112	269,590	35,614	13.2	140	346,157	46,071	13.3	231	481,804	64,091.2	13.3
Commercial properties	6	25,050	5,725	22.9	6	25,097	5,757	22.9	6	34,352	8,416.6	24.5
Office buildings	4	34,575	8,980	26.0	4	50,803	12,993	25.6	4	59,436	16,312.4	27.4
Others ^{Note}	1	1,162	293	25.2	2	1,301	250	19.2	71	16,765	3,169.8	18.9
Total	123	330,377	50,612	15.3	152	423,358	65,071	15.4	312	592,357	91,990	15.5

Note: Other properties include schools, hospitals, commercial apartments, parks, courts, banks and governmental properties.

Property Management Fees

Our property management fees were mainly charged on a lump sum basis during the Track Record Period. According to CIA, the “lump sum” model for property management fee is the dominant model in the property management industry in China, especially for residential properties. For cultural tourism complexes, our property management fees were charged on the basis of an expected cost plus margin. Please see “Industry Overview—Property Management Industry in the PRC and Henan—Overview” for details.

Lump Sum Basis

We mainly charge a pre-determined fixed amount as the property management fee on a monthly basis which represents “all-inclusive” fees for all of the property management services we provide in accordance with our pricing policy. We are entitled to retain the full amount of property management fees received from property developers and property owners and residents. We bear the costs of managing properties, and recognize such costs as our cost of sales, which include expenses associated with our staff involved in providing property management services, maintenance and repair of communal areas, facilities management, cleaning and garbage disposal and security. As a result, reducing the costs incurred in the provision of management services to a property has a direct impact on our profitability.

We have established various internal measures to reduce cost, including the implementation of tool automation, resource platformization, service standardization and operation digitalization. Please see “—Technology—Tool Automation, Resource Platformization, Service Standardization and Operation Digitalization” in this section for more information. If the amount of property management fee we collect during the term of a contract is not sufficient to cover all the expenses incurred, we are not entitled to request property developers or property owners and residents to pay us the shortfall. During the Track Record Period, we incurred losses of approximately RMB0.7 million, RMB0.9 million and RMB0.5 million with respect to 5, 4 and 5 properties out of the 326 properties we managed as of the Latest Practicable Date respectively. Such losses were incurred primarily because the property management fee rate for the properties concerned was lower than our average property management

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fee rate which was charged at a pre-determined lump sum basis, with a minimum of 10% profit taken into account at the time, that represented an all-inclusive fee and we have not increased such fee rate for such properties since we commenced providing management services to these properties whereas the labor costs of managing such properties have increased over the years as these property management service contracts were obtained at a relatively early stage when we first commenced our business. For more information, please see “Risk Factors—Risks Relating to Our Business and Industry—We may fail to effectively anticipate or control our costs in providing our property management services, for which we generally charge our customers on a lump sum basis” in this prospectus.

Pricing Policy for Property Management Fee

We generally price our property management fee based on a pre-determined set of variables affecting our cost in accordance with our Property Management Fee Pricing Forecast Guidelines (物業管理費定價預測指引). The general requirement is to consider all the costs of the property management project, taking into account its various stages. The fee has to reflect the actual condition of the property and be applicable on a longer-term basis. In general, we require a minimum benchmark percentage of 10% as profit when determining our property management fee. In addition, we may consider an add-on fee for our value-added services provide to our customers. In determining the add-on fee, we consider factors specific to the property in question, such as the number of units in the property, the number of gates and main entrances and the diversion of pedestrians and traffic. These factors are closely related to the property management service we provide and require our effort to design and implement adequate measures to effectively manage the property. Furthermore, we take into account the number of employees required to manage the designated area, the necessary cleaning and gardening personnel and the potential outsourcing required to fulfill our contractual obligations.

During the Track Record Period, the average property management fee rate charged for the residential properties we manage was approximately RMB1.73 per sq.m./month, RMB1.89 per sq.m./month and RMB1.82 per sq.m./month, respectively. During the Track Record Period, as a result of the quality services we provided, we successfully increased the property management fee rates for 17 properties under management by an average of approximately 41.8%. Our collection rate of property management fees, calculated by dividing the property management fees we actually received during a period by the total property management fees payable to us accumulated during the same period, was approximately 85.9%, 89.6% and 90.1%, respectively, during the Track Record Period. According to CIA, one of our industry consultants, the average historical collection rate of the Top 100 property management companies in Henan Province was approximately 90.7% and 91.0% for the years ended December 31, 2017 and 2018, respectively. Our collection rate of our property management fees was lower than the Top 100 property management companies in Henan Province for the years ended December 31, 2017 and 2018 due to different lifestyle, cultural and payment habits of the respective property owners in different locations and also partially due to our inadequate internal control policies in following up with the respective residents. In 2014, as the government promulgated a new regulation abolishing pricing control policies in relation to, among others, property management services, we have progressively implemented various measures to rectify the inadequacies of our internal control in relation to our collection rate of property management fees to address the different cultural and payment habits of the residents so that we could be benefitted from the new regulation. As such, we have implemented the following measures to improve our collection rate of our property management fees: (i) our Group would provide additional services to communities under our management that have a lower occupancy rate such as, examination and maintenance of personal computers, cleaning of air-

conditioners and inspection of gas stoves to enhance both our service quality and our relationship with the occupants which in turn would increase their satisfaction rate of our property management services and increase their willingness to make timely payments for property management fees; and (ii) we had put in place an internal incentive policy and award schemes to reward our staff for their continued efforts in following up with the respective property owners in respect of the outstanding property management fees. As a result of the measures implemented, we have experienced a positive impact on our collection rate of property management fees and we had a collection rate of 90.1% for the year ended December 31, 2019.

As advised by our PRC Legal Advisors, the price administration and construction administration departments of the State Council are jointly responsible for supervision over and administration of fees charged for property management and related services to pricing controls issued by the PRC government. For more information, please see the section entitled “Regulatory Overview—Legal Supervision over Property Management Services—Fees Charged by Property Management Enterprises” in this prospectus. We expect that pricing controls on residential properties will relax over time as relevant local authorities pass regulations to implement the Circular of NDRC on the Opinions on Relating Price Controls in Certain Services (《國家發改委關於放開部分服務價格意見的通知》). For more information, please see “Risk Factors —We are susceptible to changes in the regulatory landscape of the PRC, particularly Henan province” in this prospectus.

Payment Terms and Credit Terms

We generally charge property management fees on a monthly, quarterly, semi-annually or annually basis and we typically send out notices in advance for the payment of the fees for properties we manage semi-annually pursuant to the property management contracts entered into between our Group and the property owners or property owners’ association. The fees from property management services are due for payment by property owners upon our issuance of a demand note. We typically receive payment for our property management services within 30 days after the issuance of the demand note to property owners. For details about our accounting policies regarding trade receivables, please see the section entitled “Financial Information—Critical Accounting Policies and Accounting Estimates and Judgements—Impairment of Financial Assets” in this prospectus.

The property owners can pay the amount payable to us in cash, through online or offline transfer, auto-pay, credit card or third party mobile payment platforms such as Alipay or WeChat Pay. In order to ensure the timely collection of the property management fees and other payments, we have undertaken a number of measures. Before the property management fees are due, the responsible employees in respective communities will analyze, calculate and consolidate the amount of overdue management fees. For overdue management fees, a dedicated employee will be assigned and be responsible for collection. Butlers in respective communities will also request for payment in person after the fee has been overdue for one to three months. Generally, if the overdue management fee has not been paid after three months, we will post an overdue fee payment demand on the door of the property in question. If the overdue management fee has not been paid after half a year, we will send a formal letter from our lawyer. If we are still unable to collect overdue management fee after exhausting all avenues mentioned above, we may bring the dispute to court as a last resort.

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Value-added Services

The table below sets out the breakdown of our revenue for our value-added services attributable to the properties developed by the CCRE Group (and its associates or joint ventures) and third-party property developers for the periods indicated.

	For the year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
The CCRE Group and its associates or joint venture	80,754	88.7	135,348	68.6	630,124	84.2
Third-party property developers	10,266	11.3	62,006	31.4	118,612	15.8
	<u>91,020</u>	<u>100.0</u>	<u>197,354</u>	<u>100.0</u>	<u>748,736</u>	<u>100.0</u>

Community Value-added Services

To distinguish ourselves from other property management companies and establish the standard for high-end property management service, we actively seek to gain a more comprehensive and deeper understanding of the needs of owners and residents and anticipate their demands. Leveraging on the synergy between our online one-stop service platform and offline community services in properties developed by the CCRE Group and its associates or joint ventures, we are able to service online requests at offline locations which are convenient to our customers. For example, residents in communities which we manage may order fresh produce using our Jianye + (建業+) mobile app, and pick up at the nearby service kiosk in the community. Our community value-added services attend to the requests of residents on an around-the-clock basis with the goal of building a trusting community among owners and residents who can depend on the high standards of our property management services. The community value-added services we offer include the following:

- *Clubhouse.* We provide clubhouse services in selected properties including offering conference rooms, restaurants, cinemas, entertainment facilities and fitness centers.
- *Interior repair and maintenance.* We provide interior repair and maintenance services including repairing home appliances, electric equipment, and other fixtures in the property. We utilize the QPI maintenance dispatch system, which accepts a repair order and centrally coordinate the respective staff to provide timely repair service.
- *Housekeeping and cleaning.* We provide residents with housekeeping and cleaning services.
- *Vehicle cleaning and charging.* We provide vehicle cleaning service to car owners. We have also installed charging stations for electrical vehicles.
- *Drinking water.* We engage selected vendors to install drinking fountains around our communities and we conduct monthly water quality testing and equipment maintenance.
- *Group purchase.* We integrate reputable vendors to organize group purchases for major holidays to provide property owners and residents with reasonably-priced, high-quality products and services.
- *Furnishing.* We offer furnishing service to new property owners, such as installation of intelligent home devices and decoration.
- *Item pick up.* We offer self-service kiosks so residents can pick up deliveries at their convenience. In some communities, our platinum butlers collect items on behalf of our residents.

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- *Property purchase service outside Henan.* We plan to launch services in the foreseeable future to help individual customers purchase properties outside Henan, such as Hainan province, Yunnan province, Zhuhai and cities in Europe.
- *Platinum Butlers.* We have a group of platinum butlers who provide customized services to our residents in some of the residential communities. They attend to the needs of our residents and provide tailor-made personal services. Some of our platinum butlers have gone through training and received certificates issued by the U.K. Butler Guild. We believe that our platinum butlers' knowledge and expertise in property management, combined with their ability to serve with attention to detail, allow them to provide our residents with most exclusive and personalized service. As of December 31, 2019, we had 161 platinum butlers serving our residents in the properties we managed.

Value-added Services to non-property owners

We provide value-added services to non-property owners, who are primarily property developers, including:

- *Onsite sales assistance.* We provide onsite sales assistance through vetting, selecting and introducing service providers to property developers that cater to the needs of the specific project. We supervise and monitor the work of such service providers and also provide training if necessary. We charge a fee calculated based on a percentage of the cost of the service provided. We assist in the preparation of marketing activities and deploy staff on-site to provide sales assistance, including visitor reception. We also supervise the cleaning, security and maintenance of the display units.
- *Consultancy.* We provide consultation and advice to property developers at various phases of their operations. Property developers engage us at the development stage of their properties so they can leverage our property management expertise to effectively design the properties to be developed. We are regularly invited to advise on various aspects of the properties which may affect the quality of property management services that residents will receive.
- *Property inspection.* We provide property inspection service to property developers according to applicable national quality standards. We advise on quality control in order to assist property developers in ensuring the quality of the properties they develop. The scope of our assessment covers appearance, quality, measurement, electrics, waterproofing, watertightness and heating systems of units and communal areas.

Major terms of our value added services to non-property owners

	<u>Onsite sales assistance</u>	<u>Consultancy</u>	<u>Property inspection</u>
Scope of service	We provide property management service to property developers at their marketing sites.	We provide consultation and advice to property developers at various phases during the developing stage of their properties.	We provide property inspection service to property developers in order to assist them in ensuring the quality of the properties they developed.

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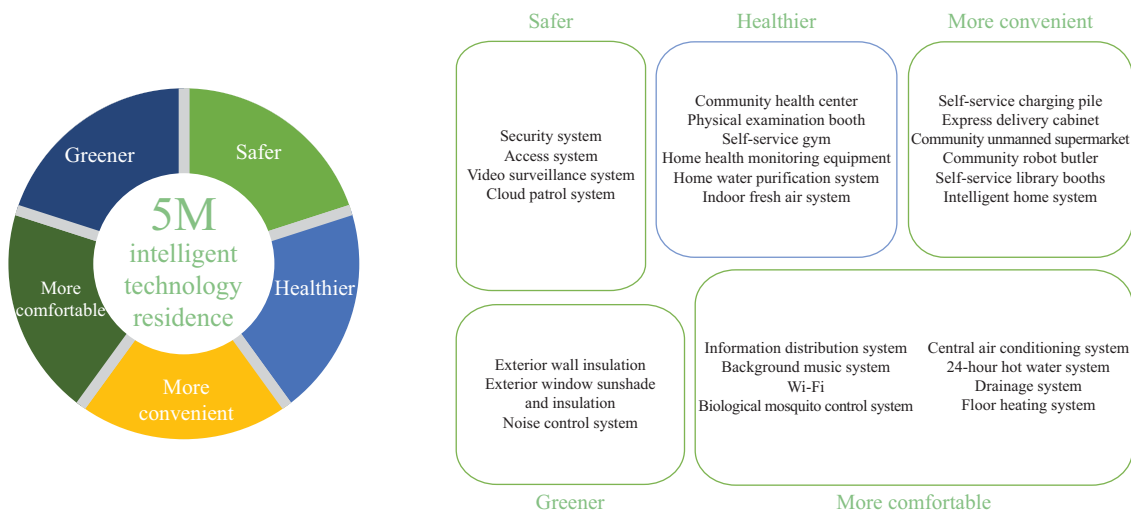
	<u>Onsite sales assistance</u>	<u>Consultancy</u>	<u>Property inspection</u>
Fees	We generally charge a fixed monthly fee which represents (i) labor costs (basic salary, employee benefits and overtime bonus); (ii) value-added tax; and (iii) a certain percentage of the sum of items (i) and (ii) aforementioned as the management fee.	We generally charge a fee calculated based on the size of the total construction area.	We generally charge a fee calculated based on the size of the construction area.
Payment/credit term	We generally issue bills to the Client on a monthly basis before the second day of each month. The Client generally settles the payment within ten days through bank wire transfer.	The payment is generally settled in two installments: (i) 50% is paid after the overall planning is confirmed, and (ii) 50% is paid four months before the delivery.	The Client generally settles the payment within a month after the completion of the inspection through bank wire transfer.
Obligations of our Group ...	We shall (i) provide professional training to our management and service staff, and (ii) not subcontract the overall management to third party.	We shall provide the consultancy service timely in accordance with the agreed developing phases.	We shall collect the assessment material and issue the inspection report.
Obligations/rights of the Client	The Client shall (i) provide necessary facilities, food and accommodation to our management and service team, and (ii) pay the service fees in a timely manner.	The Client shall (i) coordinate and organize supervision teams and construction teams to cooperate with our work, and (ii) pay the consultancy fees in a timely manner.	The Client shall review the inspection report and supervise the construction team to follow up on any quality issues.
Term of Contract	Typically lasts for one year.	Typically lasts from planning phase to delivery phase of the project.	Typically lasts for one month.
Cost Structure	The cost structure under such service includes wages, training costs, travel costs, attire costs, rent and other related costs incurred in respect of the onsite managers, customer service staff, security guards, cleaning and maintenance personnel.	The cost structure of which includes wages, travel costs, training costs, reporting and research costs on personnel involved in the early stage; wages of personnel responsible for acceptance and providing consulting services; labor.	The cost structure under such service includes wages, travel costs, training costs incurred in respect of the relevant personnel involved in property inspection.

Our five largest customers for our value-added services to non-property owners during the Track Record Period mainly consisted of Henan property developers, including a mix of Independent Third Parties as well as members of the CCRE Group and its associates or joint ventures.

Intelligent Community Solutions

We provide intelligent community solutions to property developers and intelligent home devices to property owners.

We aim to transform the properties we manage into “5M communities”; communities that are safer, healthier, more convenient, more comfortable and greener, by making all-round technology and service upgrades with the use of advanced information technology.



In a “5M community,” we connect all intelligent facilities to an integrated platform through IoT, to achieve centralized management. Through such centralized management, we can improve operational efficiency and reduce labor costs.

Our “5M community” comprises over 30 systems and more than 100 types of hardware, such as visual operation and management system, mobile phone service system, AI surveillance system, vehicle management system, bio face recognition system, community health management system, environmental management system, cloud video intercom system, emergency call system, elevator control system, background music system, cloud patrol system, wifi coverage system, community self-service system and temperature control system, among others. As of December 31, 2019, we provided intelligent community solutions in 143 residential communities.

Our intelligent community solutions include three major types of services, namely:

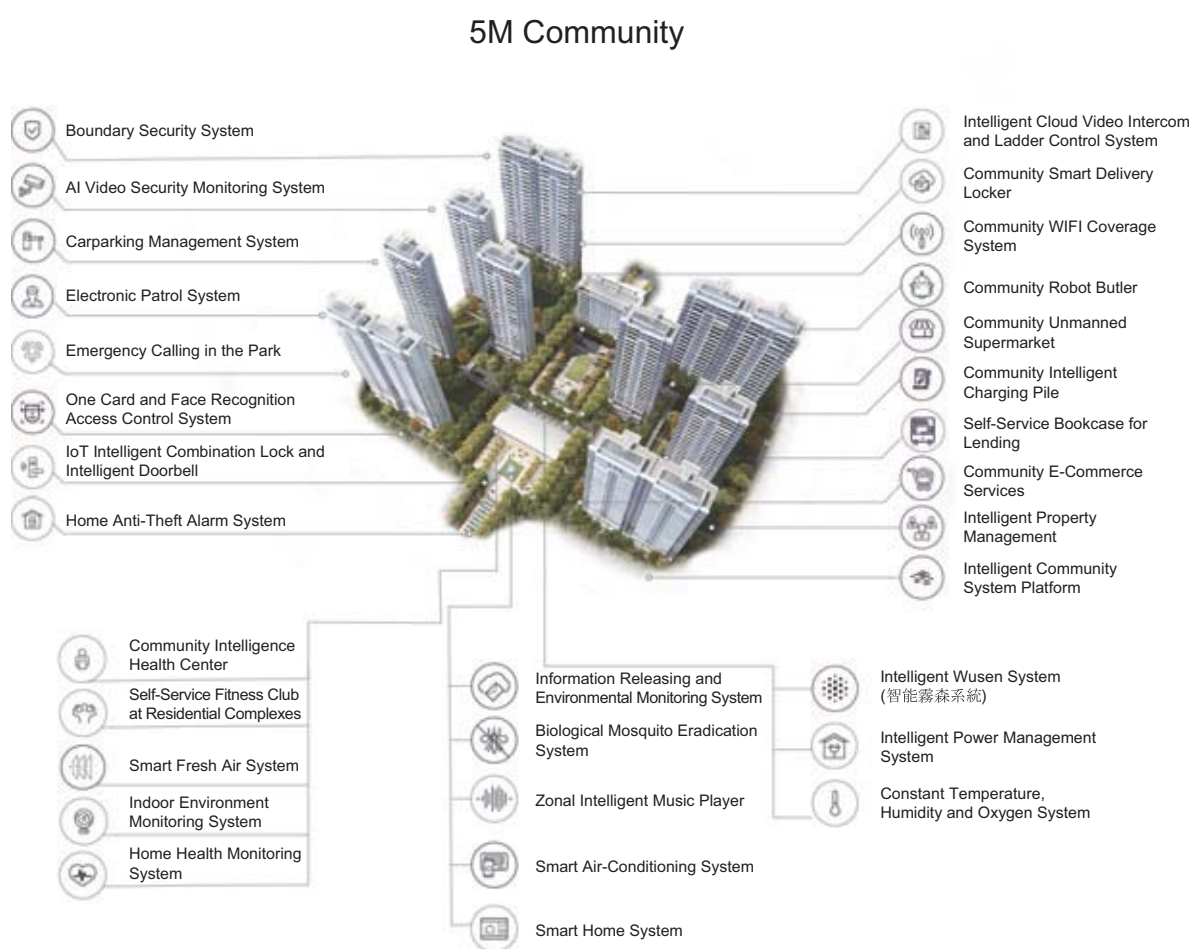
- *Consultation.* We provide customized consultation to properties including residential properties, and commercial properties. For residential communities, we assist property developers in planning, designing and construction supervision. Through consultation, we provide specific and comprehensive intelligent community solutions to customers. We usually charge a consultancy service fee on a per sq.m. basis based on the type of the property.
- *Installation and engineering.* We provide installation, repair and maintenance services necessary for the establishment of intelligence communities. We install various intelligent

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devices in community according to construction drawings and checklists. We also provide after-sale service regarding the repair and maintenance of on-going use of intelligent devices. We charge based on the number of facilities and volume of work needed.

- *System integration and development.* We provide customized system integration and development services based on customer needs, such as the visual management platform, operation and management platform, and data analysis platform. Such systems and platforms assist customers in their decision-making process and daily operations. Typically we charge based on the cost of development, which is affected by functional requirements.

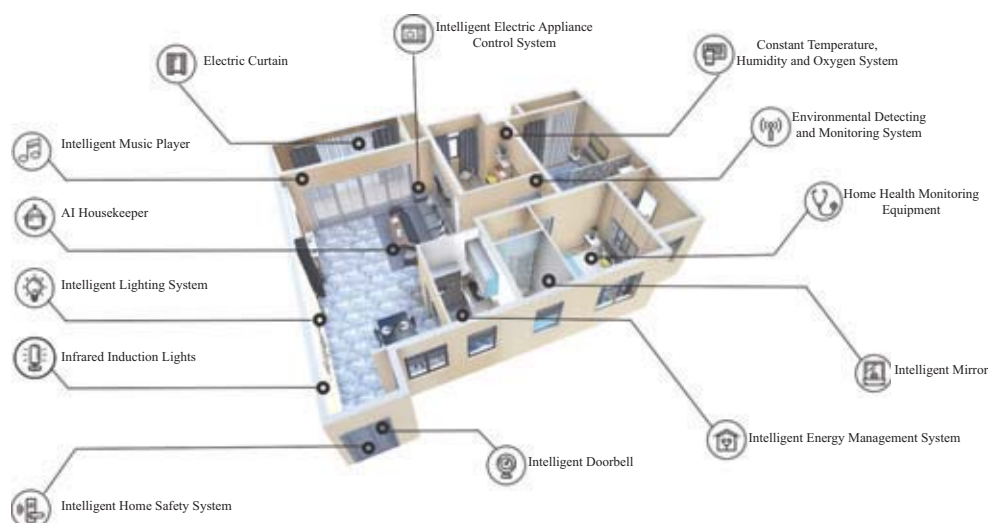
The diagram below illustrates examples of intelligent community facilities we provide:



We also install intelligent home devices for property developers upon request, including systems such as home security solutions, door locks, indoor scene panels, indoor control centers, electric appliances control, indoor lighting solutions, intelligent mirror with a control panel built in, AI housekeeper, electric curtain and music player. Our in-home security cameras and security settings are linked to the Jianye + (建業+) mobile app, allowing residents to remotely control security settings based on different conditions. In addition, residents may utilize our indoor control center, which gives them access to a variety of services through our Jianye + (建業+), among other mobile apps, such as shopping, community notices, indoor elevator control, emergency calls and one-click repair request.

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The diagram below illustrates examples of intelligent home devices we provide:



With regards to an intelligent home, we typically charge on a project basis. The price usually includes the installation of intelligent home security, auxiliary health system, indoor lighting solutions, automatic door and window control, energy management system, intelligent electrical appliance control, audio and video entertainment system, human-computer interaction system, *etc.*

Property Agency

We commenced our property agency service in 2010. Our property agency team offers feasibility studies, marketing planning, sales consultancy and distribution channel development and integration services. We provide property agency services with respect to both new properties and second-hand properties. We act as a sales agent for property developers, sourcing potential property buyers and assisting property developers in entering into property sale and purchase agreements with buyers. We reach out to potential buyers through our network of property management offices located across the central China region. Leveraging the active engagement and close relationships we have established through years of property management, we have accumulated a network of potential buyers. We cooperate with business customers in the following ways: (i) we cooperate with the CCRE Group at the group level to sell certain properties it or its associates or joint ventures develop; (ii) we cooperate with third-party developers to sell properties they develop on specific projects; (iii) we have established a cooperation platform for property agencies in Henan to further expand our network and provide consultancy and training services to them; and (iv) we establish joint ventures with third-party property developers to sell the properties they develop. We generally charge the property developers a percentage of the sales amount of the property concerned. The payment is generally settled by installments: (i) a fixed amount is paid during the preparation stage (if any), (ii) a commission is paid on a monthly basis, and (iii) the rest (if any) is paid after the completion of the agreement. Our property agency contracts typically last until all or a certain percentage of the properties are sold.

We also assist individual customers in the sale and purchase of second-hand properties and property leasing. We plan to launch services in the foreseeable future to help individual customers who live in Henan purchase properties outside Henan, such as Hainan province, Yunnan province, Zhuhai and cities in Europe. Upon the closing of a successful property leasing transaction, we charge the landlord and/or tenant a service fee calculated based on the rental price. We believe our property

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agency service not only increases our revenue, but also expand our customers base and creates cross-selling opportunities for other services.

Major terms of our property agency services

	New property agency	Second-hand property agency	
		Leasing	Sale and purchase
Scope of service	We act as a sales agent for property developers, sourcing potential property buyers and assisting property developers in entering into property sale and purchase agreements with buyers.	We assist landlord and tenant in property leasing, including sourcing potential tenants and properties and handling the signing of leasing agreements.	We assist sellers and buyers in the sale and purchase of second-hand properties.
Fees	We generally charge a fixed commission equivalent to a certain percentage of the sales amount under the property sales agreement. Currently, the commission rate ranges from 0.5% to 2.0%.	We generally charge a fixed agency fee equivalent to the rent for one month under the leasing agreement, but there might be discounts as the case may be.	We generally charge a fixed agency fee equivalent to approximately 2% of the sales amount under the sale and purchase agreement, but there might be discounts as the case may be.
Payment/credit term	We generally issue bills to the Client on a monthly basis and the Client settles the payment within a certain days. The rest of the commission (if any) is paid after the completion of the agreement.	The payment is settled by the landlord and/or tenant when the leasing agreement is signed.	The payment is settled by the seller and/or buyer when the sale and purchase agreement is signed.
Obligation of our Group	We shall (i) develop marketing strategies and prepare marketing materials, and (ii) assist the Client and property buyers in signing the sales and purchase agreements and assist the buyers in paying the first installment.	We shall prepare the leasing documents according to property standards and regulations.	We shall (i) conduct background checks to confirm the identities of the seller and buyer, and (ii) prepare the sale and purchase documents according to property standards and regulations.

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	Second-hand property agency		
	New property agency	Leasing	Sale and purchase
Obligations/rights of the Client	The Client shall be responsible for applying for all requisite documents and certificates for property development and pre-sales, and shall ensure the legality of the project.	The landlord and tenant shall pay the agency fee in accordance with the agreement.	The seller and/or buyer shall pay the agency fee in accordance with the agreement.
Term of Contract	Typically lasts until all or a certain percentage of the properties are sold.	Typically lasts during the leasing term in accordance with the leasing agreement.	Typically lasts until the sale and purchase agreement is executed.
Cost structure	The cost structure for our agency services for both new and second-hand properties include wages (basic salary, a certain percentage of commission, employee benefits) accounting for a larger proportion, travel expenses and reception fees.		

Our five largest customers for our property agency services during the Track Record Period consisted of individual property owners (Independent Third Parties), property developers (including Independent Third Parties as well as members of the CCRE Group and its associates or joint ventures) as well as cultural tourism operation and management company.

Central China Consumers Club

The Central China Consumers Club, or the CCCC, was established in 2016 by the CCRE Group to provide benefits, privileges and exclusive customer services to its members. Members are generally selected VIP clients of the CCRE Group and members are generally enrolled by invitation or through referral only. CCCC members include elites and celebrities in Henan.

We charge the CCRE Group a fixed monthly management fee calculated based on the number of members in the CCCC and additional fees for organizing special events. As of December 31, 2019, the CCCC had over 10,000 members and organized over 2,400 member-only events. The CCCC also partnered with 66 vendors as of December 31, 2019 to provide membership benefits and privileges. We have designed and implemented “CCCC Lifestyle Platform (君鄰幸福系統),” which allows our CCCC members to form social groups or clusters, enjoy exclusive privileges such as discount and service offerings from local vendors, attend knowledge-sharing events and presentations arranged by us, and other customized services.

The CCCC operates through our Jianye + (建業+) platform and our team of “*Gentil Organisateur*” (“G.O.”, *i.e.* goodwill organizers). Each member is paired with a designated G.O. who provides personalized service to that particular member. The G.O. serves as an ambassador for the particular member to enhance constructive communications between the individual member, the member’s cluster and the rest of the CCCC. Our G.O. assists members in integrating into the Jianye + (建業+) platform, select suitable events and encourage participation through understanding the needs of members. They will also resolve disputes and answer queries of members in relation to issues they may have.

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For the years ended December 31, 2018 and 2019, we generated revenue of RMB6.8 million and RMB47.2 million from the operation of the CCCC.

LIFESTYLE SERVICES

We offer a wide range of lifestyle services, which include (i) products and services we offer on our Jianye + (建業+) platform, (ii) travel services, and (iii) management services we provide in Cuisine Henan Foodcourts (建業大食堂).

The table below sets forth our revenue from each service in this business segment during the Track Record Period.

	For the year ended December 31,					
	2017		2018		2019	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
Jianye + (建業+) ^(Note 1)	—	—	—	—	156,316	50.6
Travel services ^(Note 2)	23,877	100.0	62,179	100.0	138,789	45.0
Cuisine Henan Foodcourts (建業大食堂) ^(Note 3)	—	—	—	—	13,470	4.4
Total	<u>23,877</u>	<u>100.0</u>	<u>62,179</u>	<u>100.0</u>	<u>308,575</u>	<u>100.0</u>

Notes:

- Our Jianye + (建業+) services are provided to (i) individual users including owners or residents in residential communities developed by both the CCRE Group and its associates or joint venture and other independent third party individuals that are neither owners nor residents of the properties developed by CCRE Group and its associates or joint ventures; and (ii) corporate customers.
- Our travel services are provided to individual consumers as well as corporate consumers.
- All the Cuisine Henan Foodcourts (建業大食堂) managed by us are developed by the CCRE Group and its associates or joint venture and our customers include independent third party individuals and corporate customers.

The table below sets forth a breakdown of our revenue from lifestyle services recognized by two categories, the CCRE Group and its associates or joint ventures and Independent Third Parties, for the periods indicated:

	Year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
The CCRE Group and its associates or joint ventures . . .	5,263	22.0	14,691	23.6	62,206	20.2
Independent Third Parties	17,778	74.5	47,300	76.1	246,369	79.8
One Family Network ^(Note 1)	836	3.5	188	0.3	—	0.0
Total	<u>23,877</u>	<u>100.0</u>	<u>62,179</u>	<u>100.0</u>	<u>308,575</u>	<u>100.0</u>

Note 1: One Family Network was owned as to 70% by Songyun Network and 30% by Central China Property Management prior to acquisition by Central China New Life on December 25, 2018, and is therefore a former related party. Since completion of such acquisition, One Family Network has been our wholly-owned subsidiary.

The revenue from lifestyle services attributable to the CCRE Group, its associates or joint ventures increased steadily during the Track Record Period, which was driven by the increase in demand for our travel services from the CCRE Group, its associates or joint venture during the Track Record Period.

The Jianye + (建業+) Platform

The Jianye + (建業+) platform (which we acquired in 2019 and was first launched in 2015 by the CCRE Group) is an O2O one-stop service platform which integrates our internal and external,

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online and offline resources in order to provide our customers with convenient and more affordable goods and services. It aims to meet the diverse daily needs of all our Jianye + (建業+) registered users and members around the clock. Please refer to the section headed “History, Reorganization and Corporate Structure” in this prospectus for further information. Our Jianye + (建業+) platform primarily targets the people in Henan. Jianye + users include (i) individual users that can be owners or residents in residential communities under our management and other independent third party individuals that are neither owners nor residents of the properties under our management; and (ii) corporate customers. Anyone can register as a user and verify their mobile phone numbers upon installation and usage of the mobile app, which is a key component and main interface to our Jianye + (建業+) platform. Due to the nature of services we provide to our registered users, majority of our Jianye + (建業+) registered users are Henan citizens, and specifically owners or residents of the properties under our management. A Jianye + (建業+) registered user can purchase most of the products and services offered on our Jianye + (建業+) platform at a non-member price. To purchase at a member price, a Jianye + (建業+) registered user can choose to become a member of our Jianye + (建業+) platform to enjoy membership benefits and discounts exclusively available to members for all the services and products available on our Jianye + (建業+) platform through subscription with a membership fee. For further details, please refer to “—Membership Benefits” of this section. As of December 31, 2017, 2018 and 2019, there were over 407,300, 1,045,200 and 2,186,000 registered users on the Jianye + (建業+) mobile app, 41.3%, 45.6% and 31.1% of which were owners or residents of properties developed by the CCRE Group and its associates or joint ventures. As of December 31, 2019, among the 2,186,000 Jianye + (建業+) registered users, there were over 255,000 Jianye + (建業+) registered users subscribed as members on our Jianye + (建業+) mobile app. The average MAUs on our Jianye + (建業+) mobile app for 2018 and 2019 were over 277,000 and 614,000, respectively.

The Jianye + (建業+) platform provides three main online services: (i) membership benefits; (ii) concierge services; and (iii) goods and services from One Family Community (一家公社) with the following revenue breakdown by service type for Jianye + (建業+) platform (which was acquired by us in 2019) during the Track Record Period.

	For the years ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Membership benefits ^(Note)	—	—	93,735
Concierge services	—	—	31,354
Goods and services from One Family Community (一家公社)	—	—	31,227
Total	<u>—</u>	<u>—</u>	<u>156,316</u>

Note: Revenue derived from membership benefits is (i) the amount spent on membership packages; and (ii) credits purchased which can be used as cash for any purchase on the Jianye + (建業+) platform.

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The following table illustrates the type of customers for our different services on Jianye + (建業+) platform:

<u>Jianye +</u>	<u>Nature of customer(s)</u>
1. Membership benefits	Exclusive for members (through subscription on the Jianye + (建業+) platform) that can be either (i) owners or residents of the properties under our management; and (ii) other Independent Third Party individuals that are neither owners nor residents of the properties under our management
2. Concierge services	Registered users (including individuals who have chosen to become a member through subscription) that can be (i) owners or residents of the properties under our management, particularly for the Group's technical support and social networking services and partly for the Group's convenience services such as utility bills payment; (ii) other Independent Third Party individuals that are neither owners nor residents of the properties under our management partly for the Group's convenience services such as car wash and laundry ordering; and (iii) corporate customers
3. Goods and services from One Family Community (一家公社)	Registered users (including individuals who have chosen to become a member through subscription) that can be (i) owners or residents of the properties under our management; (ii) other Independent Third Party individuals that are neither owners nor residents of the properties under our management; and (iii) corporate customers

Membership Benefits

Leveraging the long-term trust of our Jianye + (建業+) registered users in our brand and service, we built the membership system on the Jianye + (建業+) platform around our core concept of creating a platform which offers “privileged and dedicated” benefits exclusively to our paid members. We charge our members a fixed fee for the membership packages or credits which can be used as cash for any purchase on our Jianye + (建業+) platform (such fee varies pursuant to the package or number of credits to be purchased), enabling them to enjoy discounts on goods and services, and exclusive offers, covering various needs such as clothing, food, travel and entertainment. We cooperate with business partners in different industry sectors to offer various discounts and members-only offers to the members of our Jianye + (建業+) platform, including local gas stations, hotels, restaurants, cinemas, amusement parks and kids friendly recreation facilities, among others. As of December 31, 2019, we were cooperating with more than 340 suppliers, some of which were well-known brands that were listed on NASDAQ or the Stock Exchange. In addition, we offer our members various membership packages, such as gourmet dining, leisure and entertainment, grocery packages, fresh lifestyle packages, travel packages and other custom-made packages. For example, our trip-without-plan package enables access to over 200 scenic spots nationally, priority passage and discounts for hotel stays. Another example is our afternoon tea leisure time package which offers lakeside afternoon tea at *The Mist Hot Spring Hotel* (鄢陵建業花滿地溫泉酒店).

Concierge Services

Our Jianye + (建業+) platform provides any Jianye + (建業+) registered users with concierge services such as convenience services. For Jianye + (建業+) registered users that are also residents, Jianye + (建業+) platform also provides services such as technical support and social networking services.

- *Convenience services.* We provide a wide range of services such as community news updates, ordering car wash, laundry and mobile phone top-up to our Jianye + (建業+) registered users. In particular, our “service kiosk” allows our Jianye + (建業+) registered users in the same community to make group orders to save on shipping fees.
- *Technical support.* We provide residents with a wide range of services such as one-click repair request (一鍵報修), whereby residents can report repair requests to the concierge via the mobile app, and the concierge can arrange technicians to repair accordingly to avoid unattended repair requests.
- *Social networking services.* Social networking primarily comprises Neighborhood Network (鄰里圈), where residents can connect and communicate with other residents by joining discussions on certain popular topics; community activities where our butlers and residents can post notices of activities in our offline community service centers, which provide residents access to signing up; and Jianye + Market (建業 + 市集) where residents can sell their idle resources, such as clothes and second-hand pianos, and post information for any help needed. We believe these services can enhance the interactions in the neighborhood which in turn improve the relationships between neighbors and enhance the quality of life within the community.

For our concierge services on our Jianye + (建業+) platform (including services for development of specific functions catered to the needs and convenience of the residents), only the following types of services are exclusive to owners and residents in residential communities developed by the CCRE Group and its associates or joint ventures and other residential communities under our management, namely our services for (i) platinum butler; (ii) utility bills and property management fee payment made on behalf of the owners or residents which will be reimbursed by the respective owner or resident monthly; (iii) delivery of water; (iv) one-click repair request; (v) postage; (vi) battery charging stations for automobile; (vii) door opening of the residence for guests; and (viii) social networking services.

In order to diversify our customer base for our Jianye + (建業 +) platform, apart from inviting residents in the properties under our management to register as users through having functions on the platform that can only be enjoyed by them, we also organize different kinds of activities to attract more customers that are not owners nor residents of the properties developed by the CCRE Group to increase our brand recognition from time to time. For instance, during the Track Record Period, we organized lottery draw in all the Cuisine Henan Foodcourts under our management and people that were not already registered users to the Jianye + (建業+) platform could participate for free. Further, we also set up tentative booths and offered food tasting for the food from suppliers we had cooperation with which could encourage the visitors to register as user to our Jianye + (建業 +) to place order for the goods they were interested in on the spot. As a result, we had over 407,300, 1,045,200 and 2,186,000 Jianye + (建業+) registered users as of December 31, 2017, 2018 and 2019, respectively of which 58.7%, 54.4% and 68.9% were individual users that were neither owners nor residents of properties developed by the CCRE Group and its associates or joint ventures demonstrating the

effectiveness of the Group's effort in diversifying the customer base with an increasing trend of independent third parties users in the latest financial year.

Goods and services from One Family Community (一家公社)

We provide Jianye + (建業+) registered users (a Jianye + (建業+) registered user can be an owner or resident in the communities under our management or anyone who register as a user on our Jianye + (建業+) mobile app) with a wide range of high-quality consumer goods and services on our One Family Community (一家公社). One Family Community (一家公社) has established an evaluation system of “platform + agency + owner” (“平臺+機構+業主”) to provide Jianye + (建業+) registered users with carefully selected products and services. One Family Community (一家公社) also pre-sells consumer goods and services through community group buying (公社團購) and offline sales. We offer over ten categories of consumer goods and services, including fresh meat, vegetables and fruit, grain and oil, home supply and daily necessities, cosmetics, baby care products, nutritious products, snacks, tea, soft drinks and liquor, home electric appliances, digital products, apparels, shoes, bags and luggage as well as services of new lifestyle such as travel. As of December 31, 2019, we were cooperating with more than 340 suppliers, some of which were well-known brands that were listed on NASDAQ or the Stock Exchange. For the more popular products based on the data analytics through our Jianye + (建業+) registered users' past purchasing habits, we usually place an order periodically and settle our bills with the respective supplier biweekly for delivery of the goods and resell to the customers subsequently. For the less popular products, we generally do not place a purchase order with a supplier unless we receive a corresponding order from a customer then resell to the customer subsequently. As such, we generally do not maintain excessive inventory and thereby reducing any inventory risk.

A key feature of our platform is providing predicted-popular products or services based on data analytics through our Jianye + (建業+) registered users' past purchasing habits and search history. Moreover, because we have a strong brand recognition among our Jianye + (建業+) registered users, they are more likely to recognize and accept products and services that we offer or carry our endorsement. During the Track Record Period, the average spending per Jianye + (建業+) user was RMB2,636, RMB2,839 and RMB1,453, respectively; and the total GMV was RMB90.9 million, RMB205.8 million and RMB426.4 million, respectively. Customers' brand loyalty often leads to repeat purchases. During the Track Record Period, the repeat purchase rate on One Family Community (一家公社) of the Jianye + (建業+) platform was 56.2%, 62.1% and 50.7%, respectively. As of December 31, 2017, 2018 and 2019, there were over 407,300, 1,045,200 and 2,186,000 registered users on the Jianye + (建業+) mobile app. Due to the large number of registered users we have on the Jianye + (建業+) mobile app, we usually order the goods in bulk, hence we have a greater bargaining power when negotiating the price of goods with the suppliers. Also, since the delivery fee of goods is usually charged at a flat rate or even free of charge when the purchase exceeds a certain amount, as we usually order the goods in bulk, we generally do not incur significant delivery costs. Taking into account that we may be able to negotiate a discount for the goods we order from our suppliers without incurring any significant delivery fee, we may be able to offer the goods and services on the Jianye + (建業+) platform at price lower than the market price. Further, as we have a strong brand recognition, our Jianye + (建業+) registered users are more likely to recognize and accept products and services that we offer or endorse. Nonetheless, as our staff provide direct e-communication with our Jianye + (建業+) registered users on our Jianye + (建業+) platform and we have a customer service center located in all of the communities under our management, hence we are able to provide accessible and timely after-sale service for our Jianye + (建業+) registered users.

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As we determine the price of goods and services on our Jianye + (建業+) platform, if we decide to give a discount on any goods to our Jianye + (建業+) registered users or members, we will bear the difference of the price at which we purchase (and the associated costs) and the discounted price.

Major terms of a typical supplier contract

We typically enter into framework agreements with our suppliers of One Family Community (一家公社) on our Jianye + (建業+) platform and the key terms are as follows:

Procurement arrangement	Subject to the agreed procurement arrangement with the supplier, the order of services and products we receive from our users on Jianye + (建業+) platform will either be i) handled directly by the respective supplier or ii) sorted by us after which we will place the order with the respective supplier.
Pricing	The supplier generally provides a certain percentage of discount to us or charges the goods at a price not higher than the market or official price.
Payment	The payments are typically settled on a monthly basis.
Delivery	The supplier shall be responsible for delivery.
Term of Contract	Typically a fixed term for around one year to two years

We operate the Jianye + (建業+) mobile app through our PRC subsidiary, One Family Network. As advised by our PRC Legal Advisors, according to the Administrative Measures on Internet Information Services (互聯網信息服務管理辦法), which was issued by the State Council with effect from September 25, 2000 and revised on January 8, 2011, internet information services refer to the provision of information to web users through the internet, which can be categorized into commercial internet information services and non-commercial internet services. Commercial internet information services refer to paid services of providing information to or creating web pages for web users through the internet. Non-commercial internet services refer to free services of providing public, commonly shared information to web users through the internet. As advised by our PRC Legal Advisors, whether a certain internet information service is regarded as commercial or non-commercial, depends on whether the provision of internet information is free or subject to a charge. For more information, please see the section entitled “Regulatory Overview—Supervision on Internet Information Services” in this prospectus.

As advised by our PRC Legal Advisors: (i) the business conducted by One Family Network is regarded as “non-commercial internet information services” because we sell goods (including food) and provide living related services through our Jianye + (建業+) platform, the revenue generated from which is the result of the sale of goods and services instead of the provision of paid internet information services; (ii) the requisite filing of non-commercial internet information services in respect of such business has been completed by One Family Network, on the basis of that One Family Network obtained the record-filing of the Jianye+ (建業+) platform as required under the Administrative Measures on Internet Information Services (互聯網信息服務管理辦法) on June 6, 2019; and (iii) according to an interview conducted with the Henan Communications Administration (河南省通信管理局) in March 2020, which is the competent authority supervising the activities of internet information services of Jianye+ (建業+) platform, (a) the operation of the Jianye + (建業+) platform is

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not considered as the “provision of paid internet information services” and does not require “the licence for value-added telecommunication services”; and (b) the operation of Jianye + (建業+) platform had complied with all applicable laws and regulations and had not been subject to any penalties since the establishment of One Family Network and up until then. Further, as advised by our PRC Legal Advisors, the business of One Family Network (including the Jianye + (建業+) platform) is not subject to any foreign ownership restrictions under applicable PRC laws and regulations.

Travel Services

We are a professional travel services provider, in particular, for all the tour guide services we provide, we have obtained all requisite licenses and qualifications. We commenced our travel business in 2016. Since then, we have expanded the scope of travel packages we offer. Our plan is to increase the offering of customized travel packages designed specifically to cater to the needs of our individual travelers and corporate clients so they can enjoy a unique experience that is tailor-made for them. We generally charge a markup calculated based on the cost of activities in the itinerary, such as train tickets and accommodation. During the Track Record Period, revenue generated from our travel services business was RMB23.9 million, RMB62.2 million and RMB138.8 million, respectively.

Our travel packages are mainly categorized into the types below.

- *Leisure Tours.* Leisure tours are generally pure leisure in nature and does not include any bundled shopping requirements. We design itineraries to destinations around residential communities, within Henan and elsewhere in the PRC.
- *Corporate Tours.* We started offering Jianye + (建業+) corporate tours in April 2017 with the goal to bring our corporate culture to property owners and prospective property owners of the CCRE Group. We bring tourists to experience various resources of the CCRE Group, connecting our customers with well-recognized companies from which they can learn top-class operation and management models and corporate culture, such as a leading e-commerce multinational conglomerate and a multinational consumer electronics and home appliances company. Our major corporate customers range from local companies to international enterprises including the CCRE Group and third-party corporations.
- *Football Tours.* We started offering sports tours in April 2017. Our football tours are primarily tours catering to the needs of football fans of Jianye Football Club. For example, in 2018, we organized a tour that brought 600 football fans via China high-speed rail to watch a football match in Tianjin. We also organize a youth summer football camp, targeting children aged six to 15.
- *Educational Tours.* We started offering educational tours in May 2017. Our educational tours target students and their families. We embrace the concept of “edutainment” and select destinations from schools and historical places of interest such as the Yuntai Mountain, the Shaolin Temple (少林寺) and Longmen Grottoes (龍門石窟). We also organize graduation tours.

Further, we have organized the following activities in order to diversify our customer base. We organized marketing activities in different industries, such as cooperation with banks and automobile companies to promote our brand name and expand our clientele. We also reached out to new potential customers through organizing public welfare activities on our public account on WeChat. In addition,

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we acquired new customers through referrals from existing customers. Since we started to implement the above measures in June 2019, the purchase order we received for our travel services increased by over 120% during the second half of 2019 comparing with the first half of 2019.

Cuisine Henan Foodcourts (建業大食堂)

Taking advantage of central China region's long history and the rich culinary culture, we began operating the Cuisine Henan Foodcourts (建業大食堂) on April 1, 2019, offering Henan delicacies. We cooperate with local vendors in respect of their operations in our foodcourts and we are responsible for the general management of the foodcourts, while the vendors operate their own food stalls and restaurants under our supervision. As of December 31, 2019, we operated six Cuisine Henan Foodcourts (建業大食堂) hosting over 330 vendors offering and food types representing 18 prefecture-level cities in Henan. For the foodcourts under our management (which we obtained through direct negotiation with the property developer or property owner), we have two types of arrangement, namely leasing operation arrangement and entrustment arrangement. As for the leasing operation arrangement, we rent the premises from the property developer and operate our own foodcourt. Under such type of arrangement, we will receive payments for the food ordered by individual customers and at the end of each month, we will pay the vendor a percentage of revenue (70%-90%, depending on the type of vendor) generated by such vendor at our foodcourt. As for the entrustment arrangement, the property developer (who is also the foodcourt owner) engages us to provide property management services to the foodcourt. Under such type of arrangement, the property management services we provide include negotiation with potential vendors in respect of cooperation opportunities, marketing planning and management of the daily operations of the foodcourt. We charge the foodcourt owner a fixed annual fee calculated based on the operation size area of the foodcourt in addition to a floating fee calculated based on a certain percentage of the monthly turnover.

The table below sets forth the number of food stalls, we offer in six locations as of December 31, 2019.

	<u>Food stalls</u>
Central China Hebi Green House Foodcourt (鶴壁綠色基地店)	59
Central China Football Town Foodcourt (建業足球小鎮店)	118
Linzhou Baicheng Tiandi Foodcourt (林州百城天地店)	12
Shenhou Junci Ancient Town Foodcourt (神垕鈞瓷古鎮店)	22
Central China Yanling Green House Foodcourt (鄆陵綠色基地店)	84
Puyang Daji Ancient Town Foodcourt (濮陽大集古鎮店)	44
Total	<u>339</u>

For our Cuisine Henan Foodcourts, we have the following measures in place to diversify our customer base. We have portrayed our Cuisine Henan Foodcourts as a place to experience local central China cuisine culture with the kind of cuisine being served in the foodcourt and the design and renovation of the foodcourt in order to attract non-CCRE Group customers. We also worked with different media to organize various traditional cultural festival activities to increase our brand recognition. Furthermore, we hosted different kinds of celebrations in our Cuisine Henan Foodcourts such as anniversary parties and festival celebrations where we gave our customers gifts or discounts in different forms such as cash rebate upon their purchase of food and goods and gourmet packages or coupons to promote sales. Since we commenced our operation of Cuisine Henan Foodcourts in April 2019, we experienced an increase of approximately 25% of sales in May 2019 by month and 37% of sales in October 2019 by month deriving from individual consumers for our leasing operation

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arrangement when we implemented the above measures for the celebration of labor day on May 1 and National day on October 1, respectively. Regardless of the seasonality factors our operation of Cuisine Henan Foodcourts may experience, we believe the measures implemented were effective in broadening our customer base.

COMMERCIAL PROPERTY MANAGEMENT AND CONSULTATION SERVICES

We engage in commercial property management and consultation services, which includes (i) hotel management, (ii) commercial property management and (iii) cultural tourism complex management. Unlike property management where we offer a wide spectrum of traditional property management services to property developers, property owners and property occupants, our commercial property management and consultation services focus on enhancing the value of property by streamlining operations of a property to reduce costs and attracting business to increase income. Further, unlike lifestyle services which our clients are mostly individual customers, our clients for our commercial property management and consultation services are mainly corporations. As of December 31, 2019, our portfolio of assets under management consisted of three cultural tourism complexes (with an aggregate site area of approximately 10.1 million sq.m.), seven shopping malls (with a total GFA of approximately 0.58 million sq.m.) and nine hotels (with a total GFA of approximately 0.25 million sq.m.), all of which were obtained through direct negotiation with the property developer or property owners. As of December 31, 2019, 5 out of 9 contracts for our hotel management services required to be renewed and 3 out of 7 contracts for our commercial property management services required to be renewed. As of the Latest Practicable Date, these 8 commercial property management and consultation services contracts are still in progress and subject to completion of formalities and some of the hotels and all the commercial properties were temporarily shut during the outbreak of Novel Coronavirus pandemic. As we continued to provide services to these 8 properties despite their contractual expiry and taking into account our business relationship with the relevant customers, we believe it is highly likely that we will be able to renew these 8 contracts.

The table below sets forth our revenue from each service in this business segment during the Track Record Period.

	For the year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Hotel Management	15,258	100.0	11,097	100.0	17,499	16.7
Commercial Property Management	—	—	—	—	16,451	15.7
Cultural Tourism Complex Management	—	—	—	—	70,785	67.6
Total	15,258	100.0	11,097	100.0	104,735	100

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The table below sets forth a breakdown of movement of our commercial property management projects as well as the number of contracts corresponding to the projects involved as at the dates indicated:

	As of December 31, 2019							
	Projects signed		Projects commenced		Projects signed but not yet commenced		Projects signed and completed	
	Revenue	Number of contracts	Revenue	Number of contracts	Revenue	Number of contracts	Revenue	Number of contracts
	RMB'000		RMB'000		RMB'000		RMB'000	
Commercial property management and consultation services								
As at the beginning of the period	49,726.9	15	24,118.5	11	25,608.4	4	—	—
As at the end of the period	235,177.6	68	180,136.6	45	5,606.6	3	49,434.4	20

The table below sets forth a breakdown of our revenue from commercial property management and consultation services recognized by two categories, the CCRE Group and its associates or joint ventures and Independent Third Parties, for the periods indicated:

	Year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
The CCRE Group and its associates or joint ventures ^(Note 1)	15,247	99.9	11,077	99.8	97,945	93.5
Independent Third Parties ^(Note 2)	11	0.1	20	0.2	6,790	6.5
Total	<u>15,258</u>	<u>100.0</u>	<u>11,097</u>	<u>100.0</u>	<u>104,735</u>	<u>100</u>

Notes:

1. This represents the revenue from commercial property management and consultation services attributable to the properties developed by the CCRE Group and its associates or joint ventures.
2. This represents the revenue from commercial property management and consultation services attributable to the properties developed by the Independent Third Parties.

We started to provide hotel management services, commercial property management services and cultural tourism complex management services to CCRE Group, its associates or joint ventures in January 2017, March 2019 and March 2019, respectively. The revenue from commercial property management and consultation services attributable to the CCRE Group, its associates or joint ventures accounted for almost all of our revenue during the three years ended December 31, 2019 as all of the hotels under management during the Track Record Period were owned by CCRE Group, its associates or joint ventures and we derived very minimal proportion of our revenue from Independent Third Parties from provision of consultation services for hotel management services. As the percentage of the revenue from (i) consultation services for hotel management services and (ii) commercial property management services derived from Independent Third Parties increased during the year ended December 31, 2019, the revenue from commercial property management and consultation services attributable to the CCRE Group, its associates or joint ventures decreased slightly during the year ended December 31, 2019.

Hotel Management

We commenced our hotel management service in 2017. Currently we primarily manage all hotels owned by the CCRE Group and its associates or joint ventures and we plan to manage more hotels owned by Independent Third Parties in the future. We provide three different types of services under hotel management, including (i) managing overall operations of a hotel, (ii) supervising hotel operation by an existing operator and (iii) providing consulting services, which are for enhancing the value of our customers' properties. We are responsible for the operation and management of all hotels branded under the CCRE Group, such as *The Mist Hot Spring Hotel* (鄢陵建業花滿地溫泉酒店) and *Sky Mansion Serviced Apartment* (鄭州天築國際公寓). We also provide hotel management services to supervise the hotel management services operated by international hotel groups, such as Marriott, Intercontinental and Accor, by supervising the management and operation of five different hotels located across Henan, including Zhengzhou, Nanyang, Luohe and Kaifeng. During the Track Record Period, we generated revenue of RMB15.3 million, RMB11.1 million and RMB17.5 million from hotel management, respectively. As of December 31, 2019, there are more than 1,700 rooms in the hotels that are under our management or supervision.

Scope of service

We provide hotel management and supervision services and consulting services regarding operations of hotels, including rooms, food and beverage facilities, meeting room facilities, staff training and cost control. The hotel management services we provide are generally grouped into the following categories:

- *Managing overall operations of a hotel.* For the overall operations and management of a hotel, we conduct financial analysis on behalf of the hotel owners to determine and manage the budget of hotel operation to ensure profitability and financial sustainability of the hotel. We are delegated the authority to recruit staff and management personnel on behalf of the hotel owners. We assist in various aspects of hotel management, such as the application of respective license, approve procurements made for the operation of the hotel, maintain hotel facilities and ensure hotel security. We guide the hotel management team on general operating activities, supervise the implementation of our standard operating procedures and the execution of business plans within the established budget.
- *Supervising hotel operation by an existing operator.* Authorized by hotel owners, we supervise the daily operations of the hotel by the existing hotel operator. We oversee the financial performance of the hotel operated by the existing hotel operator to evaluate the financial returns of the hotel on behalf of the hotel owner. Leveraging our resources in Henan and management experience, we supervise the daily operations of the hotel, for example, inspection of hotel operation, inspection or audit of general matters regarding finance, personnel, engineering and business on behalf of the owner, control on budget spending, management of hotel assets and cash flow, with the goal of achieving optimal return in investment, asset preservation and appreciation and maximizing the interest of the owner.
- *Providing consulting services.* We provide consulting services to an existing hotel operator primarily at pre-opening stage of a hotel. Such consulting services include market positioning analysis, investment return analysis, structuring of internal function of hotel buildings, staff recruitment planning, hotel start-up fees and operation budget review and other pre-opening related consulting services. We also provide consulting services

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regarding general hotel management operation to hotels which have commenced operation.

Pricing Model

For the management of overall operations of a hotel, we charge a pre-determined management fee calculated based on revenue or operating profit generated from the hotel we manage and we are entitled to a performance bonus calculated based on the net operating profit. For supervising hotel operation by an existing operator, we charge a fixed management fee calculated based on the number of hotel rooms in the respective hotel and we are also entitled to an incentive management fee calculated based on net operating profit. For consulting services, we charge a fixed fee on case by case basis depending on the scale of a hotel and the term of a consulting contract.

Key Terms of Contract

The key terms of our hotel management contracts are as follows:

	<u>Managing overall operations of a hotel</u>	<u>Supervising hotel operation by an existing operator</u>	<u>Providing consulting services</u>
Scope of service	We provide overall management services to the operations of the hotel.	We supervise and provide assistance to the existing operator of the hotel.	We provide consulting services to hotel operators at pre-opening stage.
Fees and bonuses	In most cases, we charge a percentage ranging from 2% to 4% of revenue for managing hotels and we charge a progressive commission on the net operating profit.	We charge a fixed fee calculated based on the number of hotel rooms. We are entitled to incentive fees calculated based on the net operating profit generated from the hotel during the period of our supervision.	We charge a fixed fee per project specified in a contract.
Obligations of our Group	In most cases, we are subject to reviews of different levels of details as agreed with the client. If we fail to perform to the contractual standards we agree on for a specified time, the client is entitled to terminate the contract within a shortened notice period.	We shall act on behalf of our clients in a manner that we believe to be reasonable and appropriate for the operation of a hotel.	We agree to provide consulting services to our clients in accordance with the terms of the agreement, our construction and configuration requirements and local market needs.
Obligations/rights of the Client	The client shall pay us the operating costs payable by it on time. In most cases, the client has the right to review and evaluate our performance.	Without interfering with the operation of the hotel, the client typically authorizes us to inspect the hotel and its facilities and all the documents relating to the hotel management. In addition, certain expenses	The client shall (i) provide materials we requested for, including but not limited to hotel design drawings and renderings

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	<u>Managing overall operations of a hotel</u>	<u>Supervising hotel operation by an existing operator</u>	<u>Providing consulting services</u>
		incurred in the operation are generally subject to the client's approval.	and other related hotel data, (ii) provide facilities necessary for us to carry out our services, including but not limited to access to various areas of a hotel and (iii) pay us consulting fees stipulated in the contract and other reasonable costs incurred agreed by both parties in a timely manner.
Term of Contract	Typically a fixed term ranging from two to 20 years.	Typically a fixed term of three years.	Typically a fixed term ranging from one to three years.

Description of Representative Hotels

Zhengzhou Central China Le Méridien Hotel (鄭州建業艾美酒店)



Zhengzhou Central China Le Méridien Hotel is an internationally branded hotel which we manage and supervise the operation of the existing hotel operator. It has a focus on art, design and culture. The hotel is located at No. 1188 Zhongzhou Avenue, Zhengzhou City, adjacent to the Zhengdong New District and the Zhengzhou East Railway Station. The hotel is located conveniently around shopping malls, restaurants and office buildings. With 337 luxurious guest rooms and suites, the hotel has a classic design with a fashionable edge. The hotel also offers restaurants, bars and a fitness center which offers fitness, spa, pool, yoga and a jogging track. The pillarless grand ballroom and eight function rooms offer great venues for events of various sizes.

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Sky Mansion Serviced Apartment (鄭州天築國際公寓)



The Sky Mansion Serviced Apartment is an urban lifestyle hub located in the central business district of Zhengdong New District. It has a total of 302 apartments, ranging from single-bedroom apartments to four-bedroom apartments, equipped with gymnasiums, all-day dining rooms, children’s playrooms and conference rooms, among others. We provide overall management services to the operation of Sky Mansion Serviced Apartment.

The Sky Mansion Serviced Apartment is positioned to serve high-end residents who want to pursue high-end lifestyle including family and business travelers. It is committed to providing a harmonious, balanced and high-end lifestyle to residents. Located in the prestigious community developed by the CCRE Group, it shares the intimate service of high-end properties with other Sky Mansion property owners, creating an exclusive social circle and neighborhood culture. Residents may enjoy the artistic atmosphere and the freshness of the city, immersing in a different lifestyle experience.

The table below sets forth the hotels which were managed by us during the Track Record Period.

	<u>Type of hotel</u>	<u>No. of rooms</u>
Yanling Jianye The Mist Hot Spring Hotel	Boutique resort	51
Sky Mansion Serviced Apartment	Serviced apartment	302
Aloft Zhengzhou Shangjie	Business hotel	172
Holiday Inn Nanyang	Business hotel	353
Four Points by Sheraton Luohe	Business hotel	240
Zhengzhou Le Meridien Hotel	Business hotel	337
Pullman Kaifeng Jianye	Resort	186
Starry Hills Hotel Xuchang	Hostel	31
Starry Hills Hotel Xinyang	Hostel	86
Total		<u>1,758</u>

All hotels under our management were developed by the CCRE Group and its associates or joint ventures as of the Latest Practicable Date. Notwithstanding that, we have the following measures in place to diversify the customer base for our hotel management services. We offer a wide range of services, including property management, entrusted management of the property and financial consultation in which we provide comprehensive and specialized services throughout the life cycle of hotel management from hotel investment and construction to hotel operation and management which

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would cater for the diverse needs of our customers. We also have a comprehensive portfolio where we have luxury hotels, themed hotels, full-serviced apartments, lifestyle hotels and hotels that could accommodate business or holiday occasions of the customers under our management. Furthermore, we have implemented an incentive scheme among our employees to encourage their participation in promoting our brand name to the customers.

Commercial Property Management

We commenced our commercial property management service in January 2019. As of December 31, 2019, we managed seven shopping malls located in various cities in Henan, including Zhengzhou, Luoyang and Nanyang. For the year ended December 31, 2019, we generated revenue of RMB16.5 million from commercial property management.

Scope of Service

We primarily manage shopping malls by providing two main categories of services: (i) we provide pre-opening consultation, which includes services such as market research on vendor and clientele demographics, financial analysis, vendor solicitation and management, and strategic planning; and (ii) we provide post-opening management services, which includes services such as vendor management, sales and operation management, and training management. We expect that the number of shopping malls under our management will increase from seven to 15 in the next three years. As of December 31, 2019, we employed 26 personnel to provide commercial property management services, one of which was at managerial level, providing comprehensive professional management and high-level supervision to the commercial assets we manage. As of December 31, 2019, the shopping malls under our management had an occupancy rate of 93.7%.

Pricing Model

We calculate fixed fee per month based on the scale and complexity of the project. For the management of shopping malls, during the pre-opening consulting phase, we generally charge a monthly fee, and a one-off business solicitation commission fee (which is 150% of the monthly rent paid to the owners of the shopping malls by such vendors). In respect of post-opening management fees, we generally charge a monthly fee, a one-off opening incentive payable as a fixed fee per sq.m. and an annual incentive management service fee payable with reference to the excess over the targeted net opening profit or 5%-10% of the total revenue plus 10% of profit.

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Key Terms of a Typical Commercial Property Management Contract

The key terms of our commercial property management contract are as follows.

	<u>Pre-opening consulting services</u>	<u>Post-opening management services</u>
Scope of services	We provide pre-opening consultation which includes the following services: market research on vendor and clientele demographics, financial analysis, vendor solicitation and management and strategic planning of the commercial property. Our main responsibility is to provide consultation and planning to ensure that a shopping mall can commence operation in a timely manner.	We provide post-opening management services which include the following services: vendor management, sales and operation management and training management. Our main responsibility is to ensure stable operation and financial returns. We also provide support services, including technical support, management services, industry resources support, sales and marketing, regional project management and business data sharing.
Fees and bonuses	We generally charge a monthly fee and we are also entitled to a one-off business solicitation commission (which is 150% of the monthly rent paid to the owners of the shopping malls by such vendors).	We generally charge a monthly fee, a one-off opening incentive payable as a fixed fee per sq.m. and we are also entitled to an annual incentive management service fee payable with reference to the excess over the targeted net operating income or 5%-10% of the total revenue plus 10% of profit.
Obligations of our Group	We shall go through periodic reviews of different levels of details as agreed with the client to ensure the shopping mall to commence operation in a timely manner. If we fail to perform to the contractual standards we agree on and cause the delay of the opening, the client is entitled to terminate the contract.	We shall go through half-year reviews of different levels of details as agreed with the client to ensure stable operation and financial returns. If we fail to perform to the contractual standards we agree on and the actual revenue is below target, the client is entitled to deduct the management service fee.
Obligations/rights of the Client	The client shall review and evaluate our performance periodically in order to timely notify us if we fail to perform to the contractual standards.	The client shall review and evaluate our performance periodically in order to timely notify us if we fail to perform to the contractual standards.
Term of Contract	Typically a fixed term for around three months to three years.	Typically a fixed term for around three months to three years.

Description of Representative Projects



Zhengzhou Central China Triumph Square
(鄭州建業凱旋廣場)

Luoyang Central China Triumph Square
(洛陽建業凱旋廣場)

A large scale shopping center in Zhengzhou occupying a total GFA of 269,724.4 sq.m. with two high-end office buildings of 165,056.0 sq.m., an outdoor pedestrian space of 22,516.8 sq.m. and an underground garage of 82,151.6 sq.m.. Zhengzhou Central China Triumph Square was completed and commenced operation on December 18, 2019.

Located at the core area of Luoyang famous for its culture, it is a modern shopping center with a GFA of 181,199.5 sq.m., a shopping center of 137,548.3 sq.m. and an underground garage of 43,651.2 sq.m. Luoyang Central China Triumph Square was completed and commenced operation on November 27, 2013.

The table below sets forth the commercial assets which were managed by us during the Track Record Period.

	Floor areas (sq.m.)
Zhengzhou Central China Triumph Square	105,000
Zhengzhou Central China Triumph Center	65,000
Linzhou Baicheng Tiandi	24,000
Xincai Baicheng Tiandi	27,000
Gongyi Baicheng Tiandi	38,000
Luoyang Central China Triumph Square	181,000
Nanyang Central China Triumph Square	<u>136,000</u>
Total	<u><u>576,000</u></u>

For our commercial property management services, we have the following measures in place to diversify our customer base. We participate in various commercial real estate conferences, forums or launches, and gather project information from developers from time to time. We then make recommendations on project information and materials to the headquarters. We also collect further project information through other channels for negotiation with the potential customers.

Cultural Tourism Complex Management

We commenced cultural tourism complex management services in 2019. As of December 31, 2019, we managed three cultural tourism complexes in Henan. For the year ended December 31, 2019, our revenue derived from cultural tourism complexes management was RMB70.8 million.

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Cultural Tourism Projects

Henan is home to a large number of heritage sites, such as the ruins of Yin, the capital city of the Shang dynasty and the Shaolin Temple. Leveraging our presence in Henan, we endeavor to promote the local culture through the operation and management of cultural tourism projects, and advise on the overall logistic and infrastructure planning, local specialties and various aspects of cultural tourism projects to ensure smooth operations. We plan to expand our cultural tourism projects beyond Henan.

We plan to charge a fixed fee each month per sq.m. for our cultural tourism project operation and management services.

Suburban Leisure Complex

Henan is the second largest agricultural province in the PRC producing over 10% of China's agricultural product in 2019 according to iResearch. Established in 2018 under the brand of "Central China Green House", our suburban leisure complex management services aims to create an efficient agricultural system providing additional features to traditional agricultural business including leisure, sightseeing and science and technology education. As of December 31, 2019, we were contracted to manage the operation of three suburban leisure complexes, including Central China Yanling Green House (鄢陵綠色基地), Central China Hebi Green House (鶴壁綠色基地) and Central China Yichuan Green House (伊川綠色基地). The table below sets forth the suburban leisure complexes currently in operation or in construction as of December 31, 2019.

	Site area (<u>'000 sq.m</u>)	Status
Central China Yanling Green House (鄢陵綠色基地) ⁽¹⁾	2,698	In operation
Central China Hebi Green House (鶴壁綠色基地) ⁽²⁾	2,935	In operation
Central China Zhoukou Green House (周口綠色基地)	4,300	Under construction
Central China Yichuan Green House (伊川綠色基地)	4,483	In operation
Total	<u>14,416</u>	—

Notes:

- (1) Central China Yanling Green House is rated as AAAA (4A) National Tourist Attraction by the Ministry of Culture and Tourism of the PRC.
- (2) Central China Hebi Green House is recognized as China Agricultural Park by China Village Society Development Promotion Association (中國村社發展促進會), which is the first China Agricultural Park in Henan.

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Key Terms of a Typical Suburban Leisure Complex Management Contract

The key terms of our suburban leisure complex management contracts we entered into are as follows:

	Branding and operation management	Technical support	Agricultural product sale	Agricultural product planting	Project Planning	Intelligent greenhouse construction consultation
Scope of service	We provide services such as investment solicitation, event planning, tourist reception and brand building.	We provide technical support on technology research and promotion, including the selection and assessment of seeds, introduction of new plant species, agricultural facility improvement, agricultural technology training and the standardization of production process.	We act as an agent in selling agricultural products, such as seedlings and woods, flowers and vegetables, produced in the suburban leisure complexes.	We provide advice and guidance in the planting of agricultural products or seedlings. We manage the intelligent greenhouses in the suburban leisure complexes. We advise, expand or refurbish intelligent greenhouses for the owners of the suburban leisure complexes and plant vegetables and flowers designated by the owners of the complexes in intelligent greenhouses. In addition, we provide maintenance services to seedlings and woods planted by the owners of the complexes.	We provide consulting services and guidance on the development of suburban leisure complexes. Our project planning services primarily focus on overall planning at preliminary development stage, including market positioning, industrial analysis, development planning and execution planning.	We provide consulting services in respect of the construction of intelligent greenhouses, including both overall and specific planning, technical guidance for construction process, procurement advice, implementation of facilities and equipment, and joint inspection of the construction upon completion.
Fees and bonuses	We generally charge a fixed annual fee per project.	We generally charge a fixed annual fee per project.	We generally charge a percentage of the sales amount of agricultural products.	We generally charge a monthly fee calculated based on the size of the planting area and the nature of the agricultural product.	We generally calculate our fees based on the scale of the project and the size of the land concerned.	We generally charge a certain percentage of the total investment amount of the project.

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	Branding and operation management	Technical support	Agricultural product sale	Agricultural product planting	Project Planning	Intelligent greenhouse construction consultation
Obligations of our Group . . .	We shall (i) establish an operation management team to solicit investment and manage the vendors, (ii) provide brand promoting services and plan marketing events, and (iii) provide tourist reception services and handle tourist complaints.	We shall be responsible for (i) the introduction and experimental planting of new plant species, (ii) the introduction and localization of new agricultural technologies, and (iii) the formulation of production technological process.	We shall (i) conduct market research to establish and expand sales channels, (ii) develop marketing plans for agricultural products, and (iii) assign full-time sales staff to provide basic sales services.	We shall (i) ensure the planting process and products comply with relevant laws and regulations, (ii) control the cost and expenses of planting and maintenance, and (iii) perform custody duty to the seedlings or agricultural products being planted.	We shall (i) submit the consulting results in accordance with the progress requirements, and (ii) assign professional and technical personnel.	We shall (i) establish a professional team to provide planning and guidance, and (ii) assign full-time staff to follow up on the project.
Obligations / rights of the Client	The client shall (i) provide the materials related to the suburban leisure complex, (ii) be responsible for the reconstruction of the business site, and (iii) provide the facilities necessary for us to carry out our services.	The client shall (i) provide the materials we request for, (ii) be responsible for the reconstruction of the business site, and (iii) provide the facilities necessary for us to carry out our services.	The client shall (i) supervise or assist us in marketing activities and provide the list of agricultural products in a timely manner, (ii) dispose of the products that no longer meet the selling condition, (iii) bear the cost and expenses of marketing and delivery, and (iv) pay us the marketing service fees.	The client shall (i) provide the planting site, (ii) bear the cost and expenses of planting and maintenance, (iii) pay the management fee in a timely manner, (iv) provide the facilities necessary for us to carry out our services, and (v) provide the materials we request for, and bear the daily repair and maintenance costs of production facilities.	The client shall (i) give clear written feedbacks to our consulting results in a timely manner, and (ii) provide the materials and documents necessary for our consulting work.	The client shall (i) supervise our work and provide the funds necessary, (ii) pay the consulting fee in a timely manner, and (iii) provide the necessary facilities, and (iv) provide the materials and information relevant to the project.
Term of Contract	Typically a fixed term of three years.	Typically a fixed term of three years.	Typically a fixed term of three years.	Typically a fixed term of three years.	Typically lasts until the final consulting result is accepted by both parties.	Typically lasts until the construction is completed and inspected by the client or when the project commences operation.

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We integrate agriculture, nature and science education and sports and leisure into the suburban leisure complexes we manage. We assist the owners of the complexes to introduce advanced seedlings, agricultural facilities and automatic control system to their complexes from international suppliers, such as flower suppliers in Netherlands. As of December 31, 2019, we managed over 100,000 sq.m. of intelligent greenhouse space, providing optimal environment for special species to grow. We work with primary and secondary schools to establish research and practice camps and bases, such as Orion Camp in Yanling in the suburban leisure complexes under our management, which provide nature and science education experience to primary and secondary school students. In addition, sports and leisure activities such as live CS games are also available in the complexes under our management.

TECHNOLOGY

Infrastructure and Systems

In order to reduce human error and our reliance on manual labor, we employ technological solutions and automate our key business operations as much as possible to improve our overall competitiveness. For example, one of our major initiatives was the development and establishment of Jianye + (建業+) mobile app for our employees which was launched in 2018 to promote the efficiency of our property management business segment. We are also upgrading our infrastructure in vehicles identification management. We use a video conferencing system to streamline our communication channels and reduce employee transportation costs for business trips to attend meetings and training courses. We developed Jianye + (建業+) mobile app for our customers and consumers, which allows us to communicate with them efficiently, so that we can provide them with timely services. Furthermore, Jianye + (建業+) mobile app users can give feedback and evaluation to us via the app and further help us improve the quality of our products or services.

We believe that our technological solutions allow us to minimize human error and perform consistently with our procedures and quality standards. Other technological initiatives and automation efforts we applied during the Track Record Period included intelligent community solutions, such as license plate recognition, facial recognition and smart weather control system. For example, our license plate recognition system reduces the waiting time of vehicles entering and leaving the carpark. Prior to the installation of smart weather control system, we had to frequently monitor conditions of the properties to prevent negative impact of Henan's humid climate, such as pest control and molding conditions and the installation of which enabled us to prevent damage from humidity more effectively now.

Privacy and Security Protection

We value the privacy of our residents and Jianye + (建業+) users. We have access to an extensive volume of customer data during the course of business through the collection of customers' feedbacks from the properties we managed and Jianye + (建業+) platform. Such data includes customer basic background information such as name, gender and telephone number and address. Through the cooperation with our Jianye + (建業+) platform, we also collect product shopping data and social attribute data to have more thorough understandings of our customers. We have explained the terms and conditions to customers and have also gained their prior consent before collecting their data. We treat all customer data in our possession as highly confidential. Our database is secured at multiple layers to prevent unauthorized access. We utilize a system of firewalls and also maintain a perimeter network to separate our external-facing services from our internal systems. All unnecessary access to our database is prohibited and selected information is displayed in anonymity to protect the private

information. In addition, we carry out regular maintenance and firewall upgrades to ensure information stored is adequately protected.

Further, we put an emphasis on the compliance with relevant laws and regulations on data protection and privacy in our business operations and we seek to ensure the data that we accumulate is not misappropriated or misused. We are legally obligated not to disclose any data or other confidential information to any third parties without prior consent of our customers. We have strict internal policy on our employees' access to customer data depending on their positions and seniority. We will implement measures to comply with laws and regulations on data protection and privacy in jurisdictions outside of China when our business operation further expands into overseas markets.

We conduct reviews of our back-up systems to ensure that they function properly and are well maintained. We have also implemented a variety of protocols and procedures, such as regular system checks, virus prevention measures, password policy, server access logging, network access authentication, user authorization review and approval and data back-up, as well as data recovery test, to safeguard our data assets and prevent unauthorized access to our network. We continue to improve and enhance our data and system security through routine checks and timely upgrades to ensure the proper management of our operational data. During the Track Record Period, our Directors confirm that there were no material incidents of security breach in respect of our data storage.

Research and Development

As of December 31, 2019, we had a team of over 70 research and development personnel. Our in-house research and development team is primarily responsible for the maintenance and development of devices and systems in intelligent communities and Jianye + (建業+) mobile app. Over 95% of our research and development team members have a bachelor's degree or higher, majoring in, among others, computer science and software development. Our total expenditure for research and development amounted to nil, nil and RMB38.4 million, respectively, during the Track Record Period.

Tool Automation, Resource Platformization, Service Standardization and Operation Digitalization

To improve our operational efficiency, enhance customer experience and reduce our reliance on manual labor, we strive to implement our “tool automation, resource platformization, service standardization and operation digitalization” initiative.

We endeavor to automate our operations by employing automation tools such as carpark management systems, cleaning vehicles and intelligent robot butlers to minimize human error and apply consistent service procedures and standards. Automation is also reducing reliance on manual labor such as security guards and cleaning staff, and playing a key role in improving service quality and saving costs.

We have set up a platform that integrates various internal and external resources. Our Jianye + (建業+) mobile app serves as an interface of our extensive internal and external resources, including (i) the cultural tourism complexes, shopping malls, hotels and the Cuisine Henan Foodcourts (建業大食堂) we manage or supervise and our customized Jianye + (建業+) platform, travel services, and (ii) resources from selected third-party suppliers and business partners outside the CCRE Group. We are able to access quality resources in different industries and sectors to make our Jianye + (建業+) platform a go-to place for consumers and provide them with extensive benefits and privileges as well

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as premium experience. We provide customers with 14 categories of consumer goods and services. As of December 31, 2019, we were in cooperation with more than 340 suppliers, some of which were well-known brands that were listed on NASDAQ or the Stock Exchange.

We have streamlined and standardized our property management services, focusing particularly on standardizing key elements of our services, such as environmental management, occupational health and safety management and quality management. We set up standardized service provision procedures for different types of properties, and replicate them in part or in whole across all the properties that we service. In certain aspects of our business such as environmental protection and safety, we apply a consistent set of standards, in the properties we manage to achieve better and consistent quality control. Such measures help us standardize our services, which strengthens our brand and reputation by ensuring service consistency.

We strive to digitalize operations within our Group, for instance, by connecting main utility functions and supporting network communication facility to our Jianye 5M Smart Community Operation and Management Control Platform (建業5M智慧社區運維管控平台) when providing intelligent solutions to property developers and owners to ensure centralized management, while leveraging information technology of IoT, such as assigning “ID” to each facility, and connecting different functional modules to create a unified property management platform, to improve the quality and efficiency of property management.

OUR CUSTOMERS

Our customer base primarily includes property developers, property owners and residents and local property management companies. The table below sets forth the types of our major customers for each of our business segments.

Business segment	Major customers
Property Management and Value—Added services	
Property Management	Property owners, residents and property developers
Intelligent Community Solutions	Property developers
Community Value-added Services	Property owners and residents
Central China Consumers Club	CCRE
Property Agency	Property owners and residents and property developers
Lifestyle Services	
Jianye + (建業+)	Consumers and corporate customers
Travel services	Consumers
Cuisine Henan Foodcourts (建業大食堂)	Consumers
Commercial Property Management and Consultation Services	
Hotel Management	Corporate customers
Commercial Property Management	Corporate customers
Cultural Tourism Complex Management	Corporate customers

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Our top five customers accounted for approximately 18.1%, 18.5% and 40.7% of our total revenue during the Track Record Period, respectively. Our largest customer accounted for approximately 14.5%, 16.6% and 36.9% of our total revenue in the same periods.

For property management services, we typically enter into legally binding service contracts with our customers without a fixed term which set out our scope of services, service premium and payment terms for the specific property management tasks to be provided. For commercial property management and consultation services, our service contracts with customers usually provide for a fixed term of 4 months to 20 years, depending on the type of service to be provided. Please refer to “Property Management and Value-Added Services and “—Commercial Property Management and Consultation Services” in this section for further details.

Our Top Five Customers

The following table sets forth details of our top five customers for the year ended December 31, 2017.

Rank	Customer	Major business activities	Years of business relationship	Transaction amounts (RMB'000)	Percentage to our revenue (%)
1	The CCRE Group	Real estate development and management	24 years	66,922	14.53
2	Customer A	Real estate development and management	6 years	9,704	2.11
3	One Family Network	Technology services	3 years	3,936	0.85
4	Customer B	Property management services	2 years	1,399	0.30
5	Customer C	Real estate development and management	2 years	1,264	0.27

The following table sets forth details of our top five customers for the year ended December 31, 2018.

Rank	Customer	Major business activities	Years of business relationship	Transaction amounts (RMB'000)	Percentage to our revenue (%)
1	The CCRE Group	Real estate development and management	24 years	115,260	16.61
2	One Family Network	Technology services	3 years	4,292	0.62
3	Customer D	Real estate development and management	7 years	3,832	0.55
4	Customer E	Real estate development and management	1 year	2,466	0.36
5	Customer F	Real estate development and management	1 year	2,439	0.35

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The following table sets forth details of our top five customers for the year ended December 31, 2019.

Rank	Customer	Major business activities	Years of business relationship	Transaction amounts (RMB'000)	Percentage to our revenue (%)
1	The CCRE Group	Real estate development and management	24 years	646,616	36.86
2	Customer G	Real estate development and management	Less than a year	25,177	1.44
3	Customer H	Real estate development and management	Less than a year	18,903	1.08
4	Customer I	Cultural tourism services	1 year	11,690	0.67
5	Customer J	Real estate development and management	2 years	11,196	0.64

Our single largest customer during the Track Record Period was the CCRE Group. CCRE is indirectly held as 74.35% by Mr. Wu, one of our Controlling Shareholders, and therefore is an associate of our Company under the Listing Rules. For further details, please refer to the section headed “Connected Transactions” in this prospectus. Amongst our top five customers for the Track Record Period, other than the CCRE Group, five customers were the former joint ventures or associates (currently the subsidiaries) of the CCRE Group at the material time and four customers are joint ventures or associates of the CCRE Group. Save as the above, as of the Latest Practicable Date, none of our Directors, their close associates or any Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital had any interest in the remaining top five customers.

We consider that our transactions with the CCRE Group do not constitute undue reliance and would not affect the overall sustainability of our business for the following reasons:

- **Customer concentration not extreme.** During the Track Record Period, revenue from the CCRE Group and its associates or joint ventures amounted to RMB80.7 million, RMB135.2 million and RMB746.5 million, representing 17.5%, 19.5% and 42.5% of our total revenue, respectively.

The table below sets forth the revenue and percentage of our revenue derived from the CCRE Group and its associates or joint ventures by business segments during the Track Record Period.

	Year ended December 31,					
	2017		2018		2019	
	RMB'000	% of the total revenue	RMB'000	% of the total revenue	RMB'000	% of the total revenue
Property management and value-added services	60,175	13.1	109,484	15.8	586,307	33.4
Lifestyle services	5,263	1.1	14,691	2.1	62,206	3.5
Commercial property management and consultation services	15,247	3.3	11,077	1.6	97,945	5.6
Total	<u>80,685</u>	<u>17.5</u>	<u>135,252</u>	<u>19.5</u>	<u>746,458</u>	<u>42.5</u>

As shown above, most of such revenue from the CCRE Group and its associates or joint ventures were derived from our property management and value-added services, while

revenue for our lifestyle services and commercial property management and consultation services was relatively immaterial. Further, we expect the percentage of total revenue to be generated from properties developed by the CCRE Group will decrease going forward. For details, see the section headed “Relationship with Controlling Shareholders—Independence from our Controlling Shareholders—Mutual and Complementary Relationship with the CCRE Group”.

- **Mutual dependence.** During the Track Record Period, we managed: (1) all of the properties developed by the CCRE Group; and (2) 97.8%, 92.1% and 96.8% of the properties developed by the CCRE Group and its associates or joint ventures. The Group did not manage all properties developed by such associates or joint ventures because, to our Directors’ best knowledge and belief, such associates or joint ventures elected to appoint other property management companies, having taking into account, among others, our competitors’ and our proposed service terms and prior business relationship with such associate or joint venture. In respect of our commercial property management and consultation services, to our Directors’ best knowledge and belief, we are the sole third party service provider to the CCRE Group for commercial property management and consultation services and the largest third party service provider to the CCRE Group for management services in Cuisine Henan Foodcourts (建業大食堂) which is under our lifestyle services during the Track Record Period. As of December 31, 2019, based on our Company’s discussion with the CCRE Group, the CCRE Group and its associates or joint ventures had 152 property projects in the pipeline, out of which we secured property management contacts for 135 properties as of the Latest Practicable Date. Furthermore, we have also entered into various strategic cooperation framework agreements with the CCRE Group, pursuant to which the CCRE Group will endeavor to engage us to provide lifestyle services to 12 Cuisine Henan Foodcourts (建業大食堂), 12 cultural tourism complexes, 19 shopping malls and six hotels, which are in the pipeline of the CCRE Group and its associate or joint ventures. See the section titled “Connected Transactions—(B) Non-Exempt Continuing Connected Transactions” in this prospectus.
- **Very long-standing and stable relationship with intention to continue.** We have developed a close and mutually-beneficial relationship for over two decades with the CCRE Group. During this period, our directors have confirmed that there has not been any significant disagreement, complaint, interruption or materially adverse change in our business relationship. During the Track Record Period, the vast majority of our property management agreements with the CCRE Group did not have a fixed term and therefore did not need to be renewed, while for those that had a fixed term, the renewal rate for any relevant agreement that needed to be renewed was over 80% on average. For details, see the section headed “Relationship with Controlling Shareholders—Independence from our Controlling Shareholders—Mutual and Complementary Relationship with the CCRE Group”. Furthermore, CCRE has also granted us a royalty-free perpetual license to use certain trademarks of the CCRE Group registered in the PRC and Hong Kong for our business operations and investment activities. We believe this is indicative of our strong relationship with the CCRE Group.
- **Positive industry outlook.** According to CIA, our industry consultant, the property management industries in Henan Province and also the PRC have shown consistent growth in the past few years and are expected to continue to grow in the coming years,

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being driven by strong support from the PRC government, as well as continued growth in both demand and supply. For details, see the section headed “Industry Overview”.

- **Normal commercial terms and arm’s length negotiation.** Our sales to the CCRE Group has been, and will continue to be, on normal commercial terms based on arm’s length negotiations. As continuing connected transactions, our business relationship is also bound by Chapter 14A of the Listing Rules to safeguard the interests of our Group and Shareholders. The same similarly applies to CCRE itself as a listed company in Hong Kong.
- **Independence.** We believe that we are capable of carrying on our business independently from the CCRE Group, including from a management, operational and financial perspective. For details, see the section headed “Relationship with Controlling Shareholders—Independence from Controlling Shareholders”.

With the above factors in mind, our Directors are not aware of any red flags indicating that our relationship with the CCRE Group is likely to be terminated or otherwise materially adversely change.

OUR SERVICE PROVIDERS AND SUPPLIERS

The table below sets forth the types of our major suppliers for business segments.

Business segment	Major suppliers
Property Management and Value—Added services	
Property Management	Subcontractor providing cleaning, greening and gardening and security guard functions
Intelligent Community Solutions	Suppliers of intelligent devices
Community Value-added Services	Suppliers of certain services
Central China Consumers Club	Suppliers of certain services
Property Agency	Not applicable
Lifestyle Services	
Jianye + (建業+)	Suppliers of products and services
Travel services	Suppliers providing accommodation and transportation services
Cuisine Henan Foodcourts (建業大食堂)	Suppliers of materials and facilities
Commercial Property Management and Consultation Services	
Hotel Management	Not applicable
Commercial Property Management	Not applicable
Cultural Tourism Complex Management	Not applicable

Our top five suppliers accounted for approximately 37.3%, 29.2% and 14.8% of our total cost of sales during the Track Record Period, respectively. Our largest supplier accounted for approximately 22.3%, 16.4% and 6.1% of our total cost of sales in the same periods. Our Directors believe that we do not have any concentration risk with our suppliers.

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Our Top Five Suppliers

The following table sets forth details of our top five suppliers for the year ended December 31, 2017.

Rank	Supplier	Major business activities	Years of business relationship	Transaction amounts (RMB'000)	Percentage to our total cost of sales (%)
1	Supplier A	Labor outsourcing services	8 years	79,306	22.32
2	Supplier B	Labor outsourcing services	10 years	43,391	12.21
3	Supplier C	Cleaning services	2 years	3,760	1.06
4	Supplier D	Security services	2 years	3,188	0.90
5	Supplier E	Security services	3 years	3,018	0.85

The following table sets forth details of our top five suppliers for the year ended December 31, 2018.

Rank	Supplier	Major business activities	Years of business relationship	Transaction amounts (RMB'000)	Percentage to our total cost of sales (%)
1	Supplier A	Labor outsourcing services	8 years	87,226	16.36
2	Supplier B	Labor outsourcing services	10 years	33,597	6.30
3	Supplier F	Property management services	2 years	15,322	2.87
4	Supplier C	Cleaning services	2 years	10,138	1.90
5	Supplier G	Cleaning services	2 years	9,553	1.79

The following table sets forth details of our top five suppliers for the year ended December 31, 2019.

Rank	Supplier	Major business activities	Years of business relationship	Transaction amounts (RMB'000)	Percentage to our total cost of sales (%)
1	Supplier H	Property management services	Less than a year	71,957	6.11
2	Supplier I	Property management services	Less than a year	39,430	3.35
3	Supplier A	Labor outsourcing services	8 years	23,573	2.00
4	Supplier F	Property management services	2 years	20,748	1.76
5	Supplier J	Property management services	2 years	19,125	1.62

All of our five largest suppliers during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, supervisors, their close associates or any Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest suppliers.

We do not have any long-term agreements with our suppliers, and we typically enter into contracts with our suppliers for a term of 12 to 24 months with monthly settlement. The contract with our suppliers usually contains fixed rate chargeable on a per person, per service or per project basis for services or costs of items/materials to be supplied, as the case may be. In general, our suppliers issue invoices to us on a monthly basis. Our suppliers usually grant us a credit term ranging from 0 to 180 days, subject to the payment terms agreed. We typically reserve the right to terminate the contracts with our suppliers if our suppliers breach the contract or if our suppliers cannot meet the quality of service required by us.

Subcontracting

We engage subcontractors to provide workers to fill specific positions/functions in our business segments to cover basic functions when we encounter capacity constraints and to lower costs of

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services. Our subcontractors include companies that provide cleaning, greening and gardening and security guard functions. During the Track Record Period, all of our subcontractors were located in China and all of their subcontractors fees were denominated in RMB. While we primarily fulfil our client's requests and service needs using our own resources and extensive service network, by adopting the use of subcontractors for certain functions, our Directors believe that our Group is able to maintain a degree of flexibility in our pace of expansion and provide more competitive pricing by leveraging the services provided by our subcontractors. We select subcontractors on a case-by-case basis, based on their background and quality of services, for the purpose of maximizing value and to provide a seamless experience to our customers.

Management of our subcontractors

To ensure that the subcontractors meet our requirements and standards of services and are able to timely serve our customers, we regularly monitor and evaluate their performance. The subcontractors are required to follow our Group's internal policies and their respective performance is assessed in accordance with our key performance indicators on a monthly basis.

During the Track Record Period, our subcontracting costs amounted to approximately RMB16.8 million, RMB59.4 million and RMB264.1 million, representing approximately 4.7%, 11.1% and 22.4% of our total cost of sales, respectively.

Our Directors confirm that all of our subcontractors are Independent Third Parties and we do not have any reliance on any single subcontractor.

The key terms of our service contracts with subcontractors typically include the following salient terms and conditions:

- **Scope of services:** Depending on the nature of services that are being subcontracted, typically, this includes a general obligation imposed on the subcontractor to fulfil the requests and needs of us and our clients, including, but not limited to, fulfilling of security guard functions at commercial assets which we manage, such as shopping malls, and provide cleaning services to residential properties and commercial assets which are under our management.
- **Subcontractor's obligations:** Subcontractors are obligated to comply with all relevant legal and regulatory requirements to perform the required services.
- **Fees and payment:** Our subcontractors typically charge us on a fixed rate on a per person, per service or per project basis.
- **Term of service:** Our terms with subcontractors vary according to the requirements of our clients. Typically the term of service is one to two years.

Labor outsourcing

We also engage labor outsourcing service providers, with whom we have entered into labor dispatch agreements during the Track Record Period. Pursuant to such agreements, these labor outsourcing service providers should dispatch to us suitable dispatched staff as requested, and we should pay the dispatch service fees to the labor outsourcing service providers. The dispatch service fees we pay to the labor outsourcing service providers is inclusive of: (i) management fees for the dispatch arrangement with the labor outsourcing service providers; (ii) wages for the dispatched staff;

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and (iii) social insurance for the dispatched staff to be paid to the competent authority. Our PRC Legal Advisors have advised that: (1) the responsibility and liability of such wages, social insurance and housing provident fund contributions are ultimately borne by the labor outsourcing service providers and not by our Group according to such agreements and the relevant PRC laws and regulations; and (2) taking into account our applicable proportion of dispatched workers as confirmed by us, such arrangements with our labor outsourcing service providers are in compliance with applicable PRC laws and regulations, including the Interim Provisions on Labor Dispatch (勞務派遣暫行規定), as at the Latest Practicable Date. For details on such PRC laws and regulations, see the section headed “Regulatory Overview—Legal Supervisions over Labor Protection in the PRC” in this prospectus.

SALES AND MARKETING

Our sales and marketing team is primarily responsible for planning and developing our overall marketing strategy, conducting market research, coordinating our sales and marketing activities to acquire new customers and maintain and strengthen our relationships with existing customers. Due to the complexity of our business model, our sales and marketing team has a different focus when targeting different business segments.

- *Property management and value-added services.* We take sales and marketing measures to ensure the service we provide are tailored to the characteristics of our residents and the special culture within the communities. We take pride in the tailor-made sale and marketing efforts provided by the CCCC’s G.O. to respective members.
- *Lifestyle services.* Our sales and marketing team focuses on the characteristics of different cities in Henan to provide tailor-made travel packages. In addition to local culture, we also promote local delicacy so we can introduce Henan specialty to the world and expand our clientele.
- *Commercial property management and consultation services.* Our sales and marketing team focuses on promoting the hotels and commercial assets we manage in terms of increasing traffic and enhancing our brand reputation. Our cultural tourism business segment is the product of our continuous effort in promoting Henan to establish our presence internationally.

As of December 31, 2019, we had a team of 989 sales and marketing personnel. Our total expenditure for sales and marketing amounted to RMB5.2 million, RMB11.7 million and RMB46.5 million, respectively, during the Track Record Period.

QUALITY CONTROL

Quality control over our services

We implement a comprehensive set of measures and policies to ensure the quality of the services we provide and we adhere to international standards in various aspects. In 2012, we passed the ISO9001 certification of quality management system and the ISO14001 certification of the environmental management system issued by the International Organization for Standardization. In 2017, we were awarded health and safety system OHSAS18001 certification. Our company implements all aspects of quality management in accordance with ISO9001 quality management standards, ISO14001 environmental management standards and OHSAS18001 occupational health and safety management standards.

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Quality control measures in relation to our subcontractors

To ensure the quality of services provided through our subcontractors, we have formulated a quality assurance system that tackles their service quality from different angles such as the selection, assessment, contract terms, daily operations and the ability to discharge contractual obligations of our subcontractors.

INTELLECTUAL PROPERTY

We regard our intellectual property rights as critical to our success. We primarily rely on laws and regulations on trademarks and trade secrets and our employees' and third parties' contractual commitments to confidentiality and non-competition to protect our intellectual property rights. As of the Latest Practicable Date, we had 75 copyrights for our self-developed software and art works, 29 trademarks and 36 domain names registered in the PRC and 3 patent approved by PRC State Intellectual Property Office.

We use a trademark to market our services under the brand of “Central China (建業)” which is held by one of our related parties, the CCRE Group. For further details, please see the sections entitled “Connected Transactions—(A) Fully Exempt Continuing Connected Transactions—1. Trademark Licensing” and “Risk Factors—Risks Relating to our Business and Industries—We may fail to Effectively Protect our Intellectual Property Rights and Licensed Rights” in this prospectus.

As of the Latest Practicable Date, we were not aware of (a) any infringement which could have a material adverse effect on our business operations by our Group against any intellectual property rights of any third party or by any third party against any intellectual property rights of our Company, or (b) any disputes with third parties with respect to intellectual property rights.

PROPERTIES

As of the Latest Practicable Date, we rented a total of 13 properties for use as office and operations in various locations in China with an aggregate GFA of over 20,000 sq.m. As of the Latest Practicable Date, we have leased four properties from the CCRE Group for use as (i) office premises in the PRC and Hong Kong; and (ii) operations of Cuisine Henan foodcourts under our lifestyle services (the “Leases”). The rent payable by us under such Leases are all fixed rent payable monthly. The aggregate amount of rent paid by us to the CCRE Group under such Leases was approximately RMB1.0 million, RMB1.3 million, RMB1.3 million during the Track Record Period, respectively. Immediately after the Listing, the Leases will continue in accordance with the lease terms under the original tenancy agreements entered into between us and the CCRE Group. Our Directors consider that the Leases have been and will be carried out on normal commercial terms or better that are fair, reasonable and in the interests of our Company and our Shareholders as a whole.

As of the Latest Practicable Date, 13 of the lease agreements had not been registered with the local housing administration authorities as required under PRC laws, primarily due to (i) lack of cooperation from our landlords in registering the relevant lease agreements and/or (ii) the fact that title certificates and proofs of ownership were not obtained by our landlords for certain of our leased properties. Both (i) and (ii) were factors beyond our control. Our PRC Legal Advisors have advised us that we might be ordered to rectify this failure to register by competent authorities and if we fail to rectify within a prescribed period, a penalty of RMB1,000 to RMB10,000 per agreement may be

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imposed as a result. The estimated total amount of potential penalty for our failure to register our lease agreements is approximately RMB13,000 to RMB130,000. As of the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to potential administrative penalties or enforcement actions as a result of our failure to file the lease agreements described above. Our PRC Legal Advisors have also advised us that the failure to register the lease agreements would not affect the validity of the lease agreements. Our Directors are of the view that such non-registration would not have a material adverse effect on our business operations or constitute a material legal obstacle for the Listing. In the event that we are required by competent authorities to rectify the non-compliance with lease registration requirement and we are not able to rectify due to lack of cooperation from the landlords, we intend to terminate the non-compliant leases, find alternative locations nearby and relocate. For more information on the risks related to our non-filing, please see the section headed “Risk Factors—Risks Relating to our Business and Industries—We may be subject to administrative penalties as we have not registered all of our lease agreements with housing administration authorities” in this prospectus.

As of the Latest Practicable Date, we did not own any real properties, and we had no single property with a carrying amount of 15% or more of our total assets. Therefore, we did not need to prepare a valuation report with respect to our property interests in reliance upon the exemption provided by Section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

AWARDS AND RECOGNITIONS

During the Track Record Period, we have received recognition for the quality and popularity of our products and services. Some of the significant awards and recognition we have received are set forth below:

<u>Award</u>	<u>Year(s)</u>	<u>Awarding Entity</u>
2019 Potential Unicorn of Property Management Service (2019物業服務企業潛力獨角獸)	2019	China Property Management Institute
2019 Featured Brand of Property Management Service— New Lifestyle Provider (2019特色物業服務品牌企業—新型生活方式服務商)	2019	China Property Management Institute
2019 Top 50 Most Valuable Brand of Property Management Service (2019物業服務企業品牌價值50強)	2019	China Property Management Institute
China’s Top 100 Property Management Companies (中國物業服務百強企業)	2017-2019	CIA
<ul style="list-style-type: none">● Rank 13th in 2019● Rank 15th in 2018● Rank 16th in 2017		
Leading Brand for Property Management Service in the Central China Region (華中物業服務領先品牌)	2018 and 2019	CIA
2018 Enterprise with the most influential brandname of Property Management Industry (2018年度物業服務行業最具影響力品牌企業)	2018	Henan Property Management Association

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Award	Year(s)	Awarding Entity
Outstanding Property Management Company of Zhengzhou (鄭州市物業管理先進單位)	2017	Zhengzhou Property Management Association
Best Innovative Consumer Service Provider of China (國家旅業獎最佳新消費服務商)	2017	National Tourism Magazine
2018 Innovative Tourism Marketing in the Central China Region (2018中原旅遊地產創新行銷獎)	2019	Henan Tourism Information Website, Sohu
High Potential Hotel Group in China (2017年中國最具發展潛力酒店集團)	2017	Hotel Gaocan

COMPETITION

We face competition from companies of different nature and scale due to the diversity of our business.

- *Property management and value-added services.* Our major competitors in property management services are large national and local property management companies in the PRC. The competitors of our value-added services are mainly property management companies, engineering companies and O2O companies, who provide comparable services.
- *Lifestyle services.* We face competition from local travel agencies providing similar travel packages at a lower price but we differentiate ourselves with offering customized packages. There are other mobile apps offering comparable service as Jianye + (建業+) but we are able to offer services based on the location of the residents and connect them with our offline community services. Furthermore, we face competition from participants in the food and beverage industry, which is a highly fragmented market, yet we set ourselves apart by leveraging the specialty and ambiance of the location we offer in the Cuisine Henan Foodcourts (建業大食堂).
- *Commercial property management and consultation services.* We face competition from international commercial real estate services firm and local commercial assets operators. However, we have long-established presence in Henan and our understanding of the culture in Henan allows us to provide thoughtful management which are reflected in the detail of the design of our service.

For additional details regarding the competitive landscape of the industry in which we operate, please refer to the sections headed “Industry Overview” and “Risk Factors—Risks Relating to Our Businesses and Industries—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” in this prospectus.

As evidenced by our presence in central China and market leadership as a property management service provider, we believe that we are able to compete effectively by leveraging our competitive advantages. These include our comprehensive one-stop service platform and strong monetization capability that have provided us with a strong resource integration capability, as well as the ability to tailor our services to customers’ needs. In addition, our two pronged expansion approach, combining our strengths in both property and commercial property management, allow us to expand our customer coverage and seize opportunities which traditional property management companies

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would be unable to capitalize. Our data analysis capability also enable us to process large amounts of data and in turn facilitate targeted marketing, and forms part of the backbone of our operations.

HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION

We are subject to PRC laws in relation to labor, safety and environment protection matters. In addition, we have established multiple systems to ensure the quality of our services, implementing the ISO14001 environment control standards and ISO9001 quality management standards, and provided employees with workplace safety trainings on a regular basis to increase their awareness of work safety issues. During the Track Record Period and up to the Latest Practicable Date, we had complied with PRC laws in relation to workplace safety in all material respects and had not had any incidents which have materially and adversely affected our operations.

We consider the protection of the environment to be important and have implemented measures in the operation of our businesses to ensure our compliance with all applicable requirements. Given the nature of our operations, our Directors do not believe that we are subject to material environmental liability risk or compliance costs. During the Track Record Period and up to the Latest Practicable Date as confirmed by our Directors, no material fines or penalties for non-compliance of PRC environmental laws had been imposed on us, and we have not been subject to any material administrative penalties due to violation of environmental laws in the PRC.

EMPLOYEES

As of December 31, 2019, we had a total of 4,213 full time employees, substantially all of whom were located in Henan province. The table below sets forth a breakdown of our employees by function.

<u>Function</u>	<u>Number of Employees</u>	<u>%</u>
Administration	71	1.7
Function Management	605	14.4
Information Technology	34	0.8
Sales and Marketing	989	23.5
Engineering Technology	763	18.1
Primary Level Service	325	7.7
Customer Service	1,203	28.6
Purchase and Procurement Management	26	0.6
Branding Management	94	2.2
Products Management	29	0.7
Technology Research	74	1.8
Total	<u>4,213</u>	<u>100</u>

Recruiting

We are dedicated to put in place a competitive recruitment system in order to create a fair and open environment for talents. All managerial positions are selected through open selective process to ensure each employee has equal opportunities. We organise recruitment events in various parts of Henan from time to time. Our recruiting processes primarily comprise the following phases.

- *Candidate sourcing.* We source our candidates through multiple channels, including recruitment events, referrals from existing employees and internal recruitments.

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- *Candidate selection.* We have different selection processes for managerial positions and non-managerial positions. All positions are openly recruited. The candidates are interviewed by the business department, the human resources department and the supervisors, respectively. After the interviews, we will conduct a background check and qualification verification for the qualified candidates, submit the recruitment application for approval according to the job responsibilities and finally finish the recruitment according to our internal processes.
- *Candidate onboarding.* After selecting the candidate for a position, the human resources department would send out a formal employment offer. Once the candidate has accepted the offer, the human resource department would officially onboard the successful candidate.

Employee Training

We believe the quality of our employees attributed to customer satisfaction and repeated business. We have developed training programs for employees at all levels, including pre-job training. Our trainings are arranged according to the specifications of the job functions of our employees with aim to help them understand the corporate culture, value of the brand we uphold, as well as professional etiquette and general training based on the position and seniority applicable to the employee. As part of our ongoing training, we offer mentoring program, management training and provide a comprehensive learning environment with goal to improve performance of our employees.

Employee Relations

We enter into individual employment agreement with our employees to agree on matters such as wages, benefits and other rights and obligations of parties. We are also required by PRC laws and regulations to participate in various employee social insurance fund that are administered by local governments, including basic pension insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing provident fund.

During the Track Record Period, we had not made full contributions for social insurance and housing provident fund based on the actual salary levels of our employees. Please see “Risk Factors—We may be subject to fines for our failures to register for and/or contribute to social insurance and housing provident funds for our employees” for further discussion. This shortfall of contributions was primarily caused by our understanding that the current basis on which our contributions made were acceptable by the relevant government authorities. Our Directors confirmed that we have made full social insurance and housing provident fund contributions for all of our employees starting July 2019. Going forward, our Directors confirm that we will fully comply with all applicable requirements for social insurance and housing provident funds and our Directors consider that the above non-compliance issue would not have a material adverse effect on our business, financial condition or results of operation, and we undertake to make necessary adjustments (if any) to comply with the requirements.

Except for the immaterial labor disputes that arose in the ordinary course of our business during the Track Record Period, we believe we maintain a good working relationship with our employees. None of our full time employees are members of any labor union.

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CASH MANAGEMENT POLICY

We have a bank account and cash management system to manage the cash inflows and outflows of our subsidiaries and branches in their ordinary course of business. We take stock of the bank accounts and reconcile the accounts monthly to lower the risks associated with cash management. Furthermore, we require our subsidiaries and branches to settle their transactions through bank transfers to enhance the safety of funds management.

Cash flow transactions

Payments of property management fees from property owners and residents to our subsidiaries and branches

Cash transfers from our subsidiaries' and branches' bank accounts to our Company's centralized bank account

Cash transfers from our Company's centralized bank account to the bank accounts of our subsidiaries and branches

Payments made to suppliers, service providers and subcontractors of our subsidiaries and branches

Cash handling policies and internal control measures

We require our subsidiaries and branches to deposit cash received in their bank accounts in a timely manner. We check the bank account balances of our subsidiaries and branches on a regular basis.

We transfer the cash deposited in the bank accounts of our property management subsidiaries and branches to our Company's centralized bank account through a bank-corporation direct transfer channel.

Our property management subsidiaries and branches prepare monthly financial report. We transfer cash from our Company's centralized bank account to our subsidiaries and branches once our financial department have reviewed and approved the cash budgets and plans proposed by our property management subsidiaries and branches.

We check and monitor the bank account balances and balances of cash on hand of our subsidiaries and branches on a regular basis.

We require our subsidiaries and branches to conduct monthly reconciliation to identify any discrepancy among their bank account balance, cash on hand and internal accounting system on a timely basis. Any discrepancy will be analyzed and resolved timely.

Various levels of management approve payment applications according to the authority assigned to them in accordance with our internal policies.

INSURANCE

We maintain pension insurance, medical insurance, maternity insurance, work injury insurance and unemployment insurance, which are mandatory under PRC laws. We also maintain employer responsibility insurance, which is as advised by our PRC Legal Advisors, not mandatory under PRC laws. We believe our insurance coverage is sufficient in the context of our operations. During the Track Record Period, we did not make any material insurance claims in relation to our business. Please refer to the section headed "Risk Factors—Risks Relating to our Businesses and Industries—Our Insurance Coverage may not sufficiently cover the Risks Related to our Business" in this prospectus for details of risks associated with our insurance coverage.

INTERNAL CONTROL AND RISK MANAGEMENT

We have implemented various risk management policies and measures to identify, assess and manage risks arising from our operations. Details on risk categories identified by our management,

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internal and external reporting mechanism, remedial measures and contingency management have been codified in our policies. For details of the major risks identified by our management, please see the section entitled “Risk Factors” in this prospectus.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Global Offering, we have adopted or will adopt, among other things, the following risk management and internal control measures:

- we have adopted stringent quality control and supervision measures and procedures to prevent risks. See “Quality Control” for more details;
- our human resources department is responsible for monitoring the compliance with our internal rules and manuals by our employees to ensure that we comply with the relevant regulatory requirements and applicable laws so as to reduce our legal risks;
- we have put in place internal procedures for handling complaints from customers; and
- we have established a selection and monitoring policy in relation to the subcontractors engaged by us, including the selection criteria and the review systems to deal with any complaints or under performance with regards to the subcontractors.

In addition, we have established an audit committee consisting of all of the independent non-executive Directors, as part of our measures to improve risk management and corporate governance. See section headed “Directors and Senior Management—Senior Management” in this prospectus for details on the professional qualifications and industry experience. The primary duties of the audit committee are to review and supervise the financial report of process and internal control system of our group. For further details, please refer to section headed “Directors and Senior Management—Audit Committee” in this prospectus.

LICENSES AND PERMITS

We are required to obtain various licenses, permits and certifications for our operations. As advised by our PRC Legal Advisors, save as the licenses that were being renewed as of the Latest Practicable Date, we had duly obtained and maintained all major licenses, permits and certificates required by applicable laws and regulations for our operations. We are required to renew such licenses, permits and certificates from time to time. We do not expect any difficulties in such renewals so long as we meet the applicable requirements and conditions set by the relevant government agencies and adhere to procedures set forth in relevant laws and regulations.

Some of our subsidiaries obtained hygiene permit (衛生許可證), secondary water supply sanitation permit (二次供水衛生許可證), community safety service permit (河南省公共安全技術防範服務許可證), centralized water supply sanitation permit (集中式供水衛生許可證), and urban sewage discharge permit (城鎮污水排入排水管網許可證), among others. The table below sets forth our material licenses and permits relating to our operations in the relevant jurisdictions as of the date of this prospectus:

<u>License, permits or approvals</u>	<u>Holder</u>	<u>Granting authority</u>	<u>Issuance date</u>	<u>Expiration date</u>
Special Equipment Installation, Repair and Maintenance Permit (TS3341713-2020) . .	Jiandun Machinery	Henan Provincial Bureau of Quality and Technical Supervision (河南省質量技術監督局)	November 28, 2016	November 27, 2020 ⁽¹⁾

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License, permits or approvals	Holder	Granting authority	Issuance date	Expiration date
Real Estate Brokerage Certificate (4101050250) . . .	Zhizun Housing Agency	Zhengzhou Housing Security and Real Estate Administration (鄭州市住房保障和房地產管理局)	March 11, 2020	March 10, 2021
Real Estate Brokerage Certificate (4101110143) . . .	Songyang Real Estate	Zhengzhou Housing Security and Real Estate Administration (鄭州市住房保障和房地產管理局)	April 7, 2020	April 6, 2021
Real Estate Brokerage Certificate (4101110168) . . .	Xinglang Real Estate	Zhengzhou Housing Security and Real Estate Administration (鄭州市住房保障和房地產管理局)	May 30, 2019	May 29, 2020 ⁽²⁾
Food Business License (JY1410920004385)	One Family Network	Zhengdong Sub-bureau of Zhengzhou Food and Drug Administration Supervision Administration (鄭州市食品藥品監督管理局鄭東分局)	April 12, 2016	April 11, 2021
Food Business License (JY24101030168693)	Central China Dashitang	Zhengzhou Erqi District Market Supervision Administration (鄭州市二七區市場監督管理局)	May 7, 2019	May 6, 2024
Food Business License (JY24106160001121)	Central China Dashitang Hebi branch	Urban and Rural Integration Model Area Sub-bureau of Hebi City Food and Drug Administration Urban and Rural Integration Demonstration Bureau (鶴壁市食品藥品監督管理局城鄉一體化示範區分局)	April 4, 2019	January 6, 2023
Food Business License (JY34104810007390)	Central China Property Management Wugang branch	Wugang Food and Drug Administration (舞鋼市食品藥品監督管理局)	September 14, 2016	September 13, 2021
Henan Province Science and Technology SME Certificate (2017S0100155)	Aiou Electronic	Henan Provincial Department of Science and Technology (河南省科學技術廳)	January 12, 2018	January 11, 2021

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License, permits or approvals	Holder	Granting authority	Issuance date	Expiration date
High-tech Enterprise Certificate (GR841001013)	Aiou Electronic	Henan Provincial Department of Science and Technology (河南省科 學技術廳) Henan Provincial Department of Finance (河南省財政 廳) Henan Provincial Bureau of PRC Department of Taxation (國家稅務總局河南省 稅務局)	November 29, 2018	November 28, 2021
Construction Enterprise Qualification Certificate (D341205706)	Aiou Electronic	Zhengzhou Urban and Rural Construction Committee (鄭州市城 鄉建設委員會)	April 8, 2019	April 8, 2024
Travel Agency Business License (豫旅[2016]177號)	New Life Travel Services	Henan Provincial Tourism Bureau (河南 省旅遊局)	December 28, 2017	—
Travel Agency Business License (豫旅[2013]179號)	Jiuyou Travel Agency	Henan Provincial Tourism Bureau (河南 省旅遊局)	December 28, 2017	—
Forest Seed Production and Operation Certificate (41062220190005)	Central China Gardening and Seedling Development	Qi County Natural Resources Bureau (淇 縣自然資源局)	June 13, 2019	June 12, 2024
Jianye + New Life Service Platform ICP Filing (豫ICP備16007257號-2)	One Family Network	MIIT	June 6, 2019	—

Notes:

- (1) Our Directors believe that there will be no material legal impediment to renew these licenses.
- (2) The license holders are in the process of applying for the renewal of these licenses. Our Directors believe that there will be no material legal impediment to renew these licenses.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, there were no litigation or arbitration proceedings or administrative proceedings pending or threatened against us or any of our Directors which would have a material adverse effect on our business, financial position or results of operations. As advised by our PRC Legal Advisors, as of the Latest Practicable Date, we had duly obtained and maintained all major licenses, permits and certificates required by applicable laws and regulations for our operations. Our Directors confirm, and to the best knowledge of our PRC Legal Advisors, save as disclosed below in this paragraph, we had complied with all relevant PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

From time to time, we may be involved in legal proceedings or disputes in the ordinary course of business, such as contract disputes with our customers and suppliers. As at the Latest Practicable Date, there were no litigation or arbitration proceedings or administrative proceedings pending or threatened against us or any of our Directors which would have a material adverse effect on our financial position or results of operations.

We set out below the non-compliance incidents relating to us during the Track Record Period:

Non-compliance incident	Reasons for the non-compliance	Legal consequences and potential maximum penalties	Remedies and rectification measures taken
<p>During the Track Record Period, we made loans (the “<i>Loans</i>”) to Hongdao Investment, Jianye Holdings and Henan Central China Football Club Co., Ltd.* (河南建業足球俱樂部股份有限公司), which were entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang at the material time. The loans were unsecured and carry an annual interest rate of 9.0%.</p> <p>As of December 31, 2017, 2018 and 2019, the outstanding balance of the loans to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang were approximately RMB646.9 million, RMB564.0 million and nil, respectively. The interest income derived in relation to the loans amounted to RMB56.3 million, RMB 48.9 million and RMB13.2 million for the years ended December 31, 2017, 2018 and 2019. The loans were settled as of June 30, 2019.</p>	<p>These non-compliance incidents were primarily attributable to our failing to appreciate that making such loans were prohibited under applicable PRC laws and regulations.</p>	<p>According to the General Lending Provisions (貸款通則) promulgated by PBOC in 1996, only financial institutions may legally engage in the business of extending loans, and loans between companies that are not financial institutions are prohibited. The PBOC may impose a fine equivalent to one to five times of the income generated (being interests charged) from the loan advancing activities between enterprises. However, according to the Provisions of the Supreme People’s Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (最高人民法院關於審理民間借貸案件適用法律若干問題的規定) (the “<i>Provisions</i>”), which became effective on September 1, 2015, the validity of inter-company loan agreements which are for the needs of production and operation should be generally supported by the people’s courts except they fall into the invalid contract circumstances regulated under the Provisions and under the PRC Contract Law (中華人民共和國合同法).</p>	<p>We have established an internal control policy that prohibits all lending to third party corporations of any amount. We will not approve any lending to any third party corporations going forward. We will conduct regular internal trainings in respect of our lending policies on a regular basis to ensure that, among other things, no lending to third party corporations will occur again in the future. Our audit committee will monitor and assess the effectiveness of the internal control measures implemented by us on a regular basis to prevent the recurrence of similar non-compliance incidents.</p>
<p>As of the Latest Practicable Date, our Directors confirm we had not received any penalties, investigation or notice from relevant authorities regarding such loans to related parties. Our PRC Legal Advisors are of the view that the risk of us being penalized based on the General Lending Provisions is remote on the basis that the above loan arrangements have been terminated and all such loans have been settled.</p>			

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Having considered the facts and circumstances leading to the non-compliance to relation to the Loans, the advices given by our PRC Legal Advisors, the relevant rectification and on-going compliance measures mentioned above, our Directors are of the view that our Group has adequate internal control procedures in place and that these past non-compliance incidents do not affect the suitability of our Directors under Rules 3.08 and 3.09 and the suitability for listing of our Company under Rule 8.04 of the Listing Rules. The Sole Sponsor concurred with such view of our Directors on the same basis as described above.

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LEGAL SUPERVISION OVER PROPERTY MANAGEMENT SERVICES

Foreign Invested Property Management Enterprises

According to the Provisions on Guiding the Orientation of Foreign Investment (指導外商投資方向規定) issued by the State Council on February 11, 2002 and came into effect on April 1, 2002, foreign investment projects are divided into four categories, namely “encouraged”, “permitted”, “restricted” and “prohibited” categories. Foreign investment projects of the encouraged, restricted and prohibited categories are listed in the Catalog of Industries for Guiding Foreign Investment (外商投資產業指導目錄). Foreign investment projects that are not of the encouraged, restricted and prohibited categories belong to the permitted foreign investment projects which are not listed in the Catalog of Industries for Guiding Foreign Investment.

Pursuant to Announcement of the NDRC and the MOFCOM [2016] No. 22 (中華人民共和國國家發展和改革委員會、中華人民共和國商務部公告2016年第22號) issued on October 8, 2016, the special management measures for foreign investment access shall be implemented with reference to the relevant regulations as stipulated in the Catalog of Industries for Guiding Foreign Investment in relation to the restricted foreign-invested industries, prohibited foreign-invested industries and encouraged foreign-invested industries. Pursuant to the Provisional Administrative Measures on Establishment and Modifications (Filing) for Foreign Investment Enterprises (“Interim Administrative Measures”) (外商投資企業設立及變更備案管理暫行辦法) promulgated by MOFCOM on October 8, 2016 and amended on July 30, 2017 and June 30, 2018, establishment and modifications of foreign investment enterprises that are not subject to the approval under the special management measures for foreign investment access shall be filed with the delegated commercial authorities.

The Provisions on Guiding the Orientation of Foreign Investment (指導外商投資方向規定) and the Catalog of Industries for Guiding Foreign Investment (2017 Revision) (外商投資產業指導目錄) (2017年修訂) classify industries to be invested by foreign investors into two categories: encouraged industries and industries contained in the Negative List (including restricted industries and prohibited industries). Foreign investment can directly invest in an encouraged industry by setting up a wholly foreign-owned enterprise. For industries contained in the restricted industries, foreign investment may be conducted through the establishment of a wholly foreign-owned enterprise, subject to certain requirements, and in some cases, the establishment of a joint venture enterprise is required with varying minimum shareholdings for the Chinese party depending on the particular industry. Foreign investment of any kind is not allowed to invest in a prohibited industry. Any industry not falling into any of the encouraged, restricted or prohibited industries is a permitted industry, which is generally open to foreign investment unless specifically prohibited or restricted by other PRC regulations. And the property management industry is an industry that allows foreign investors to make investments.

The Special Administrative Measures (Negative List) for Access of Foreign Investment (Edition 2019) (外商投資准入特別管理措施(負面清單) (2019年版)) (“**Negative List**”) was issued by the NDRC and the MOFCOM on June 30, 2019 and came into effect on July 30, 2019, and the Special Administrative Measures for Access of Foreign Investment (Negative List) (2018 Edition) was replaced simultaneously. Pursuant to the Negative List, sectors not specified in the Negative List shall be subject to administration under the principle of treating domestic investments and foreign investments equally. Foreign investors shall not invest in any of the prohibited sectors specified in the Negative List; they must obtain the permit for access of foreign investments if they intend to invest in other sectors that are not prohibited. The property management industry does not fall within the Negative List.

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On March 15, 2019, the National People's Congress promulgated the Foreign Investment Law, which will come into effect on January 1, 2020 and replace the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The existing foreign-invested enterprises established prior to the effective of the Foreign Investment Law may keep their corporate forms within five years. The implementing rules of the Foreign Investment Law will be stipulated separately by State Council.

Pursuant to the Foreign Investment Law, “foreign investors” means natural person, enterprise, or other organization of a foreign country, “foreign-invested enterprises” (FIEs) means any enterprise established under PRC law that is wholly or partially invested by foreign investors and “foreign investment” means any foreign investor’s direct or indirect investment in mainland China, including: (i) establishing FIEs in mainland China either individually or jointly with other investors; (ii) obtaining stock shares, stock equity, property shares, other similar interests in Chinese domestic enterprises; (iii) investing in new projects in mainland China either individually or jointly with other investors; and (iv) making investment through other means provided by laws, administrative regulations, or State Council provisions.

Pursuant to the Foreign Investment Law, China implements the management system of pre-establishment national treatment plus a negative list to foreign investment and the government generally will not expropriate foreign investment, except under special circumstances, in which case it will provide fair and reasonable compensation to foreign investors. Foreign investors are barred from investing in prohibited industries on the negative list and must comply with the specified requirements when investing in restricted industries on that list. When a license is required to enter a certain industry, the foreign investor must apply for one, and the government must treat the application the same as one by a domestic enterprise, except where laws or regulations provide otherwise. In addition, foreign investors or FIEs are required to file information reports and foreign investment shall be subject to the national security review.

On December 30, 2019, the Ministry of Commerce and the State Administration of Market Regulation issued the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which came into effect on January 1, 2020 and replaced Interim Administrative Measures. Since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to these measures.

Qualification of Property Management Enterprises

According to the Regulations on Property Management (2018 revision) (物業管理條例 (2018年修正)) issued by the State Council on June 8, 2003, came into effect on September 1, 2003 and revised on August 26, 2007 and February 6, 2016, a qualification system for companies engaging in property management activities has been adopted.

According to the Decision of the State Council on Canceling the Third Batch of Administrative Licensing Items Designated by the Central Government for Implementation by Local Governments (國務院關於第三批取消中央指定地方實施行政許可事項的決定) issued by the State Council on January 12, 2017 and came into effect on the same day, province and city level second class or below

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property management company qualifications acknowledged by Provincial and municipal government departments of Housing and Urban-Rural were canceled.

According to the Decision of the State Council on Canceling a Group of Administrative Licensing Items (國務院關於取消一批行政許可事項的決定) issued by the State Council on September 22, 2017 which came into effect on the same day, qualification accreditation for property management enterprises of Level One was canceled.

According to the Notice of the General Office of Ministry of Housing and Urban-Rural Development on Effectively Implementing the Work of Canceling the Qualification Accreditation for Property Management Enterprises (住房城鄉建設部辦公廳關於做好取消物業服務企業資質核定相關工作的通知) issued by the General Office of Ministry of Housing and Urban-Rural Development on December 15, 2017 and came into 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 for property management enterprises to undertake new property management projects.

Pursuant to the Decision of the State Council to Amend and Repeal Certain Administrative Regulations (2018) (國務院關於修改和廢止部分行政法規的決定(2018)) issued by the State Council on March 19, 2018, the Regulations on Property Management (2018 revision) (物業管理條例 (2018年修正)) was amended and all the qualification requirements for the property management enterprises were removed.

Appointment of Property Management Companies

According to the Property Law of the PRC (中華人民共和國物權法) issued by the National People's Congress on March 16, 2007 and came into effect on October 1, 2007, property owners can either manage the buildings and ancillary facilities by themselves or engage a property management company or custodians. As regards the property management company or any other custodians hired by the developer, property owners are entitled to alter it in accordance with law. Property management companies or other custodians shall manage the buildings and ancillary facilities within the area of the building as agreed with the property owners, and shall be subject to the supervision by them.

According to the Regulations on Property Management (2018 revision) (物業管理條例 (2018年修正)), a general meeting of the property owners of a community can engage or dismiss the property management companies with affirmative votes of owners who own more than half of the GFA floor area of the community and who account for more than half of the total number of the property owners. Property owners' association, on behalf of the property owners, can sign property management contract with property management companies engaged at the general meeting. Before the engagement of a property management company by property owners and a general meeting of the property owners, a written preliminary service contract should be entered into between the property developer and the selected and engaged property management company. The preliminary property management contract may stipulate the contract duration. If the property management contract signed by the property owners' association and the property management company comes into force within the term of preliminary property management, the preliminary property management contract automatically terminates. Property developers of residential buildings shall enter into preliminary management contracts with property management enterprises through tender process.

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According to the Regulations on Property Management (2018 revision) and the Regulations on Property Management and the Interim Measures for Tender and Bidding Management of Preliminary Property Management (前期物業管理招標投標管理暫行辦法) issued by the Ministry of Construction on June 26, 2003 and came into effect on September 1, 2003, developer of residential buildings and non-residential buildings in the same property management area shall engage property management enterprises by inviting bid. In case where there are less than three bidders or for small-scale properties, the developer can hire a property management company directly by signing an agreement with the approval of the real estate administrative department of the local government of the place where the property is located. Where the developer fails to hire the property management company through a tender and bidding process or hire the property management company by signing agreement without the approval of relevant government authority, the competent real estate administrative department of the local government at the county level or above shall order it to make correction within a prescribed time limit, issue a warning and impose with the penalty of no more than RMB100,000.

In addition, Interpretation of the Supreme People's Court on Several Issues 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) that issued by the Supreme People's Court on May 15, 2009 and came into effect on October 1, 2009, stipulates the interpretation principles applied by the court when hearing disputes on specific matters between property owners and property management companies. For example, the preliminary property management contract signed according to the relevant laws and regulations by the developer and the property management company and the property management contract signed by the property owners' association and property management companies hired according to the relevant laws and regulations by the general meeting are legally binding on property owners, the people's court shall not support a claim if property owners plead as property owners are not a party to the contract. The court shall support a claim if property owners' association or property owners appeal to the court to confirm that the clauses of property management service contracts which exempt the responsibility of property management companies or which aggravate the responsibility or harm the rights of property owners' association or property owners are invalid.

Fees charged by Property Management Enterprises

According to the Measures on the Charges of Property Management Enterprise (物業服務收費管理辦法), which was jointly issued by the NDRC and the Ministry of Housing and Urban-Rural Development on November 13, 2003 and came into effect on January 1, 2004, property management companies are permitted to charge fees from owners for the repair, maintenance and management of houses and ancillary facilities, equipment and venues and maintenance of the sanitation and order in relevant regions according to related property management contract.

The fees charged by property management companies nationwide are regulated by the competent price administration department and construction administration department of the State Council. The competent price administration department of the local people's governments at or above the county level and the competent property administration departments at the same level are responsible for supervising and regulating the fees charged by property management companies in their respective administrative regions.

The fees charged by property management companies shall be based on both the government guidance price and market regulated price on the basis of the nature and features of relevant properties.

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The specific pricing principles shall be determined by the competent price administration departments and property administration departments of the people's governments of each province, autonomous region and municipality directly under the Central Government.

As agreed between the property owners and property management companies, the fees for the property management services can be charged either as a lump sum basis or a commission basis. The lump sum basis refers to the charging mode requiring property owners to undertake the fixed property management expenses to property management companies who shall enjoy or assume the surplus or deficit. The commission basis refers that property management companies may collect its service fee in the proportion or amount as agreed from the property management income in advance, the rest of which shall be exclusively used on the items as stipulated in the property management contract, and property owners shall enjoy or assume the surplus or deficit.

Property management companies shall charge service fees at an expressly marked prices according to the regulations of competent price administration departments of the people's government, revealing the service information, standards, charged items and standards to the public at prominent positions within the property management region.

According to the Provisions on Clearly Marking the Prices of Property Services (物業服務收費明碼標價規定), which was jointly issued by the NDRC and the Ministry of Construction on July 19, 2004 and came into effect on October 1, 2004, property management companies shall clearly mark the price, as well as state service items and standards and relevant information on services (including the property management services as stipulated in the property management service agreement as well as other services requested by property owners) provided to the owners. If the charging standard changes, property management companies shall adjust all relevant information one month before implementing the new standard and indicate the date of implementing the new standard. Property management enterprises shall neither use any false or misleading price items or mark prices in a false or misleading manner to commit price fraud, nor charge any fees not clearly specified, other than those expressly marked.

According to the Property Management Pricing Cost Supervision and Examination Approaches (Trial) (物業服務定價成本監審辦法(試行)) which was jointly issued by the NDRC and the Ministry of Construction on September 10, 2007 and came into effect on October 1, 2007, the competent price administration department of people's government formulates or regulates property management charging standards, the pricing cost of property management services should be the social average cost of community property services as verified by the competent price administration department of the people's government. With the assistance of competent real estate administrative department, competent pricing department is responsible to organize the implementation of the property management pricing cost supervision and examination work. Property management service pricing cost shall include staff costs, expenses for daily operation and maintenance on public facilities and equipment, green conservation costs, sanitation fee, order maintenance cost, public facilities and equipment as well as public liability insurance costs, office expenses, shared administration fee, fixed assets depreciation and other fees approved by property owners.

According to the Circular of NDRC on the Opinions on Relaxing Price Controls in Certain Services (國家發展和改革委員會關於放開部分服務價格意見的通知) which was promulgated by NDRC and became effective on December 17, 2014, the competent price administration departments of all provinces, autonomous regions and municipalities directly under the Central Government are supposed

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to make efforts to perform relevant procedures to decontrol the prices of property management services for non-government supported houses and parking services in residential community.

LEGAL SUPERVISION OVER THE INTERNET INFORMATION SERVICES

Supervision on Internet Information Services

According to the Administrative Measures on Internet Information Services (互聯網信息服務管理辦法), which was issued by the State Council on September 25, 2000 and revised on January 8, 2011, Internet information service refers to the provision of information through internet to web users, and includes two categories: commercial and non-commercial. Commercial internet information service refers to the service activities of compensated provision to online subscribers through the internet of information or website production. Non-commercial internet service refers to the provision free of charge of public, commonly-shared information through the internet to web users. Entities engaged in providing commercial internet information service shall apply for a license for value-added telecommunication services of internet information services. As for the operation of non-commercial internet information services, record-filing is required. Internet information service provider shall provide services within the scope of their licenses or filing. Non-commercial internet information service providers shall not provide services with charge of payment. In case an internet information service provider changes its services, website address, *etc.*, it shall apply to submit such changes within 30 days in advance at the relevant government department.

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

SUPERVISION OVER REAL ESTATE BROKERAGE BUSINESS

According to the Urban Real Estate Administration Law of the PRC (中華人民共和國城市房地產管理法) which issued by the Standing Committee of the National People's Congress on July 5, 1994 and came into effect on January 1, 1995 and revised on August 30, 2007, August 27, 2009 and August 26, 2019, real estate intermediate service agencies include real estate consultants, real estate evaluation agencies, real estate brokerage agencies, *etc.* Real estate intermediate agencies shall meet the following conditions: (i) have their own name and organization; (ii) have a fixed business site; (iii) have the necessary assets and funds; (iv) have a sufficient number of professionals; and (v) other conditions specified by laws and administrative regulations.

According to the Administrative Measures for Real Estate Brokerage (房地產經紀管理辦法) issued by the MOHURD, NDRC and Ministry of Human Resources and Social Security on January 20, 2011 and came into effect on April 1, 2011 and revised on March 1, 2016, real estate brokerage refers

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to the acts of providing intermediary and agency services to and collecting commissions from clients by real estate brokerage institutions and real estate brokers for the purpose of promoting real estate transactions. Sufficient real estate agents shall be equipped to establish real estate brokerage agencies and their branches. Real estate brokerage agencies and their branches shall go to the competent housing and urban-rural development (real estate) authority for filing formalities within 30 days from the date of receiving business licenses.

LEGAL SUPERVISION OVER HOTEL OPERATION AND CATERING SERVICES

Supervision On Security Control

According to the Measures for the Control of Security in the Hotel Industry (旅館業治安管理辦法) which was issued by the Ministry of Public Security on November 10, 1987 and was revised on November 8, 2011, anyone who applies to operate a hotel is subject to examination and approval by the local public security authority and must obtain a special industry license. The Measures for the Control of Security in the Hotel Industry impose certain security control obligations on the operators. For example, the hotel must examine the identification card of any guest to whom accommodation is provided and make an accurate registration. The hotel must also report to the local public security authority if it discovers anyone violating the law or behaving suspiciously or an offender wanted by the public security authority.

Supervision on Public Area Hygiene

According to the Public Area Hygiene Administration Regulation (公共場所衛生管理條例) which was promulgated by the State Council on April 1, 1987 and amended on February 6, 2016 and April 23, 2019 and according to the Implementing Measures for the Public Area Hygiene Administration Regulation (公共場所衛生管理條例實施細則) which was promulgated by the Ministry of Health on March 10, 2011 and amended by the National Health and Family Planning Commission on January 19, 2016 and December 26, 2017, a hotel must obtain a public area hygiene license before opening for business, the hotels failing to obtain a public area hygiene license or comply with other requirements set forth in such regulations may be subject to the following administrative penalties depending on the seriousness of their respective activities: (i) warnings; (ii) fines between RMB500 and RMB30,000; (iii) orders to correction within a stipulated period or (iv) orders to suspend operations for rectification, or to revoke the public hygiene license.

According to Decision of the State Council on the Integration of Health permits and Food Business licenses in Public places for Restaurant Services (國務院關於整合調整餐飲服務場所的公共場所衛生許可證和食品經營許可證的決定), which was promulgated by the State Council on February 3, 2016, the hygiene permits issued by the local health authorities to four kinds of public places, such as restaurants, cafes, bars and teahouses are canceled, and integrate the contents of the food safety permits into the food business licenses issued by the China Food and Drug Administration (“the CFDA”).

Supervision on Food Sanitation

With the purpose of guaranteeing food safety and safeguarding the health and life safety of the public, Standing Committee of the National People’s Congress enacted the PRC Law on Food Safety (中華人民共和國食品安全法) on February 2009 which was amended on April 24, 2015 and December 29, 2018. The State Council adopted the Implementation Rules of the Food Safety Law (中華人民共和國食品安全法實施條例) which came into effect on July 20, 2009 and was amended on

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February 6, 2016 and March 26, 2019. In August 2015, the CFDA promulgated the Administrative Measures for Food Operation Licensing (食品經營許可管理辦法) which was subsequently amended on November 17, 2017. The CFDA adopted the Announcement on Launching the Use of Food Business License (關於啟用<食品經營許可證>的公告) which came into effect on September 30, 2015. Under above measures, a food operation permit shall be obtained in accordance with the law to engage in food selling and catering services within the territory of the PRC. Pursuant to the PRC Law on Food Safety, hotels failing to obtain a food service license (or formerly food hygiene license) may be subject to: (i) confiscation of illegal gains, food illegally produced for sale and tools, facilities and raw materials used for illegal production; and (ii) fines ranged from RMB50,000 and RMB100,000 if the value of food illegally produced is less than RMB10,000 or fines equal to 10 to 20 times of the value of food if such value is equal to or more than RMB10,000.

Pursuant to the Administrative Measures on Food and Beverage Service Licensing (餐飲服務許可管理辦法) promulgated by the Ministry of Health On March 4, 2010 and Administrative Measures on Food Safety Supervision in Food and Beverage Services (餐飲服務食品安全監督管理辦法), the local food and drug administrations at various levels are responsible for the administration of food and beverage service licensing. Catering service providers are required to obtain a food service license and are responsible for safety in catering services in accordance with the law. A service provider, providing catering services at different locations or venues must obtain separate food service licenses for each venue. In the event of any change in the operation locations, an update of food service license is required.

SUPERVISION ON FIRE PREVENTION

According to the Fire Prevention Law of the People's Republic of China ("Fire Prevention Law") (中華人民共和國消防法) which was adopted by Standing Committee of the National People's Congress on April 29, 1998 and was amended on October 28, 2008 and April 23, 2019, before the use or commencement of the business operations of public gathering places, the construction entities or the entities using such places shall file an application for fire safety inspection with the fire rescue agencies of the local people's governments of such places at or above the county level. The fire rescue agencies shall, within ten working days of accepting the application, conduct fire safety inspection on such public gathering places according to the technical standards and administrative provisions for fire protection. Public gathering places that have not undergone or have failed the fire safety inspection shall not be put into use or carry out business operations. If any entity puts a public gathering place into use or into business operation without permission when the place has not undergone fire safety and protection inspections or has failed to satisfy fire safety and protection requirements, the violator shall be ordered to suspend construction, use, production or business operations and be imposed with a fine not lower than RMB30,000 and not higher than RMB300,000.

Pursuant to the Fire Prevention Law, property management service enterprises in residential areas shall maintain and manage shared fire fighting facilities within the area under their management and provide services in support of fire safety and prevention.

SUPERVISION ON TRAVEL AGENCIES

According to Regulations on Travel Agencies (旅行社條例) as amended on March 1, 2017, for applying for domestic travel and inbound travel businesses, a travel agency shall acquire the status of a legal person and have a registered capital of not less than RMB300,000 and shall apply to the

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competent travel administration in the province, autonomous region or centrally-administered municipality where it is domiciled or the competent travel department in the city divided into districts which has been entrusted for the travel business license. According to Regulations on Travel Agencies, in the event that a travel agency has been operating for two years after acquiring the license and has not been imposed a fine or more severe penalty by administrative organs for infringing on the legitimate rights and interests of tourists, it may apply for outbound travel business.

According to Regulations on Travel Agencies, the foreign investment in travel agencies includes Chinese-foreign equity joint venture travel agencies, Chinese foreign cooperative travel agencies and wholly foreign-owned travel agencies. The establishment of foreign-invested travel agencies shall also be in compliance with the laws and regulations governing foreign investment. Foreign-invested travel agencies shall not engage in outbound travel business (including Hong Kong, Macau and Taiwan) for Chinese mainland residents except as otherwise provided in the decisions by the State Council, free trade agreements and the Mainland and Hong Kong and Macau Closer Economic Partnership Arrangements signed by China.

SUPERVISION ON CONSUMER GOODS AND SERVICE

Pursuant to the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (the "No.7 Order") (中華人民共和國消費者權益保護法), which was promulgated by Standing Committee of the National People's Congress on October 31, 1993 and was amended on August 27, 2009 and October 25, 2013 and became effective on March 15, 2014, business operators shall fulfill the obligations stipulated in the relevant laws, regulations and the obligations agreed upon in the agreements reached between business operators and consumers. Business operators shall guarantee that the goods and services they supply meet the requirements concerning personal or property safety and business operators that operate such places of business as hotels, shopping malls, restaurants, and movie theaters shall be obligated to protect the safety of consumers. A consumer, who suffers personal injury or property damage as a result of purchasing or using commodities or receiving services, is entitled to compensations according to the relevant law. Where the commodity or service provided by a business operator does not comply with the quality requirements, the consumer may return the commodity, or require the business operator to perform its obligations such as replacement or repair according to the requirements of the State or the agreement between the parties. A consumer, whose legitimate rights and interests are infringed while purchasing or using goods, has the right to claim for compensations from the seller concerned. Where the liability is with the manufacturers or other sellers who provide the goods to the said seller, the seller shall, after paying the compensations to the consumer, have the right to claim compensations from the manufacturers or the other sellers. Consumers or other victims suffering from personal injuries or property damages due to defects of goods have the right to claim compensations either from the sellers or from the manufacturers of the products. If the liability is with the manufacturers, the sellers shall, after paying the compensations, have the right to claim compensations from the manufacturers; if the liability is with the sellers, the manufacturers shall, after paying the compensations to the consumer, have the right to claim compensations from the sellers. Consumers whose legitimate rights and interests are infringed while receiving services have the right to claim compensations from providers of the services.

Pursuant to the Measures for Punishments against Infringements on Consumer Rights and Interests (侵害消費者權益行為處罰辦法), which was issued by the SAIC on January 5, 2015 and became effective on March 15, 2015, administrations for industry and commerce shall, in accordance with the provisions of No.7 Order and other relevant laws and regulations, protect the rights and

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interests of consumers when they purchase and use goods or receive services for daily consumption needs, and mete out administrative penalties against activities committed by business operators that infringe upon consumer rights and interests.

Pursuant to the Opinions of the State Administration for Industry and Commerce on Enhancing the Protection of Consumers' Rights and Interests in the Internet Sector (工商總局關於加強互聯網領域消費者權益保護工作的意見), which was promulgated and came into effect by SAIC on October 19, 2016, to further strengthen the protection of consumers' rights and interests in the internet sector, SAIC decided to carry out supervision and law enforcement in the key fields of the protection of online consumers' rights and provided the following opinions: (i) adhering to integrated supervision and administration to protect consumers' legitimate rights and interests in the internet sector in accordance with the law; (ii) adhering to highlighting key points and effectively reinforcing the supervision and administration of the quality of goods traded online; (iii) adhering to the principle of problem-oriented, and crack down on the illegal acts infringing consumers' rights and interests in online trading; (iv) adhering to reform and innovation, improving the online complaints and after-sales rights protection mechanism for online trading; (v) adhering to information disclosure, and promoting the construction of the network operators' integrity and self-discipline system; (vi) adhering to joint social governance and building a long-term mechanism for the protection of consumers' rights and interests in the internet sector; and (vii) adhering to education and guidance to improve online consumers' self-protection awareness and ability.

SUPERVISION ON TRADE MARKET

Pursuant to the Guiding Opinions of Twelve Authorities including the Ministry of Commerce on Promoting the Development of the Platform Economy via Commodity Trade Markets (商務部等12部門關於推進商品交易市場發展平臺經濟的指導意見), which was promulgated and came into effect on February 12, 2019, MOFCOM and related authorities shall, among others, adhere to the fundamental goal of serving the real economy via commodity markets, strictly standardize administration, strengthen risk prevention and control; establish a legalized business environment of fair competition, build a co-governance mechanism combining enterprise autonomy, industry self-discipline, social supervision and government regulation; strictly adhere to the bottom line of risk prevention, and guide compliance and orderly development; implement the entity responsibilities of platform operators for safe production, quality, safety and other aspects; and safeguard the market order and the legitimate rights and interests of consumers.

LEGAL SUPERVISIONS OVER LABOR PROTECTION IN THE PRC

According to Labor Law of the PRC (中華人民共和國勞動法), which was promulgated by the SCNPC on July 5, 1994, came into effect on January 1, 1995 and was amended on August 27, 2009 and December 29, 2018, an employer shall develop and improve its rules and regulations to safeguard the rights of its workers.

According to Labor Contract Law of the PRC (中華人民共和國勞動合同法), which was promulgated by the SCNPC on June 29, 2007, came into effect on January 1, 2008, and was amended on December 28, 2012, and the Implementation Regulations on Labor Contract Law of the PRC (中華人民共和國勞動合同法實施條例), which was promulgated and became effective on September 18, 2008, employers and employees shall enter into written labor contracts to establish their employment relationship. The labor contracts shall set forth the terms, duties, remunerations, disciplinary rules of

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the employment and conditions to terminate the labor contracts. With respect to a circumstance where a labor relationship has already been established but no formal contract has been made, a written labor contracts shall be entered into within one month from the date when the employee begins to work.

According to Interim Provisions on Labor Dispatch (勞務派遣暫行規定), which was promulgated on January 24, 2014 and came into effect since March 1, 2014, employers may employ dispatched workers in temporary, auxiliary or substitutable positions only, and shall strictly control the number of dispatched workers which shall not exceed 10% of the total number of its workers.

According to Social Security Law of the PRC (中華人民共和國社會保險法), which was promulgated on October 28, 2010 and revised on December 29, 2018, and other relevant PRC laws and regulations such as the Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), Regulations on Work Injury Insurance (工傷保險條例), Regulations on Unemployment Insurance (失業保險條例) and Trial Measures on Employee Maternity Insurance of Enterprises (企業職工生育保險試行辦法), the employer shall register with the social insurance authorities and contribute to social insurance plans covering basic pensions insurance, basic medical insurance, maternity insurance, work injury insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees, while work injury insurance and maternity insurance contributions shall be paid only by employers, and employers who failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

According to Regulations on the Administration of Housing Provident Fund (住房公積金管理條例), which was promulgated and became effective on April 3, 1999, and was amended on March 24, 2002 and March 24, 2019, employers shall undertake registration at the competent administrative center of housing fund and then, upon the verification by such administrative center of housing fund, go to a commissioned bank to go through the formalities of opening housing provident fund accounts on behalf of its employees. The employer shall timely pay up and deposit housing provident fund contributions in full amount and late or insufficient payments shall be prohibited. The employer shall process housing provident fund payment and deposit registrations with the housing provident fund administration center. With respect to companies who violate the above regulations and fail to process housing provident fund payment and deposit registrations or open housing provident fund accounts for their employees, such companies shall be ordered by the housing provident fund administration center to complete such procedures within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than CNY 10,000 nor more than CNY 50,000 shall be imposed. When an employer breach these regulations and fail to pay up housing provident fund contributions in full amount as due, the housing provident fund administration center shall order such it to pay up within a prescribed time limit; where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

According to Trademark Law of the PRC (中華人民共和國商標法), which was promulgated on August 23, 1982, and amended on February 22, 1993, October 27, 2001, August 30, 2013, April 23,

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2019, and Implementation Regulations on the Trademark Law of the PRC (中華人民共和國商標法實施條例) which was promulgated by the State Council on August 3, 2002 and amended on April 29, 2014, the trademark registrant may, by concluding a trademark licensing contract, authorize others to use the registered trademark. The licensor shall supervise the quality of the goods on which the licensee uses the licensor's registered trademark, and the licensee shall guarantee the quality of the goods on which the registered trademark is used. For licensed use of a registered trademark, the licensor shall file record of the licensing of the said trademark with the trademark bureau, while non-filing of the licensing of a trademark shall not be contested against a good faith third-party.

According to the Patent Law of the PRC (中華人民共和國專利法) (No.11 Order of the President) which was issued by the SCNPC on March 12, 1984, came into effect on April 1, 1985, and amended on September 4, 1992, August 25, 2000 and December 27, 2008, the State Intellectual Property Office is responsible for managing patent work of the whole nation. The patent management departments of the people's governments of each province, autonomous region and municipality directly under the central government are responsible for the patent management in their respective administrative regions. Chinese patent system adopts the principle of "prior application", i.e. where two or more applicants file applications for patent for the identical invention or creation respectively, the patent right shall be granted to the applicant whose application was filed first. If one wishes to file application for patent for invention or utility models, the following three standards must be met: novelty, creativity and practicability. The validity period of a patent for invention is 20 years, while the validity period of utility models and design is 10 years. Others may use the patent after obtaining the permit or proper authorization of the patent holder, otherwise such behavior will constitute an infringing act of the patent right.

The Copyright Law of the PRC (中華人民共和國著作權法), which was issued by the SCNPC on September 7, 1990, came into effect on June 1, 1991 and amended on October 27, 2001 and February 26, 2010, specifies that works of Chinese citizens, legal persons or other organizations, including literature, art, natural sciences, social sciences, engineering technologies and computer software created in writing or oral or other forms, whether published or not, all enjoy the copyright. Copyright holder can enjoy multiple rights, including the right of publication, the right of authorship and the right of reproduction.

The Measures for the Registration of Computer Software Copyright (計算機軟件著作權登記辦法), which was issued by the National Copyright Administration on February 20, 2002, and came into effect on the same day, regulates the registration of software copyright, the exclusive licensing contract and transfer contracts of software copyright. The National Copyright Administration is mainly responsible for the registration and management of national software copyright and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center will grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulations on Protection of Computers Software (計算機軟件保護條例) issued by the State Council on December 20, 2001, came into effect on January 1, 2002 and revised on January 8, 2011 and January 30, 2013.

According to the Administrative Measures for Internet Domain Names (互聯網域名管理辦法), which was issued by the Ministry of Industry and Information Technology on August 24, 2017 and came into effect on November 1, 2017, the Ministry of Industry and Information Technology is responsible for managing internet network domain names of China. The ".CN" and the ".zhongguo (in

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Chinese character)” shall be China’s national top level domains. The principle of “first-to-file” is adopted for domain name services. The applicant of domain name registration shall provide the agency of domain name registration with the true, accurate and complete information about the domain name holder’s identity for the registration purpose, and sign the registration agreements. Upon the completion of the registration process, the applicant will become the holder of the relevant domain name.

LEGAL REGULATIONS OVER TAX IN THE PRC

Income Tax

According to the Corporate Income Tax Law of the PRC (中華人民共和國企業所得稅法) (hereinafter referred to as the CIT Law) (promulgated by the National People’s Congress on March 16, 2007 and came into effect on January 1, 2008 and revised on February 24, 2017 and on December 29, 2018) and the Implementation Regulations on the CIT Law (企業所得稅法實施條例) (hereinafter referred to as Regulations on the Implementation of the CIT Law) (issued by the State Council on December 6, 2007 and was revised on April 23, 2019), the tax rate of 25% will be applied to the income related to all PRC enterprises, foreign-invested enterprises and foreign enterprises which have established production and operation facilities in the PRC. These enterprises are classified into as either resident enterprises or non-resident enterprises. Enterprises which are established in accordance with the law of the foreign country or region, but whose actual administration institutions (referring to the institutions conducting substantive and all-around management and control over the enterprises production, operation, personnel, accounting matters, finance, *etc.*) are in PRC, are deemed as resident. Thus, the tax rate of 25% applies to their income from both inside and outside PRC.

According to the CIT Law and the implementing regulations of the CIT Law, for dividends payable to investors that are non-resident enterprises (who do not have organizations or places of business in the PRC, or that have organizations and places of business in PRC but to whom the relevant income tax is not effectively connected), 10% of the PRC withholding tax shall be paid, unless there are any applicable tax treaties are reached between the jurisdictions of non-resident enterprises and the PRC which may reduce or provide exemption to the relevant tax. Similarly, any gain derived from the transfer of shares by such investor, if such gain is regarded as income derived from sources within the PRC, shall be subject to 10% PRC income tax rate (or a lower tax treaty rate (if applicable)).

According to the Arrangements between the PRC and 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 State Administration of Taxation on August 21, 2006 and became effective on December 8, 2006), a company incorporated in Hong Kong will be subject to withholding a 25% interest or more in a PRC company, its dividend obtained from the company incorporated in the PRC shall be taxed with a lower tax rate of 5% as the withholding tax. According to the Announcement of the State Administration of Taxation on Issues Relating to “Beneficial Owner” in Tax Treaties (國家稅務總局關於稅收協定中“受益所有人”有關問題的公告), which was issued by State Administration of Taxation on February 3, 2018 and came into effect on April 1, 2018, a beneficial ownership analysis will be used based on a substance-over form principle to determine whether or not to grant tax treaty benefits.

According to the Announcement on Several Issues concerning the Enterprise Income Tax on Income from the Indirect Transfer of Assets by Non-Resident Enterprises (關於非居民企業間接轉讓財產企業所得稅若干問題的公告) (issued by State Administration of Taxation on February 3, 2015 came

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into effect on the same day, and revised on December 1, 2017 and December 29, 2017), where a non-resident enterprise indirectly transfers equities and other assets of a PRC resident enterprise to avoid the enterprise income tax payment obligation by making an arrangement with no reasonable business purpose, such indirect transfer shall be redefined and recognized as a direct transfer in accordance with the provisions of the Enterprise Income Tax Law.. Where the enterprise income tax on the income from the indirect transfer of real estate or equities shall be paid in accordance with the provisions of this Announcement, the entity or individual that directly assumes the obligation to make relevant payments to the transferor according to the provisions of the relevant laws or as agreed upon in the contract shall be the withholding agent. If the equity transferor fails to declare and pay tax payable of indirectly transferred taxable property income in the PRC on time and in full amount, and the withholding agent fails to withhold the tax, in addition to recovering the tax payable, the equity transferor should be charged with interest on a daily basis according to the provisions of the Regulations on the Implementation of the Enterprise Income Tax Law.

Value-added Tax

According to the Temporary Regulations on Value-Added Tax (中華人民共和國增值稅暫行條例) (issued on December 13, 1993 by the State Council, came into effect on January 1, 1994 and amended on November 10, 2008 and February 6, 2016 and November 19, 2017) and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value Added Tax (中華人民共和國增值稅暫行條例實施細則) (issued on December 25, 1993 by the MOF, and became effective on the same day and revised on December 15, 2008 and October 28, 2011) (collectively, the “VAT Law”), taxpayers who engaged in the sale of goods, the provision of processing, repairing and replacement services, leasing service of tangible movable property or import goods within the territory of the PRC must pay value-added tax. Other than those specified listed in the VAT law, tax rate for selling services or intangible assets is 6%.

Furthermore, in accordance with the Notice on Fully Launch of the Pilot Scheme for the Conversion of Business Tax to Value-Added Tax (關於全面推開營業稅改徵增值稅試點的通知) (issued by the MOF and the State Administration of Taxation on March 23, 2016, came into effect on May 1, 2016, revised on July 1, 2017, January 1, 2018 and April 1, 2019), the state started to fully implement the pilot program from business tax to value-added tax on May 1, 2016. All taxpayers of business tax in construction industry, real estate industry, financial industry and living service industry have been included in the scope of the pilot and should pay value-added tax instead of business tax.

City Maintenance and Construction Tax and Educational Surcharges

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

According to the Temporary Regulation on Urban Maintenance and Construction Tax of the PRC (issued by the State Council on February 8, 1985, retroactive to January 1, 1985 and revised on

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January 8, 2011), entities and individuals who pay consumption tax, value-added tax and business tax shall pay city maintenance and construction tax. The payment of city maintenance and construction tax is based on the actual amount of consumption tax, value-added tax and business tax paid by the entities and individuals and shall be paid at the same time along with the above taxes. If the location of the taxpayer is in city downtown area, the tax rate shall be 7%; if the location of the taxpayer is in a county or town, the tax rate shall be 5%; the tax rate shall be 1% for taxpayer located out of city downtown area, country or town.

According to the Temporary Provisions on the Collection of Educational Surcharges (issued by the State Council on April 28, 1986, came into effect on July 1, 1986 and revised on June 7, 1990, August 20, 2005 and January 8, 2011), the tax rate of education surcharges shall be 3% of the actual amount of consumption tax, value-added tax and business tax paid by the entities and individuals and paid at the same time along with the above taxes.

REGULATIONS RELATING TO FOREIGN EXCHANGE

According to the PRC Foreign Currency Administration Rules (中華人民共和國外匯管理條例) (promulgated by the State Council on January 29, 1996, came into effect on April 1, 1996 and amended on January 14, 1997 and August 5, 2008), and various regulations issued by the State Administration of Foreign Exchange and other relevant PRC government authorities, foreign currency earnings of domestic entities or individuals can be transferred back to the PRC or deposited overseas and RMB is convertible into other currencies. The conditions and time limit of transferring back to the PRC or deposited overseas shall be specified by the State Administration of Foreign Exchange according to the international receipts and payments status and requirements of Administration of Foreign Exchange, such as the conversion of RMB into other currencies and remittance of the converted foreign currency outside the PRC for the purpose of capital account items, like direct equity investments, loans, requires the prior approval from the State Administration of Foreign Exchange or its local office. Foreign exchange receipts for current account transactions may be retained or sold to financial institutions engaged in the settlement or sale of foreign exchange according to the relevant provisions of the State. Domestic entities or individuals who directly make overseas investment or involve in distribution or trade of foreign securities or derivative products, shall go through the formalities for registration in accordance with the provisions of the foreign exchange administration department of the State Council. If the above entities or individuals shall be subjected to the approved of or record-filing with the competent department in advance as required by the state, they should submit related documents for inspection, approval and record-filing before foreign exchange registration. The exchange rate for RMB follows a managed floating exchange rate system based on market demand and supply.

According to the Regulations on Administration of Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定), which was promulgated by the People's Bank of China on June 20, 1996 and became effective on July 1, 1996, foreign exchange receipts under the current account of foreign-invested enterprises may be retained within the fullest extent approved by the Administration of Foreign Exchange and the exceeding part of such amount shall be sold to a designated foreign exchange bank or through a foreign exchange swap center.

Pursuant to Notice of the SAFE on Relevant Issues Relating to Foreign Exchange Control on Offshore Investment, Financing and Round-trip Investments by Domestic Residents through Special Purpose Vehicles (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關

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問題的通知), which was promulgated on July 4, 2014 and implemented on the same date, domestic residents establishing or taking control of a special purpose company abroad which makes round-trip investments in the PRC are required to effect foreign exchange registration with the local foreign exchange bureau. Foreign-invested enterprises established through round-tripping investments are prohibited from paying profits overseas, making settlement, transferring shares, making capital reduction, recovering in advance investment and the principal and interest of shareholder loans and other funds (including the use of profits paid overseas in domestic reinvestment, capital increase, *etc.*) if domestic legal or natural person residents fail to make the offshore investment-related foreign exchange registration as required.

According to the Circular on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (關於進一步簡化和改進直接投資外匯管理政策的通知) (Hui Fa [2015] No.13) which was promulgated on February 13, 2015 and revised on December 30, 2019, the above mentioned registration will be handled directly by the bank that has obtained the financial institution identification codes issued by the foreign exchange regulatory authorities and has opened the capital account information system at the foreign exchange regulatory authorities in the place where it is located and the foreign exchange regulatory authorities shall perform indirect regulation over the direct investment-related foreign exchange registration via banks.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange 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 State Administration of Foreign Exchange on June 9, 2016 and came into effect on the same day). According to this notice, the settlement of foreign exchange receipts under the capital account (including but not limited to foreign currency capital and foreign debts) may convert from foreign currency into RMB on self-discretionary basis. The RMB funds obtained by a domestic entity from its discretionary settlement of foreign exchange receipts under the capital account shall be included in the account pending for foreign exchange settlement and payment. The Notice No 16 reiterates the principle that RMB converted from foreign currency capital may not directly or indirectly used for purpose beyond its business scope and investments in securities with the exception of bank financial products that guarantee the relevant PRC regulations. The ratio of the discretionary exchange rate of foreign exchange receipts under domestic capital account is tentatively set at 100%. The State Administration of Foreign Exchange may adjust the above ratio in due time according to the balance of payment status.

REGULATION RELATING TO M&A RULES AND OVERSEAS LISTING

According to the Provisions Regarding Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the “M&A Rule”), which was promulgated on August 8, 2006 and became effective on September 8, 2006, and was later amended on June 22, 2009, a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity in a domestic non-foreign invested enterprise thereby converting it into a foreign-invested enterprise, or subscribes for new equity in a domestic enterprise via an increase of registered capital thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise. According to Article 11 of the M&A Rules, where a domestic company, domestic enterprise, or a domestic natural person, through an overseas company established or controlled by it/him/her, acquires a domestic company which is affiliated with it/him/her, an approval from the MOFCOM is required.

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In addition, according to the Interim Administrative Measures, where a non-foreign-invested enterprise changes into a foreign-invested enterprise due to acquisition, consolidation by merger or otherwise, which is subject to record-filing as stipulated in the Measures, it shall complete the record-filing formalities for incorporation and submit the Incorporation Application in accordance with the Measures.

Since January 1, 2020, Interim Administrative Measures was replaced by the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), in accordance with which, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities.

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OUR CONTROLLING SHAREHOLDERS

Immediately upon completion of the Global Offering and the Capitalization Issue, Enjoy Start (which is wholly-owned by Mr. Wu) will directly hold approximately 70.62% of the issued share capital of our Company (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, the Pre-IPO Share Options and the Post-IPO Share Options). Enjoy Start is an investment holding company incorporated in BVI. Accordingly, each of Enjoy Start and Mr. Wu is our Controlling Shareholder.

DELINEATION OF BUSINESS

Apart from his controlling interest in our Group, Mr. Wu is also the controlling shareholder, an executive director and chairman of the board of directors of CCRE (a company listed on the Stock Exchange, Stock Code: 832) and the controlling shareholder, an executive director and chairman of the board of directors of DIT Group Limited (a company listed on the Stock Exchange, Stock Code: 726) (“DIT”, together with its subsidiaries, the “DIT Group”). As of the Latest Practicable Date, Mr. Wu indirectly held 74.35% of the issued share capital of CCRE and was interested in 63.53% of the issued share capital of DIT. Save as disclosed above, Mr. Wu was not interested in more than 5% in any listed public company as of the Latest Practicable Date.

The table below sets out the principal businesses and target customers of our Group, the CCRE Group and the DIT Group as of the Latest Practicable Date:

	<u>Principal businesses</u>	<u>Target customers</u>
Our Group	<ul style="list-style-type: none">• Property management and value-added services, including property management and related value-added services for communities and non-property owners, property agency services, intelligent community solutions, and personalized services to VIPs of the Central China Consumers Club, which are non-development and non-construction related in nature• Lifestyle services, including products and services we offer on our Jianye + (建業+) platform, travel services, and management services we provide in Cuisine Henan Foodcourts (建業大食堂)• Commercial property management and consultation services including management and pre-opening consultation of hotels (as a service provider to hotel owners), commercial asset and cultural tourism complex	<ul style="list-style-type: none">• Property developers• Owners of residential and commercial properties, hotel and cultural tourism complex• Consumers
CCRE Group	<ul style="list-style-type: none">• Property development• Property leasing• Hotel operations (as hotel owner that engages hotel operators and other service providers to manage and operate the hotels on its behalf)	<ul style="list-style-type: none">• Property owners• Commercial tenants• Hotel guests

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	Principal businesses	Target customers
	<ul style="list-style-type: none"> Project management services during the construction stage of property development projects, which consist of property development solutions covering initial planning, design, technical consultation, supervision and inspection services. 	<ul style="list-style-type: none"> Property investors and developers
DIT Group	<ul style="list-style-type: none"> Research and development, design, manufacture and sales of assembled building prefabricated units Granting of licenses Property investment 	<ul style="list-style-type: none"> Construction companies

Aside from the CCRE Group and the DIT Group, Mr. Wu is also interested in a number of companies (including associates of CCRE) (the “**Other Excluded Companies**”), which are primarily engaged in similar businesses as the CCRE Group (such as property development and provision of project management services during the construction, sales and pre-delivery stages of property development projects).

Given the clear difference between the principal businesses or target customers of our Group, the CCRE Group, the DIT Group and the Other Excluded Companies, our Directors are of the view that there is clear delineation between their businesses and that there is no competition between the business of our Group with that of the CCRE Group, the DIT Group or the Excluded Companies.

As at the Latest Practicable Date, none of our Controlling Shareholders, our Directors and their respective close associates had any business which competes or is likely to compete, either directly or indirectly with our Company’s business which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

We believe that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates after the Listing for the following reasons:

Management Independence

We have a Board and senior management team that function independently of our Controlling Shareholders and their close associates (including the CCRE Group and the DIT Group). Save as set out in the below table, our Directors and senior management do not hold any directorship or supervisory or other senior management role in CCRE (or its material subsidiaries) or the DIT Group:

Name of Director	Position(s) held in our Company	Position(s) held in CCRE (or its material subsidiaries)	Position(s) held in the DIT Group
Mr. Wang Jun	Executive Director, chief executive officer and chairman of our Board	Executive director of CCRE	Non-executive director of DIT
Ms. Min Huidong	Non-executive Director	Director and general manager of a subsidiary	None
Ms. Wu Lam Li	Non-executive Director	General manager of a subsidiary	None

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Our board of Directors consists of seven Directors. Other than Mr. Wang Jun, Ms. Min Huidong and Ms. Wu Lam Li, none of our Directors hold any directorship or senior management role in CCRE (or its material subsidiaries) or the DIT Group. Since Ms. Min Huidong and Ms. Wu Lam Li are our non-executive Directors, they will not be involved in the day-to-day management or affairs and operations of our businesses, and in any event they hold a role in only one material subsidiary of CCRE. Although Mr. Wang Jun is a non-executive director of DIT and an executive director of both our Company and CCRE, he has historically devoted, and will continue upon Listing to devote, sufficient time and capacity for the affairs of our Group. Further, when performing his duties as an executive Director, he will be supported by a separate and independent senior management team.

We have three independent non-executive Directors, which satisfies the ratio required under the Listing Rules. Upon Listing, there will be a sufficiently robust and independent voice within our Board to counter balance any situation involving conflict of interest and protect the interests of our independent Shareholders.

The senior management team of our Group comprises Mr. Ma Nan, Mr. Zhang Hu, Mr. Zhang Shoukai, Mr. Zhang Penghua, Mr. Wang Weiqing, Mr. Wang Changran, Ms. Fan Junping, Mr. Zhang Lihui, Ms. Nie Yingfeng, Mr. Wei Dingchuan, Mr. Liu Hui and Mr. Li Zhengyi. Some of whom have served our Group for many years with over 20 years of experience in the property management industry. None of the members of the senior management team hold any directorship or senior management role in CCRE (or its material subsidiaries) or the DIT Group. Therefore, there will be sufficient non-overlapping Directors and senior management who are independent and have relevant experience to enable the proper functioning of our Board upon Listing.

Our Directors, including the independent non-executive Directors, are of the view that our Board is able to manage our business independently from our Controlling Shareholders, the CCRE Group and the DIT Group for the following reasons:

- each Director is aware of his/her fiduciary duties as Director which require, among other things, that he/she acts for the benefits and in the best interests of our Company and Shareholders as a whole and does not allow any conflict between his/her duties as Directors and his/her other interests.
- Mr. Wang Jun has confirmed that he will continue to devote sufficient time and attention to the affairs of our Group. As non-executive Directors, Ms. Min Huidong and Ms. Wu Lam Li will focus on strategic development of our Group and will not be involved in day-to-day management.
- Mr. Cai Bin, our other executive Director, does not hold directorship or senior management in other business ventures of our Controlling Shareholders and their close associates. He will devote full-time capacity to the affairs of our Group.
- we have 3 independent non-executive Directors out of seven Directors in satisfaction of the ratio required under the Listing Rules. They have extensive experience in different areas and have been appointed in accordance with the requirements under the Listing Rules to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions.
- pursuant to our Articles, a Director who is to his/her knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Company, shall declare the nature of his/her interest in the meeting

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of our Board at which the question of entering into the contract or arrangement is first taken into consideration, if he/she knows his/her interest then exists, or in any other case, at the first meeting of our Board after he/she knows that he/she is or has become so interested. Our Articles do not require such a Director who is so interested not to attend any meeting of our Board. However, a Director shall not be entitled to vote (nor be counted in the quorum) on a resolution of our Directors in respect of any board resolution approving any contract or arrangement or any proposal in which he or any of his/her close associates is materially interested unless expressly permitted by our Articles. See “Appendix III—Summary of the Constitution of the Company and Cayman Islands Company Law”.

- whether a Director is conflicted on any matter depends on the particular circumstances of the matter under consideration. The fact that a Director also has directorship in other companies does not create a conflict of interest unless the matter under consideration involves his/her personal interests or those of the other companies as well as our Group,
- our Directors will ensure that matters involving a conflict of interest which may arise from time to time will be managed in line with accepted corporate governance practice so as to ensure that the best interests of our Company and Shareholders taken as a whole are preserved,
- following the Listing, our Directors are required to comply with the Listing Rules. This includes review of connected transactions by our independent non-executive Directors and where appropriate, independent financial advice and independent Shareholders’ approval will be required, and
- in order to allow the non-conflicting members of our Board to function properly with the necessary professional advice, we will engage a third-party professional adviser to advise our Board when necessary, depending on the nature and significance of any proposed transactions to be entered into between us and our Directors or their respective close associates.

Mutual and Complementary Relationship with the CCRE Group

Our Group has a long-standing and well-established business relationship with the CCRE Group. As a property developer, the CCRE Group requires our property management services for its business development and daily operations. We started to provide property management services to the CCRE Group since 1999 upon the establishment of Central China Property Management, our major operating subsidiary. Over the years, the types of services which we provide to the CCRE Group grew together with the business of the CCRE Group. The following table sets forth a breakdown of our revenue generated from the CCRE Group and its associates or joint ventures and other customers which are Independent Third Parties for the periods indicated:

	Year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
The CCRE Group and its associates or joint ventures	80,685	17.5	135,252	19.5	746,458	42.5
Independent Third Parties	375,911	81.6	554,444	79.9	1,007,944	57.5
One Family Network ^(Note 1)	3,936	0.9	4,292	0.6	—	—
Total revenue	460,532	100.0	693,988	100.0	1,754,402	100.0

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Note 1: One Family Network was owned as to 70% by Songyun Network and 30% by Central China Property Management prior to acquisition by Central China New Life on December 25, 2018. Since completion of such acquisition, One Family Network has been our wholly-owned subsidiary.

The increase in percentage of revenue generated from the CCRE Group and its associates or joint ventures was due to expansion of our collaboration with the CCRE Group to the provision of lifestyle services and commercial property management and consultation services, in addition to property management and value-added services which we have been providing to the CCRE Group since commencement of our business. During the Track Record Period and as of the Latest Practicable Date, the services provided by us to the CCRE Group include: (i) property consultation and management services; (ii) real estate agency services; (iii) intelligent technology services; (iv) commercial property management services; (v) green house management services; (vi) membership maintenance and management services; and (vii) tourism services. Please refer to the section headed “Connected Transactions” in this prospectus for further details of the connected transactions entered into between our Group and the CCRE Group during the Track Record Period.

Although our revenue generated from property management services in relation to properties developed by the CCRE Group and its associates or joint ventures represented over 79% of our revenue in that segment during the Track Record Period, the majority of our revenue was derived from property owners of individual property units. Please refer to the section headed section headed “Business—Property Management and value-added services—GFA under management” in this prospectus. Such cooperation relationship between our Group and the CCRE Group is common among the PRC property management companies and their controlling shareholders’ property development companies, according to CIA.

Given the long history of business relationship, we have developed a well-established mutual understanding in our business collaborations with the CCRE Group. Benefiting from such long standing relationship, we are able to provide customized services to the CCRE Group to meet their specific needs and our management is familiar with the standards and requirements of the CCRE Group. As such, we consider such close business relationship between our Group and the CCRE Group to be mutual and complementary. Therefore, despite the vast choices of similar service providers in the market, we believe it might not be in the best interest of the CCRE Group to select and engage another new service provider considering the amount of time required for such new service provider to gain an in-depth understanding of the business of the CCRE Group in order to provide equally satisfying services that are comparable to ours. We believe there is a certain degree of mutuality and complementarity of ongoing business between the CCRE Group and our Group. We have in the past on numerous occasions successfully renewed our various service agreements with CCRE (which currently generally have a term of 3 years) and expect to continue to be able to do so. During the Track Record Period, the vast majority of our property management agreements with the CCRE Group did not have a fixed term and therefore did not need to be renewed, while for those that had a fixed term, the renewal rate for any relevant agreement that needed to be renewed was over 80% on average.

Going forward, the Group intends to continue to maintain its cooperation with the CCRE Group. We believe we will continue to be able to do so in light of our long and mutually beneficial relationship as described above. As of December 31, 2019, based on our discussion with the CCRE Group, the CCRE Group and its associates or joint ventures had 152 property projects in the pipeline, out of which we have secured 135 property projects as of the Latest Practicable Date. Going forward, we aim to continue to obtain property projects for the remaining and any new properties in the pipeline

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of CCRE Group and its associates or joint ventures through direct negotiation or tender bids so long as we are invited to do so and to such extent required by applicable laws and regulations. For further details of the number of contracts obtained through the above means, please refer to the section headed “Business—Property Management and Value-added Services—Property Management” in this prospectus. According to the PRC Legal Advisers, the PRC laws and regulations impose standard public tender procedures on engagement of property management companies, in case where there are less than three bidders or for small-scale properties, the developer can hire a property management company directly by signing an agreement with the approval of the real estate administrative department of the local government of the place where the property is located. For further details, please refer to the section headed “Regulatory Overview—Legal Supervision over Property Management Services—Appointment of Property Management Companies” in this prospectus.

During the Track Record Period, we were invited to submit tenders or enter into negotiation for property management contracts for all the properties developed by the CCRE Group but not for all the properties developed by the associates and joint ventures of the CCRE Group because, to our Directors’ best knowledge and belief, such associates or joint ventures elected to consider and appoint other property management companies, having taking into account, among others, our competitors’ and our proposed service terms and prior business relationship with such associate or joint venture. For the years ended December 31, 2017, 2018 and 2019, we submitted a total of 12, 42 and 57 tender bids for properties developed by the CCRE Group and its associates or joint ventures, respectively, and our success rate for these bids was 100.0%. During the Track Record Period, we managed: (1) all of the properties developed by the CCRE Group; and (2) 97.8%, 92.1% and 96.8% of the properties developed by the CCRE Group and its associates or joint ventures. Due to the reasons mentioned above, we did not manage all the properties developed by the associates or joint ventures of the CCRE Group. For further details of the tender process, tender success rates and our contracted GFA with the CCRE Group and its associates or joint ventures, please refer to the section headed “Business—Property Management and Value-added Services—Property Management” in this prospectus.

We have also entered into a strategic cooperation framework agreement with CCRE, pursuant to which CCRE will endeavor to engage us to manage 12 cultural tourism complexes, 12 Cuisine Henan Foodcourts (建業大食堂), 19 shopping malls and six hotels, which are in the pipeline of the CCRE Group and its associate or joint ventures. Such projects, if materialized, are expected to increase our revenue in lifestyle services and commercial property management and consultation services. We have also entered into various continuing connected transactions with the CCRE Group, which are summarized in the section headed “Connected Transactions” in this prospectus. Furthermore, CCRE has also granted us (i) a royalty-free perpetual license to use certain trademarks of the CCRE Group registered in the PRC and Hong Kong for our business operations and investment activities; and (ii) the right to use their online payment platform operated through prepayment cards called Jianye Tongbao (建業通寶) for operations of our Jianye + (建業+) platform.

Nevertheless, while we expect our transaction amounts with the CCRE Group will increase, we expect the percentage of total revenue to be generated from properties developed by the CCRE Group will decrease going forward due to the following reasons:

- ***The expected dilution of revenue generated from the CCRE Group in light of strategic investments, cooperation and acquisition:*** We intend to allocate approximately RMB1,071.0 million or 60% of our net proceeds from the Global Offering on strategic investments, cooperation and acquisition to further expand the business scale and property portfolio of our property management business and value-added services. The targets of acquisition include (i) property management services providers with good reputation,

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established scale and healthy financial performance; (ii) property management services providers which will expand our property portfolio; and (iii) other companies that can bring synergies to our business, in particular our value-added services. Please refer to the section headed “Future Plans and Use of Proceeds” for further details. All such target companies would broaden our customer base and result in dilution of revenue to be generated from the CCRE Group.

- ***The expected increase in third-party owned properties in our portfolio under management:*** During the Track Record Period, a significant portion of the properties we managed under our property management segment was developed by the CCRE Group. However, we have made continuous efforts to expand our customer base to include more third-party property developers, with a view to building additional revenue sources and diversifying our property management portfolio. As of December 31, 2017, 2018 and 2019, properties developed by the CCRE Group and its associates or joint ventures accounted for approximately 90.9%, 83.7% and 68.9%, respectively, of our total GFA under management. For the years ended December 31, 2017, 2018 and 2019, properties developed by the CCRE Group and its associates or joint ventures accounted for 94.1%, 91.3% and 79.8%, respectively, of our revenue from property management services. Our Directors consider the above decreasing trend will continue going forward given our continuous efforts to procure projects from third-party property developers.

Operational Independence

We have full rights, hold and enjoy the benefit of all relevant regulatory licenses, have sufficient capital and employees necessary to make all decisions on, and to carry out, our own business operation independent from our Controlling Shareholders and their respective associates and will continue to do so after the Listing.

Though most of the projects we managed were developed by the CCRE Group and its associates or joint ventures, which is in line with the industry norm, we secured the preliminary property management service engagements at the pre-delivery stage through a standard bidding process to such extent required by applicable PRC laws and regulations. According to the PRC Legal Advisers, in accordance with the Regulations on Property Management (2018 revision) and the Regulations on Property Management and the Interim Measures for Tender and Bidding Management of Preliminary Property Management (《前期物業管理招標投標管理暫行辦法》) issued by the Ministry of Construction on June 26, 2003 and came into effect on September 1, 2003, developer of residential buildings and non-residential buildings in the same property management area shall engage property management enterprises by inviting bid, in case where there are less than three bidders or for small-scale properties, the developer can hire property management companies by signing an agreement with the approval of the real estate administrative department of the local government of the place where the property is located.

At the post-delivery stage, the property management services are provided by our Group directly to the property owners, and the property owners, through the property owners’ general meeting, have the right to engage (or dismiss) the property management services provider. According to the Regulations on Property Management (2018 revision) (物業管理條例(2018年修正)), a general meeting of the property owners of a community can engage or dismiss the property management companies with affirmative votes of owners who own more than half of the GFA floor area of the community and who account for more than half of the total number of the property owners. Property

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owners' association, on behalf of the general meeting, can sign property management contract with property management companies engaged at the general meeting. If the property management contract signed by the property owners' association and the property management company comes into force within the term of preliminary property management, the preliminary property management contract automatically terminates. Property developers of residential buildings shall enter into preliminary management contracts with property management enterprises through tender process. The CCRE Group does not have any decisive influence over the engagement (or dismissal) of the property management services provider by the property owners. During the process, the property owners are entitled to conduct their own evaluation procedures in engaging (or dismissing) the property management services provider.

Although we have entered into certain continuing connected transactions with the CCRE Group, which will continue after the Listing, including, transactions in respect of trademark licensing, online payment platform services, property management and consultation services and other types of services that the CCRE Group will require from us in the ordinary course of business, such transactions have been entered into and will continue to be entered into on normal commercial terms based on arm's length negotiations. The details of the connected transactions that will continue after the Listing are set out in the section headed "Connected Transactions" in this prospectus.

Financial Independence

As of the Latest Practicable Date, we did not have any share pledges or guarantees provided by our Controlling Shareholders and their respective associates on our borrowing. In addition, we have our own internal control and accounting systems, accounting department, independent treasury function for cash receipts and payment and independent access to third-party financing.

Accordingly, we believe we are able to maintain financial independence from our Controlling Shareholders and their respective associates.

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

- (a) as part of our preparation for the Global Offering, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his associates have a material interest nor shall such Director be counted in the quorum present at the meeting;
- (b) a Director with material interests shall make full disclosure in respect of matters that may have conflict or potentially conflict with any of our interest and abstain from the board meetings on matters in which such Director or his associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;
- (c) we are committed that our Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors. We have

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appointed independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in the section entitled “Directors and Senior Management—Board of Directors—Independent non-executive Directors” in this prospectus;

- (d) we have appointed Ballas Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to Directors’ duties and corporate governance; and
- (e) as required by the Listing Rules, our independent non-executive Directors shall review any connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole.

CONNECTED TRANSACTIONS

OVERVIEW

We have entered into a number of agreements with our connected persons and the details of which are set out below. The transactions disclosed in this section are expected to continue and will constitute continuing connected transactions of our Group under Chapter 14A of the Listing Rules upon Listing. CCRE is indirectly held as to 74.35% by Mr. Wu, one of our Controlling Shareholders, and therefore is an associate of our Company under the Listing Rules. Accordingly, the transactions between our Group and members of the CCRE Group will constitute connected transactions of our Group upon Listing.

We set out below a summary of transactions which will constitute continuing connected transactions upon listing:

Transaction	Waiver sought	Maximum annual fee for the year ending December 31,	
		2020	2021
RMB'000			
Fully Exempt Continuing Connected Transactions			
1. Trademark Licensing Agreement	N/A	N/A	N/A
2. Online Payment Platform Services Agreement	N/A	N/A	N/A
Non-exempt Continuing Connected Transactions			
1. Property Consultation and Management Services Framework Agreement ^(Note 1)	Requirements as to announcement and independent Shareholders' approval under Chapter 14A of the Listing Rules	195,000	240,000
2. Real Estate Agency Services Framework Agreement ^(Note 2)	Requirements as to announcement and independent Shareholders' approval under Chapter 14A of the Listing Rules	285,000	330,000
3. Intelligent Technology Services Framework Agreement ^(Note 3)	Requirements as to announcement and independent Shareholders' approval under Chapter 14A of the Listing Rules	180,000	235,000
4. Commercial Property Management Services Framework Agreement ^(Note 4)	Requirements as to announcement and independent Shareholders' approval under Chapter 14A of the Listing Rules	54,000	56,000
5. Green House Management Services Framework Agreement ^(Note 5)	Requirements as to announcement and independent Shareholders' approval under Chapter 14A of the Listing Rules	48,000	60,000
6. Membership Maintenance and Management Services Framework Agreement ^(Note 6)	Requirements as to announcement and independent Shareholders' approval under Chapter 14A of the Listing Rules	60,000	70,000

CONNECTED TRANSACTIONS

Transaction	Waiver sought	Maximum annual fee for the year ending December 31,	
		2020	2021
		RMB'000	
7. Tourism Services Framework Agreement ^(Note 7)	Requirements as to announcement and independent Shareholder's approval under Chapter 14A of the Listing Rules	48,000	67,500

Note 1: This connected transaction is also announced in the announcements of CCRE dated January 31, 2019 and October 28, 2019.

Note 2: This connected transaction is also announced in the announcement of CCRE dated June 24, 2019.

Note 3: This connected transaction is also announced in the announcements of CCRE dated March 29, 2019 and October 28, 2019.

Note 4: This connected transaction is also announced in the announcement of CCRE dated June 26, 2019.

Note 5: This connected transaction is also announced in the announcements of CCRE dated March 29, 2019 and October 28, 2019.

Note 6: This connected transaction is also announced in the announcement of CCRE dated March 29, 2019.

Note 7: This connected transaction is also announced in the announcement of CCRE dated January 30, 2019.

(A) FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Trademark Licensing

We have historically used the Licensed Trademarks (as defined below) registered in the name of various subsidiaries of CCRE. In anticipation of the Global Offering and to ensure that our Group will continue to be able to use the Licensed Trademarks, on October 28, 2019, a trademark licensing agreement (the “**Trademark Licensing Agreement**”) was entered into between CCRE and our Company, pursuant to which CCRE agreed to unconditionally grant to our Group the right to use certain trademarks of the CCRE Group registered in the PRC (including certain trademarks under application in the PRC (in the event that such applications are successful and duly registered)) and Hong Kong (the “**Licensed Trademarks**”) for our business operations and investment activities, as well as the right to sub-lease the Licensed Trademarks to third parties solely for the purpose of business operation of our Group, subject to consent of the CCRE Group. The Trademark Licensing Agreement is perpetual commencing from the date thereof on a non-exclusive and royalty-free basis, unless otherwise terminated at the request of CCRE with a one-month notice period. Details of the Licensed Trademarks are set forth in the section entitled “Appendix IV—Statutory and General Information—B. Further Information about our Business—2. Intellectual Property Rights of our Group” to this prospectus.

We have been using the Licensed Trademarks in the business of our Group over the years in relation to the services which are marketed and provided by our Group. We intend to continue to use, after the Listing, the Licensed Trademarks in such connection. Our Directors consider that entering into a trademark licensing agreement for a duration longer than three years is reasonable and justifiable to ensure the stability of our operations. The Licensed Trademarks are generally known and recognized by the public as they have been widely used in various marketing activities and promotional materials by businesses managed and operated by our Group. Our Directors consider that the “Central China (建業)” brand is a highly recognizable brand in central China for high quality residential development and represents our consistent aspiration to help our customers achieve high quality standard, and that such existing brand image allows us to resonate with our customers and facilitate our market and business expansion. The indefinite term of the Trademark Licensing Agreement ensures our ongoing operations are not interrupted and is a usual business practice. Our Directors consider the Trademark Licensing Agreement to be beneficial to the interests of our Company and our Shareholders as a whole. The Sole

CONNECTED TRANSACTIONS

Sponsor is of the view that the duration of longer than three years is in line with normal business practice for agreements of this type.

As the right to use the Licensed Trademarks is granted to our Group on a royalty-free basis, the transactions under the Trademark Licensing Agreement will be within the de minimis threshold under Rule 14A.76 of the Listing Rules upon Listing, and will be exempt from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Online Payment Platform Services

The CCRE Group has developed and operated a well-established online payment platform operated through prepayment cards called Jianye Tongbao (建業通寶). The CCRE Group sells these prepayment cards to its property owners typically when the property owners purchase residential property units from the CCRE Group. The property owners could use these prepayment cards to purchase goods and services within their residential communities including on the Jianye + (建業+) platform. The property owners could recharge their prepayment cards with the CCRE Group from time to time.

We have historically used this online payment platform services (the “**Online Payment Platform Services**”) operated by the CCRE Group in relation to the sales of goods and services to the customers of our Jianye + (建業+) platform. We intend to continue to use, after the Listing, the Online Payment Platform Services in such connection. In anticipation of the Global Offering and to ensure that our Group will continue to be able to use the Online Payment Platform Services, on April 29, 2020, CCRE and our Company entered into the Online Payment Platform Services Agreement (the “**Online Payment Platform Services Agreement**”), pursuant to which CCRE agreed to provide the Online Payment Platform Services to our Group at nil consideration for a term of three years commencing from April 29, 2020. Given the CCRE Group considers this arrangement would provide convenience and encourage users to continue to use the Jianye + (建業+) platform and would ultimately enhance the Jianye brand awareness and create customer's loyalty the Jianye brand, the CCRE Group does not charge any service fee in relation to the provision of Online Payment Platform Services to our Group. Our Directors also believe that the use of such Online Payment Platform Services would be beneficial to the long-term growth and development of our Jianye + (建業+) platform taking into account the large volume of existing registered users of the online payment platform operated through Jianye Tongbao (建業通寶) by the CCRE Group.

As the right to use the Online Payment Platform Services are provided at nil consideration, the transactions under the Online Payment Platform Services Agreement will be within the de minimis threshold under Rule 14A.76 of the Listing Rules upon Listing, and will be exempt from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(B) NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Property Consultation and Management Services

On January 31, 2019, Central China New Life (our subsidiary) entered into a property consultation and management services framework agreement with CCRE (the “**Property Consultation and Management Services Framework Agreement**”) for a term commencing from January 1, 2019 to December 31, 2021, the annual caps of which were amended by a supplemental agreement dated October 28, 2019. Pursuant to the Property Consultation and Management Services Framework

CONNECTED TRANSACTIONS

Agreement, we shall provide the following services (the “**Property Consultation and Management Services**”) to the CCRE Group and its associates:

- (a) **Consultation services**: including (i) pre-delivery consultancy services, including but not limited to provide advices throughout the process of project development (from both property development and end-user perspectives) at the planning and design stage, the engineering construction stage, the marketing stage, the inspection stage and the delivery stage; and (ii) early stage initiation services, including but not limited to providing staff trainings before the delivery of the properties and the initiation service before the completion of property projects;
- (b) **Marketing centre management services**: overall management services in respect of the various marketing centres of the CCRE Group and its associates set up for the sales and promotion of the property projects, including operation, administration and management, security and maintenance, concierge, cleaning, gardening and other ancillary services;
- (c) **Vacant properties management services**: management services (including patrolling) of vacant properties of the CCRE Group and its associates which are available for sale, including residential units and parking lots;
- (d) **Self-owned properties management services**: property management services provided for the office buildings and other properties owned by the CCRE Group and its associates which are used for their business operations; and
- (e) **Properties pre-delivery inspection services**: post-completion and pre-delivery property examination and checking services provided for newly completed properties of the CCRE Group and its associates.

The fees to be charged by us for provision of the Property Consultation and Management Services are determined on arm’s length basis with reference to the (i) nature, category and location of the properties; (ii) GFA of the properties; (iii) anticipated operation costs, including primarily staff costs and administration costs; and (iv) prevailing market prices for comparable services.

With respect to each project, the relevant members and associates of CCRE and our Group will further enter into individual separate agreement that prescribes the specific terms and conditions of each project.

The revenue generated from the provision of Property Consultation and Management Services amounted to RMB51.2 million, RMB54.9 million and RMB159.8 million for the years ended December 31, 2017, 2018 and 2019, respectively.

Our Directors estimate that the maximum annual fee to be received by our Group under the Property Consultation and Management Services Framework Agreement for the years ending December 31, 2020 and 2021 will not exceed RMB195,000,000 and RMB240,000,000, respectively.

In arriving at the above annual caps, our Directors have considered the following factors:

- the historical transaction amounts and volume of Property Consultation and Management Services we provided during the Track Record Period;
- the total contracted GFA of approximately 69.5 million sq.m. and around 200 contracted projects for properties developed by the CCRE Group and its associates or joint ventures as of December 31, 2019;

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- the anticipated substantial growth in the estimated transaction amounts for Property Consultation and Management Services for the three years ending December 31, 2021, taking into account the expected increase in number of property projects to be released in various cities;
- in relation to consultation services, properties pre-delivery inspection services and self-owned properties management services, our estimation of the aggregate GFA of the upcoming property projects or self-owned properties that would require such services, which will be charged at specified fees per sq.m.;
- in relation to marketing centre management services, the expected number of marketing centre expected to be launched to facilitate the sales of the upcoming properties, which will be charged at specified fees per marketing centre;
- in relation to vacant properties management services, the expected aggregate GFA of the vacant properties that would require such services, which will be charged at specified monthly fees per sq.m. throughout the estimated duration of vacancy; and
- the number of separate agreements entered into and expected to be entered into pursuant to the Property Consultation and Management Services Framework Agreement.

As one/each of the applicable percentage ratios under the Listing Rules in respect of the annual caps of the Property Consultation and Management Services is expected to be more than 5%, the transactions under the Property Consultation and Management Services Framework Agreement constitute continuing connected transactions of our Company which are subject to the written agreement, announcement, Shareholders' approval, circular (including independent financial advice), annual reporting, terms of an agreement, annual caps, changes to cap or terms of agreement and annual review requirements under Chapter 14A of the Listing Rules.

2. Real Estate Agency Services

On June 24, 2019, Central China New Life (our subsidiary) entered into a real estate agency services framework agreement (the "**Real Estate Agency Services Framework Agreement**") with CCRE for a term commencing from January 1, 2019 to December 31, 2021. Pursuant to the Real Estate Agency Services Framework Agreement, we shall provide real estate agency services in respect of the first-hand property sales as well as preparation services (including but not limited to consultation services and event organization services) (the "**Real Estate Agency Services**") to the CCRE Group and its associates.

The service fees to be charged for the Real Estate Agency Services are determined after arm's length negotiations with reference to the (i) the agency fees charged as commission and incentives based on contracted sales amount of CCRE Group's properties, depending on the overall property market environment, project location, difficulties of marketing, scope of services and other factors; and (ii) the rate generally offered by our Group to Independent Third Parties in respect of comparable agency services. With respect to each project, the relevant members and associates of CCRE and our Group will further enter into individual separate agreement that prescribes the specific terms and conditions of each project.

We started to provide the Real Estate Agency Services to the CCRE Group and its associates from November 2018. The revenue generated from the provision of the Real Estate Agency Services amounted to approximately RMB42.8 million and RMB238.5 million for the years ended December 31, 2018 and 2019, respectively.

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Our Directors estimate that the maximum annual fee to be received by our Group under the Real Estate Agency Services Framework Agreement for the years ending December 31, 2020 and 2021 will not exceed RMB285,000,000 and RMB330,000,000, respectively.

In arriving at the above annual caps, our Directors have considered the following factors:

- the historical transaction amounts and volume of Real Estate Agency Services we provided during the Track Record Period;
- the anticipated growth in the estimated transaction amounts for Real Estate Agency Services for the three years ending December 31, 2021, calculated by multiplying the commission rate (ranging from 0.8%-2.0%) by the estimated aggregate sales amount of RMB74.25 billion for all the existing agreements entered into as of December 31, 2019;
- the estimated commission income to be received by us calculated by multiplying the commission rate by the estimated aggregate sales amount of the first-hand properties under sale and expected to be launched for sale and their tentative sales schedule; and
- the number of separate agreements entered into and expected to be entered into pursuant to the Real Estate Agency Services Framework Agreement.

As one/each of the applicable percentage ratios under the Listing Rules in respect of the annual caps of the Real Estate Agency Services is expected to be more than 5%, the transactions under the Real Estate Agency Services Framework Agreement constitute continuing connected transactions of our Company which are subject to the written agreement, announcement, Shareholders' approval, circular (including independent financial advice), annual reporting, terms of an agreement, annual caps, changes to cap or terms of agreement and annual review requirements under Chapter 14A of the Listing Rules.

3. Intelligent Technology Services

On March 29, 2019, Central China New Life (our subsidiary) entered into an intelligent technology services framework agreement with CCRE (the "**Intelligent Technology Services Framework Agreement**") for a term commencing from January 1, 2019 to December 31, 2021, the annual caps of which were amended by a supplemental agreement dated October 28, 2019.

Pursuant to the Intelligent Technology Services Framework Agreement, we shall provide the following services (the "**Intelligent Technology Services**") to the CCRE Group and its associates:

- (a) **Engineering installation services for intelligent products and sales service for products:** installation, repair and maintenance services necessary for the establishment of intelligence communities video surveillance system, indoor fresh air system, intelligent home system, exterior wall insulation and floor heating system;
- (b) **Software development services:** customized system integration and development services based on customer needs, such as the visual management platform, operation and management platform, and data analysis platform, for assisting customers in their decision-making process and daily operations; and
- (c) **Consultation services:** customized consultation to properties including residential properties and commercial properties.

The fees to be charged by us for provision of the Intelligent Technology Services are determined on arm's length basis with reference to (i) prices of the intelligent technology products;

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(ii) anticipated operation costs taking into account factors including, among others, equipment materials, installation costs, enterprise management fees; (iii) specific software requirement; (iv) GFA and nature of the property projects; and (v) prevailing market prices for comparable services. The fees are charged at fixed lump-sum fees taking into account the above factors, which are payable by installments with reference to stage of completion of the works specified under each agreement. With respect to each project, the relevant members and associates of CCRE and our Group will further enter into individual separate agreement that prescribes the specific terms and conditions of each project.

We started to provide the Intelligent Technology Services to the CCRE Group and its associates from January 2019. The revenue generated from provision of Intelligent Technology Services for the year ended December 31, 2019 amounted to approximately RMB140.7 million.

Our Directors estimate that the maximum annual fee to be received by our Group under the Intelligent Technology Services Framework Agreement for the years ending December 31, 2020 and 2021 will not exceed RMB180,000,000 and RMB235,000,000, respectively.

In arriving at the above annual caps, our Directors have considered the following factors:

- the historical transaction amount for the year ended December 31, 2019 of approximately RMB179.9 million when the Intelligent Technology Services were still at an initial stage of operation and the expected growth of over 25% per year in transaction amount upon full service of such business;
- the estimated revenue to be recognized in relation to the Intelligent Technology Services provided by our Group pursuant to existing agreements entered into as of December 31, 2019 with aggregate contractual value of RMB248.4 million, taking into account the stage of completion of the work specified under the relevant agreements;
- the number of separate agreements entered into and expected to be entered into pursuant to the Intelligent Technology Services Framework Agreement.

As one/each of the applicable percentage ratios under the Listing Rules in respect of the annual caps of the Intelligent Technology Services is expected to be more than 5%, the transactions under the Intelligent Technology Services Framework Agreement constitute continuing connected transactions of our Company which are subject to the written agreement, announcement, Shareholders' approval, circular (including independent financial advice), annual reporting, terms of an agreement, annual caps, changes to cap or terms of agreement and annual review requirements under Chapter 14A of the Listing Rules.

4. Commercial Property Management Services

On June 26, 2019, Central China New Life (our subsidiary) entered into a commercial property management services framework agreement with CCRE (the "**Commercial Property Management Services Framework Agreement**") for a term commencing from January 1, 2019 to December 31, 2021.

Pursuant to the Commercial Property Management Services Framework Agreement, we shall provide the commercial properties management services and advisory consultation services for the commercial properties, including (i) hotels; and (ii) other commercial properties such as office buildings and shopping malls, etc. (the "**Commercial Property Management Services**") to CCRE Group and its associates.

CONNECTED TRANSACTIONS

The fees payable in respect of Commercial Property Management Services for hotels comprised of (i) basic fees charged as a percentage of the total revenue for self-run hotel projects or as a fixed annual fee per room for entrusted hotel projects; (ii) service fees charged as a percentage of the total revenue for self-run hotel projects; (iii) booking fees charged as a percentage of the total revenue per available room for self-run hotel projects; (iv) incentive payable (a) with reference to the excess over the targeted net operating profit for hotel operations or (b) as a percentage of monthly revenue for spa operations; and (v) lump-sum consultation fees for the specified types of consultation services.

The fees payable in respect of Commercial Property Management Services for commercial properties (excluding hotels) comprised of (i) basic management service fee charged as a lump-sum per month; (ii) business solicitation commission charged as a multiplier of the standard monthly rent applicable to the associated brand; (iii) incentive management service fee payable with reference to the excess over the targeted net operating profit or as a percentage of the total revenue and profit; and (iv) opening incentive payable as a fixed fee per sq.m..

The above service fees are determined on arm's length basis having regard to (i) for hotels, nature of hotel projects (self-run hotel projects or entrusted hotel projects); (ii) for commercial properties, stage of project (preparation or operation stage) and location for commercial properties; (iii) scope of services; (iv) anticipated operation and management cost for both hotels and commercial properties; and (v) prevailing market prices for comparable services for both hotels and commercial properties. With respect to each project, the relevant members and associates of CCRE and our Group will further enter into individual separate agreement that prescribes the specific terms and conditions of each project.

We started to provide the Commercial Property Management Services to the CCRE Group and its associates from January 2017 for hotels and from March 2019 for other commercial properties. The revenue generated from the provision of Commercial Property Management Services amounted to approximately RMB15.2 million, RMB11.1 million and RMB31.4 million for the years ended December 31, 2017, 2018 and 2019, respectively.

Our Directors estimate that the maximum annual fee to be received by our Group under the Commercial Property Management Services Framework Agreement for the years ending December 31, 2020 and 2021 will not exceed RMB54,000,000 and RMB56,000,000, respectively.

In arriving at the above annual caps, our Directors have considered the following factors:

- the historical transaction amounts and volume of Commercial Property Management Services we provided during the Track Record Period;
- the more rapid growth of approximately over 50% for the year ending December 31, 2020 as compared to the year ended December 31, 2019, taking into account that the scope of Commercial Property Management Services was extended to include not only hotels but also other commercial properties since March 2019;
- the strategic cooperation framework agreements entered into between CCRE and Central China New Life (our subsidiary), pursuant to which CCRE will endeavor to engage us to provide Commercial Property Management Services for 14 shopping malls and eight hotel projects to be released in various cities for the three years ended December 31, 2021;
- the estimated fees to be received by us for Commercial Property Management Services calculated based on the formula comprising various items as disclosed above;

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- the incentive management service fee (calculated based on the best estimated net operating profit, revenue or profit (as applicable)) that our Group might receive pursuant to the terms of the separate agreements for management of hotels and commercial properties; and
- the number of separate agreements entered into and expected to be entered into pursuant to the Commercial Property Management Services Framework Agreement.

As one/each of the applicable ratios under the Listing Rules in respect of the annual caps of the Commercial Property Management Services is expected to be more than 5%, the transactions under the Commercial Property Management Services Framework Agreement constitute continuing connected transactions of our Company which are subject to the written agreement, announcement, Shareholders' approval, circular (including independent financial advice), annual reporting, terms of an agreement, annual caps, changes to cap or terms of agreement and annual review requirements under Chapter 14A of the Listing Rules.

5. Green House Management Services

On March 29, 2019, Central China New Life (our subsidiary) entered into a green house management services framework agreement with CCRE (the "**Green House Management Services Framework Agreement**") for a term commencing from January 1, 2019 to December 31, 2021, the annual caps of which were amended by a supplemental agreement dated October 28, 2019.

Pursuant to the Green House Management Services Framework Agreement, we shall provide the following services (the "**Green House Management Services**") to the CCRE Group and its associates:

- Project promotion, brand promotion and operation management services:** provision of operation management services such as business solicitation, brand promotion, event planning for the agricultural projects;
- Technical support services to agricultural facility projects:** provision of technical management services throughout the whole process of research and development, introduction and promotion of agricultural facility projects (such as intelligent linkage greenhouses, plant factories) under the agricultural projects;
- Agricultural product sales management:** management and sales of agricultural products including flowers, seedling and vegetables;
- Agricultural product planting service:** daily operation and planting of agricultural products and relevant consultation services; and
- Foodcourt operation and management services:** Provision of operation and management services for Cuisine Henan Foodcourts (建業大食堂), including the business solicitation, daily operation, marketing planning and other services for some stores operated by Cuisine Henan Foodcourts (建業大食堂).

The above service fees were determined on arm's length basis and with reference to (i) project management scale and size of plantation area; (ii) floor area of Cuisine Henan Foodcourts (河南大食堂); (iii) service scope including types of planting services; (iv) anticipated operation and management costs; (v) estimated sales amount of the agricultural products; and (vi) operation revenue per month for Cuisine Henan Foodcourts (河南大建堂). With respect to each project, the relevant members and associates of CCRE and our Group will further enter into individual separate agreement that prescribes the specific terms and conditions of each project.

CONNECTED TRANSACTIONS

We started to provide the Green House Management Services to the CCRE Group and its associates from March 2019. The revenue generated from the provision of Green House Management Services amounted to approximately RMB23.7 million for the year ended December 31, 2019.

Our Directors estimate that the maximum annual fee to be received by our Group under the Green House Management Services Framework Agreement for the years ending December 31, 2020 and 2021 will not exceed RMB48,000,000 and RMB60,000,000, respectively.

In arriving at the above annual caps, our Directors have considered the following factors:

- the fact that we only started to provide Green House Management Services in March 2019 and the full-year impact on the estimated transaction amount commencing from the year ended December 31, 2020;
- the estimated fees to be received by us for items (a), (b) and (d) of the Green House Management Services referred to above, which are charged based on a fixed lump-sum fees taking into account the project scale, plantation area and service scope;
- the estimated fees to be received by us for item (c) of the Green House Management Services referred to above, which are calculated as a commission rate of 10% of the estimated sales amount of the agricultural products as commission;
- the estimated fees to be received by us for item (e) of the Green House Management Services referred to above, which are calculated as a total sum of (i) the fixed lump-sum management fees; and (ii) the additional incentive fees payable as a fixed percentage of revenue generated from the Cuisine Henan Courts (建業大食堂) projects under operations and expected to commence operations;
- the strategic cooperation framework agreements entered into between CCRE and Central China New Life (our subsidiary), pursuant to which CCRE will endeavor to engage us to provide Green House Management Services for 7 cultural tourism complexes and 11 Cuisine Henan Foodcourts (建業大食堂) to be released in various cities for the three years ending December 31, 2021; and
- the number of separate agreements entered into and expected to be entered into pursuant to the Green House Management Services Framework Agreement.

As one/each of the applicable ratios under the Listing Rules in respect of the annual caps of the Green House Management Services is expected to be more than 5%, the transactions under the Green House Management Services Framework Agreement constitute continuing connected transactions of our Company which are subject to the written agreement, announcement, Shareholders' approval, circular (including independent financial advice), annual reporting, terms of an agreement, annual caps, changes to cap or terms of agreement and annual review requirements under Chapter 14A of the Listing Rules.

6. Membership Maintenance and Management Services

On March 29, 2019, Central China New Life (our subsidiary) entered into membership maintenance and management services framework agreement with CCRE (the "**Membership Maintenance and Management Services Framework Agreement**"), for a term commencing from January 1, 2019 to December 31, 2021. Pursuant to the Membership Maintenance and Management

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Services Framework Agreement, we shall provide to the CCRE Group and its associates membership maintenance and management services for members of the Central China Consumers Club involved for the residential communities of the residential property projects developed and proposed to be developed by the CCRE Group, a membership programme established by the CCRE Group for its high-net-worth customers, including but not limited to (i) daily operation and management of the Central China Consumers Club's affairs; and (ii) organizing events for the members of the Central China Consumer Club (the "**Membership Maintenance and Management Services**").

We started to provide the Membership Maintenance and Management Services to the CCRE Group and its associates from September 2018. The revenue generated from the provision of Membership Maintenance and Management Services amounted to approximately RMB6.8 million and RMB47.2 million for the years ended December 31, 2018 and 2019, respectively.

The fees to be charged for the Membership Maintenance and Management Services shall be determined after arm's length negotiations and taking into account the anticipated operational costs (including labor costs) with reference to the fees for similar services and similar type of projects in the market. In terms of the daily operation and management services for members, the service fee is RMB4,500 per person per year. In terms of the events organization and planning for the members of the Central China Consumers Club, the service fee ranges from approximately RMB1 million to RMB4 million per event.

Our Directors estimate that the maximum annual fee to be received by our Group under the Membership Maintenance and Management Services Framework Agreement for the years ending December 31, 2020 and 2021 will not exceed RMB60,000,000 and RMB70,000,000, respectively.

In arriving at the above annual caps, our Directors have considered the following factors:

- the faster rate of growth in historical transaction amount for the year ended December 31, 2019 taking into account that the scope of Membership Maintenance and Management Services was extended to include not only daily operation and management of the Central China Consumers Club's affairs but also organization of events for the members of the Central China Consumer Club since the beginning of 2019;
- the estimated number of upcoming events for members of the Central China Consumers Club, the fees of which will be charged at specified fees per event;
- the estimated fees to be received by us calculated by multiplying the fees per person per year by the estimated number of members of the Central China Consumers Club (the number of members was over 10,000 persons as of December 31, 2019), taking into account our marketing plan and member enrollment policy for the Central China Consumers Club; and
- the number of separate agreements entered into and expected to be entered into pursuant to the Membership Maintenance and Management Services Framework Agreement.

As one/each of the applicable ratios under the Listing Rules in respect of the annual caps of the Membership Maintenance and Management Services is expected to be more than 5%, the transactions under the Membership Maintenance and Management Services Framework Agreement constitute continuing connected transactions of our Company which are subject to the written agreement, announcement, Shareholders' approval, circular (including independent financial advice), annual reporting, terms of an agreement, annual caps, changes to cap or terms of agreement and annual review requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

7. Tourism Services

On January 30, 2019, Central China New Life (our subsidiary) entered into a tourism services framework agreement (the “**Tourism Services Framework Agreement**”) with CCRE, for a term commencing from January 1, 2019 to December 31, 2021. Pursuant to the Tourism Services Framework Agreement, we shall provide to the CCRE Group and its associates customized solution services for business tourism for the promotion of the CCRE Group’s business and other related ancillary services (the “**Tourism Services**”). During the Track Record Period, the tourism services provided by us include customized travel tours for potential property purchasers for newly developed properties and team building tours.

The Tourism Service fees were determined based on an arm’s length basis having regard to (i) the estimated cost involved (including but not limited to costs of transportation, accommodation, catering, entrance tickets and other travel-related expenditures) plus a mark-up taking into account the nature, scope and complexity of the tourism services to be provided; and (ii) comparable market prices provided by our Group to Independent Third Parties. With respect to each project, the relevant members and associates of CCRE and our Group will further enter into individual separate agreement that prescribes the specific terms and conditions of each project.

The revenue generated from the provision of Tourism Services amounted to approximately RMB5.3 million, RMB14.7 million and RMB38.7 million for the years ended December 31, 2017, 2018 and 2019, respectively.

Our Directors estimate that the maximum annual fee to be received by our Group under the Tourism Services Framework Agreement for the years ending December 31, 2020 and 2021 will not exceed RMB48,000,000 and RMB67,500,000, respectively.

In arriving at the above annual caps, our Directors have considered the following factors:

- the growth in historical transaction amounts and volume of the Tourism Services during the Track Record Period;
- the estimated fees to be received by us calculated by multiplying the average fees charged per tourist by the estimated number of tourists;
- the anticipated growth in the estimated transaction amounts for Tourism Services for the three years ending December 31, 2021, taking into account the expected increase in number of property projects to be released in various cities, which are expected to require corresponding sizable business events such as customized travel tours for pushing up the sales of properties; and
- the number of separate agreements entered into and expected to be entered into pursuant to the Tourism Services Framework Agreement.

As one/each of the applicable ratios under the Listing Rules in respect of the annual caps of the Tourism Services is expected to be more than 5%, the transactions under the Tourism Services Framework Agreement constitute continuing connected transactions of our Company which are subject to the written agreement, announcement, Shareholders’ approval, circular (including independent financial advice), annual reporting, terms of an agreement, annual caps, changes to cap or terms of agreement and annual review requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

(C) APPLICATION FOR WAIVER

The transactions described under the paragraph “—(B) Non-exempt Continuing Connected Transactions” in this section constitute our continuing connected transactions under the Listing Rules, which are subject to the written agreement, announcement, Shareholders’ approval, circular (including independent financial advice), annual reporting, terms of an agreement, annual caps, changes to cap or terms of agreement and annual review requirements under Chapter 14A of the Listing Rules.

As these non-exempt continuing connected transactions are and will continue to be entered into in the ordinary and usual course of business of our Group on a continuing and recurring basis and are expected to extend over a period of time, our Directors are of the view that compliance with the announcement requirement under Rule 14A.35 of the Listing Rules, the Shareholders’ approval requirement under Rule 14A.36 to Rule 14A.45 of the Listing Rules and the circular (including independent financial advice) requirement under Rule 14A.46 to 14A.48 of the Listing Rules would impose unnecessary administrative costs and burden to our Group and would at times be impracticable.

Accordingly, in accordance with Rules 14A.102 and 14A.105 of the Listing Rules, we have applied to the Stock Exchange, and the Stock Exchange has granted, a waiver from strict compliance with the announcement requirements under Rule 14A.35 of the Listing Rules and the Shareholders’ approval requirement under Rule 14A.36 to Rule 14A.45 of the Listing Rules from the Listing Date to December 31, 2021. The waiver is valid provided that the total amounts received by us under these non-exempt continuing connected transactions do not exceed their respective annual caps for the relevant periods set out above. After the expiry of this waiver on December 31, 2021, we will comply with the applicable provisions under Chapter 14A of the Listing Rules as amended from time to time or apply for a new waiver.

(D) VIEWS OF OUR DIRECTORS AND THE SOLE SPONSOR

Our Directors (including our independent non-executive Directors) and the Sole Sponsor consider that: (i) all the non-exempt continuing connected transactions described above have been and will be entered into in the ordinary and usual course of our business and on normal commercial terms or better; (ii) the terms of each of these non-exempt continuing connected transactions are fair, reasonable and in the interests of our Group and our Shareholders as a whole; and (iii) the annual caps for each of these non-exempt continuing connected transactions are fair and reasonable and in the interests of our Group and our Shareholders as a whole.

(E) ADDITIONAL OPINION OF OUR INDEPENDENT NON-EXECUTIVE DIRECTORS

Our independent non-executive Directors are of the opinion that: (1) the pricing mechanism and the terms under the each of the framework agreements described above and any transactions contemplated thereunder are clear and specific; (2) the proposed annual caps of the each of the non-exempt continuing connected transactions described above is reasonable taking into account historical transaction and management projections; (3) the methods and procedures established by us are sufficient to ensure that each of these non-exempt continuing connected transactions will be conducted on normal commercial terms and not prejudicial to the interests of our Company and our minority Shareholders; (4) appropriate internal control procedures are in place, and our internal audit will review these transactions; and (5) they are provided by the management of our Company with sufficient information for the discharge of their duties.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

The following table sets out information in respect of our Directors and senior management:

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities
Executive Directors					
Wang Jun (王俊)	39	Executive Director, chief executive office and chairman of our Board	June 12, 2018	October 16, 2018	Formulating and executing our business strategies, annual operational and financial plans
Cai Bin (蔡斌)	40	Executive Director and chief operating officer	December 1, 2015	October 28, 2019	Managing the daily business operations of our Group
Non-executive Directors					
Min Huidong (閔慧東)	56	Non-executive Director	October 28, 2019	October 28, 2019	Reviewing and supporting our overall corporate and business development and strategic planning of our Group
Wu Lam Li (李琳)	63	Non-executive Director	September 20, 2016	October 28, 2019	Reviewing and supporting our overall corporate and business development and strategic planning of our Group
Independent Non-executive Directors					
Leong Chong (梁翔)	54	Independent non-executive Director	April 29, 2020	April 29, 2020	Providing independent judgment on our strategies, policy, performance, accountability, resources, key appointments and standard of conduct
Luo Laura Ying (羅瑩)	55	Independent non-executive Director	April 29, 2020	April 29, 2020	Providing independent judgment on our strategies, policy, performance, accountability, resources, key appointments and standard of conduct
Xin Zhu (辛珠)	51	Independent non-executive Director	April 29, 2020	April 29, 2020	Providing independent judgment on our strategies, policy, performance, accountability, resources, key appointments and standard of conduct

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities
Senior management					
Ma Nan (馬楠)	32	Chief financial officer	August 2018	October 28, 2019	Overseeing the financial affairs of our Group
Zhang Hu (張虎) . . .	48	Vice president	October 2018	October 28, 2019	Managing our agricultural projects and tourism business
Zhang Shoukai (張守凱)	50	Vice president	August 2018	October 28, 2019	Managing the operations of our Jianye + (建業+) platform and network technology development
Zhang Penghua (張鵬華)	41	Vice president	June 2015	October 28, 2019	Managing the product portfolio, access and integration of internal and external service resources of our Jianye + (建業+) platform
Wang Weiqing (汪維清)	33	Vice president	September 2018	October 28, 2019	Developing and implementing innovative property management servicing systems and managing the property management business of our Group
Wang Changran (王常然)	42	General manager of human resources and administration department	October 2015	October 28, 2019	Managing our human resources and administration department
Fan Junping (樊俊平)	38	General manager of finance	October 2015	November 20, 2019	Overseeing financial affairs of Central China New Life
Zhang Lihui (張禮輝)	41	Deputy general manager of Central China Property Management	February 2001	October 28, 2019	Developing overall strategy and managing the daily business operations of Central China Property Management
Nie Yingfeng (聶迎鋒)	45	Assistant general manager of Central China Property Management and general manager of its Zhengzhou division	October 2006	October 28, 2019	Managing the operations of our property management business in Zhengzhou

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities
Wei Dingchuan (衛定川)	43	Assistant general manager of Central China Property Management and general manager of its Luoyang division	January 1999	October 28, 2019	Managing the operations of our property management business in Luoyang
Liu Hui (劉輝)	44	Assistant general manager of Central China Property Management and general manager of its Shangqiu division	January 1999	October 28, 2019	Managing the operations of our property management business in Shangqiu
Li Zhengyi (李正禕)	42	Assistant general manager of Central China Property Management and general manager of its Nanyang division	August 2004	October 28, 2019	Managing the operations of our property management business in Nanyang

Note: For the business address of the senior management, please refer to the address of the corporate headquarters in the section headed “Corporate Information” in this prospectus.

BOARD OF DIRECTORS

Our Board of Directors is the primary decision-making body of our Company, setting fundamental business strategies and policies for the management and operation of our business and monitoring their implementation. Our Board of Directors comprises seven Directors, consisting of two executive Directors, two non-executive Directors and three independent non-executive Directors. Our Directors are elected to serve terms of three years, which are renewable upon re-election and/or re-appointment.

Executive Directors

Mr. Wang Jun (王俊先生), aged 39, was appointed as our Director on October 16, 2018, appointed as our chairman of our Board and chief executive officer and redesignated as our executive Director of the Group on October 28, 2019. Mr. Wang is mainly responsible for formulating and executing our business strategies, annual operational and financial plans.

Mr. Wang joined our Group in June 2018. Since June 2018, Mr. Wang has been a director of Central China New Life and is mainly responsible for formulating and executing business strategies, annual operational and financial plans.

Prior to joining our Group, Mr Wang had more than 16 years of experience in the accounting and corporate finance fields. From August 2003 to June 2007, Mr. Wang served as an auditor and a

DIRECTORS AND SENIOR MANAGEMENT

senior auditor successively at PricewaterhouseCoopers. From June 2007 to April 2011, he served as the head of the investor relations department and senior manager of the finance department of Country Garden Holdings Company Limited (碧桂園控股有限公司) (a company listed on the Stock Exchange, stock code: 2007) successively. From May 2011 to June 2018, he worked in the investment banking division (real estate team) of Morgan Stanley Asia International Limited, with the last position held as an executive director.

Mr. Wang also holds directorship positions in two other listed companies. Mr. Wang was appointed as the executive director of CCRE on August 21, 2018. Mr. Wang was also appointed as a non-executive director of DIT Group Limited (築友智造科技集團有限公司) (a company listed on the Stock Exchange, stock code: 726) on September 17, 2019.

Mr. Wang obtained his bachelor's degree in English from Guangdong University of Foreign Studies (廣東外語外貿大學) in the PRC in June 2002 and his master's degree in business administration from Hong Kong University of Science and Technology in November 2011.

The Board has made appropriate enquires with a view to understanding Mr. Wang's work commitment and has considered Mr. Wang's concurrent service as an executive Director of our Company, an executive director of CCRE and a non-executive director of DIT Group Limited and is satisfied that Mr. Wang is able to devote sufficient time to perform his duties as an executive Director having regard to all relevant factors, including:

- (1) his involvement in DIT Group Limited as a non-executive director primarily requires him to provide and give strategic advice and planning when needed, rather than to allocate substantial time on the participation of the day-to-day management and operations of its businesses;
- (2) he has acquired extensive management experience and developed substantial knowledge on corporate governance through his directorship in such other listed companies (especially his executive directorship at CCRE). In particular, Mr. Wang has gained substantial experience in the real estate industry, including through his tenures at Morgan Stanley Asia International Limited, CCRE and our Group. Ultimately, such experiences are expected to facilitate the proper discharge of his duties and responsibilities as our executive Director;
- (3) when performing his roles of executive Director in our Company in formulating and executing business strategies, annual operational and financial plans, Mr. Wang is assisted by his team of staff in dealing with the day-to-day matters in various aspects;
- (4) he has attended all applicable board meetings of CCRE during their latest financial year (as disclosed in its latest published annual report) and all applicable board meetings of DIT Group Limited since his appointment in September 2019 (as confirmed by Mr. Wang); and
- (5) he has confirmed that: (a) none of the listed companies that he holds directorship with has questioned or complained about his time devoted to such listed companies; and (b) he will have sufficient time to devote to his duties as our executive Director notwithstanding such other concurrent directorships.

Mr. Cai Bin (蔡斌先生), aged 40, was appointed as our executive Director and chief operating officer of our Group on October 28, 2019. Mr. Cai is mainly responsible for managing the daily business operations of our Group.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Cai joined our Group in December 2015. He served as the chief operating officer of Central China Property Management from December 2015 to February 2017 and was mainly responsible for overseeing the operations of our property management business. He was vice president of Central China New Life from February 2017 to April 2018. Since April 2018, Mr. Cai has been serving as a director of Central China New Life. Mr. Cai is also a director of various subsidiaries of our Group.

Prior to joining our Group, from March 2003 to January 2015, Mr. Cai served in various positions in the CCRE Group including (i) the deputy general manager of CCRE China from March 2003 to January 2007; (ii) the general manager of the Pingdingshan division of CCRE China from June 2006 to January 2007; (iii) successively as the deputy general manager and general manager of the marketing department of CCRE China from January 2007 to February 2009; (iv) concurrently as the deputy general manager and the manager of the marketing department of Kaifeng Central China Real Estate Company Limited (開封建業地產有限公司) from August 2009 to February 2010; and (v) successively as the deputy general manager, the executive deputy general manager and the executive general manager of Henan Central China Commercial Properties Management Company Limited (河南建業商業地產經營管理有限公司) from March 2010 to January 2015. In his above positions, Mr. Cai was mainly responsible for the management, coordination and implementation of property marketing activities and commercial property development projects.

From January 2015 to December 2015, he served as the general manager of Songyun Network, the former shareholder of certain of our subsidiaries, i.e One Family Network, Songyun Beijing Information and Aiou Electronic. Mr. Cai was mainly responsible for overseeing the operations of the network technology development and consulting services business.

Mr. Cai was a director of Henan Central China Yinghe Creative Culture Co., Ltd. (河南建業英合創意文化有限公司), a company established in the PRC and was deregistered on April 19, 2019. Mr. Cai was also a director of Zhengzhou Jiutian Real Estate Consultant Co., Ltd. (鄭州九天地產顧問有限公司), a company established in the PRC on August 19, 2008 and was dissolved. Mr. Cai confirmed that each of the above companies was solvent prior to its deregistration and was deregistered as it had not commenced business since establishment or had ceased to conduct business. He further confirmed that, as of the Latest Practicable Date, no claims have been made against him and he was not aware of any threatened or potential claims made against him and there are no outstanding claims and/or liabilities as a result of the deregistration of each of the above companies.

Mr. Cai obtained his bachelor's degree in law from Zhengzhou University (鄭州大學) in the PRC in June 2006 and is currently enrolled as an Executive Masters of Business Administration degree candidate at the China Europe International Business School in the PRC.

Mr. Cai was awarded an expert certificate by the Zhengzhou Electronic Expert Committee (鄭州市電子商務專家委員會) in December 2016. He has been a member of the Henan E-commerce Specialist Consultation Committee (河南省電子商務專業諮詢委員會) since August 2018 and has been recognized as a leader in e-commerce by the Zhengzhou Municipal Bureau of Commerce (鄭州市商務局) since September 2018.

Non-executive Directors

Ms. Min Huidong (閔慧東女士) (alias: Min Min (閔閔)), aged 56, was appointed as our non-executive Director of our Group on October 28, 2019. Ms. Min is mainly responsible for

DIRECTORS AND SENIOR MANAGEMENT

reviewing and supporting our overall corporate and business development and strategic planning of our Group.

Prior to joining our Group, from April 1997 to October 2012, Ms. Min served in various positions in the subsidiaries and associate companies of CCRE Group including (i) a manager of the management and human resources department of CCRE China from April 1997 to December 1998; (ii) the general manager of Henan Central China Education Development Company Limited (河南建業教育產業有限公司) from January 1999 to December 2003, during which she was mainly responsible for the management and operation of various kindergartens, primary and secondary schools; (iii) concurrently as the general manager of the business development department of CCRE China and editor in chief of CCRE's monthly magazine from October 2002 to December 2003; (iv) the assistant president of CCRE China from December 2003 to October 2004; (v) the vice president and general manager of Yuxi division of CCRE China from January 2004 to May 2006; (vi) the executive president of CCRE China from June 2006 to February 2009; (vii) concurrently as the deputy president of CCRE China and the general manager of Zhengbian division of CCRE China from August 2009 to January 2010; (viii) concurrently as the vice president of CCRE China and general manager of Henan Central China Commercial Real Estate Management Co., Ltd. (河南建業商業地產經營管理有限公司), a subsidiary of CCRE China, from April 2010 to March 2011; (ix) concurrently as the vice president of CCRE China and director of the Committee for CCRE 20th Anniversary Affairs from June 2011 to October 2012; and (x) concurrently as the vice president of CCRE China and the general manager of Henan Central China Cultural Tourism Real Estate Development Co., Ltd. (河南建業文化旅遊地產發展有限公司), a subsidiary of CCRE China, since August 2012. Ms. Min is also (xi) an executive director, legal representative and general manager of Nanyang Central China Tourism Development Co., Ltd. (南陽建業旅遊開發有限公司), a subsidiary of CCRE China since July 2017; (xii) an executive director and legal representative of Luoyang Central China Cultural Tourism Industry Co., Ltd. (洛陽建業文化旅遊產業有限公司), a subsidiary of CCRE China since May 2015; and (xiii) a director, legal representative and general manager of Henan Central China Huayi Brothers Cultural Tourism Industry Co., Ltd. (河南建業華誼兄弟文化旅遊產業有限公司), a subsidiary of CCRE China, and general manager of its Zhengzhou division since September 2015.

Ms. Min obtained her bachelor's degree in education from Hebei University of Engineering (河北工程大學) (formerly known as Hebei Charcoal Engineering School (河北煤炭建築工程學院)) in the PRC in July 1992 and her EMBA degree from the China Europe International Business School in the PRC in June 2006.

Ms. Wu Lam Li (李琳) (former name: Li Lin (李琳)), aged 63, was appointed as our non-executive Director of our Group on October 28, 2019. Since she joined our Group as a director in September 2016, Ms. Wu has been mainly responsible for reviewing and supporting our overall corporate and business development and strategic planning of our Group. Ms. Wu is the spouse of Mr. Wu, one of our Controlling Shareholders. Ms. Wu is also a director of various subsidiaries of our Group.

Ms. Wu has also been serving in various positions in the CCRE Group, including (i) legal representative and general manager of Henan Central China Zhizun Hotel Investment Company Limited (河南建業至尊酒店管理有限公司), a subsidiary of CCRE China, since June 2010; (ii) the vice president of CCRE China since April 2017; and (iii) a director of Kaifeng Central China Dahong Xibei Hotel Management Co., Ltd. (開封建業大宏西北湖酒店管理有限公司), a subsidiary of CCRE China.

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Ms. Wu obtained her bachelor's degree in radio autocontrol from Zhengzhou University (鄭州大學) in the PRC in November 1979.

Independent Non-Executive Directors

Mr. Leong Chong (梁翔先生), aged 54, was appointed as our independent non-executive Director of our Group on April 29, 2020. Mr. Leong is primarily responsible for providing independent judgment on our strategies, policy, performance, accountability, resources, key appointments and standard of conduct.

Prior to joining our Group, Mr. Leong had over 20 years of experience in the finance field. From July 1997 to June 2000, he worked as an analyst in the equity research division of Morgan Stanley Dean Witter. From June 2000 to October 2001, he was a director of the equity research department of Credit Suisse First Boston (Hong Kong) Limited. From June 2002 to September 2015, he worked in Morgan Stanley Asia Limited with the last position held as the managing director of the investment banking division. From December 2016 to March 2019, he was the deputy general manager of S.F. Holding Co., Ltd. (順豐控股股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002352). Mr. Leong has been appointed as an independent non-executive director of JY Grandmark Holdings Limited (景業名邦集團控股有限公司) (a company listed on the Stock Exchange, stock code: 2231) since November 2019.

Mr. Leong was a director of Gateway Capital Group Limited (國匯融資集團有限公司), a company incorporated in Hong Kong and was dissolved on August 9, 2002. Mr. Leong confirmed that the above company was solvent prior to its deregistration and was deregistered as it had not commenced business since establishment or had ceased to conduct business. He further confirmed that, as of the Latest Practicable Date, no claims have been made against him and he was not aware of any threatened or potential claims made against him and there are no outstanding claims and/or liabilities as a result of the deregistration of the above company.

Mr. Leong obtained his bachelor's degree in computer science from the University of California, Berkeley in the U.S. in December 1990.

Ms. Luo Laura Ying (羅瑩女士), aged 55, was appointed as our independent non-executive Director of our Group on April 29, 2020. Ms Luo is primarily responsible for providing independent judgment on our strategies, policy, performance, accountability, resources, key appointments and standard of conduct.

Prior to joining our Group, Ms. Luo had over 20 years of experience in the investment field. From 1995 to 1999, Ms. Luo worked in various well-known investment banks including Goldman Sachs (Asia) L.L.C. and Morgan Stanley Dean Witter. From November 1999 to July 2001, she was the head of China research of the research department of SG Securities (HK) Limited. From July 2001 to July 2013, Ms. Luo worked in Schroders Investment Management (Hong Kong) Limited, with the last position held as an equity fund manager. From September 2013 to September 2019, she worked in Barings Asset Management (Asia) Limited, with the last position held as the managing director. Ms. Luo has been a consultant of GL Capital Management Limited since December 2019. She has also been an independent non-executive director of China Medical System Holdings Limited (康哲藥業控股有限公司) (a company listed on the Stock Exchange, stock code: 867) since March 2020.

Ms. Luo was a director of eShine Technology Limited (楠熹科技有限公司), a company established in Hong Kong and was dissolved on August 17, 2018. Ms. Luo confirmed that the above

DIRECTORS AND SENIOR MANAGEMENT

company was solvent prior to its deregistration and was deregistered as it had not commenced business since establishment or had ceased to conduct business. She further confirmed that, as of the Latest Practicable Date, no claims have been made against her and she was not aware of any threatened or potential claims made against her and there are no outstanding claims and/or liabilities as a result of the deregistration of the above company.

Ms. Luo obtained her bachelor's degree in international economics from Peking University (北京大學) in the PRC in July 1987 and her master's degree in business administration from the University of Toronto in Canada in June 1991. Ms. Luo has been as a chartered financial analyst by the Chartered Financial Analyst Institute since September 1999 and a chartered professional accountant by the Chartered Professional Accountants of British Columbia since June 1995.

Ms. Xin Zhu (辛珠女士), aged 51, was appointed as our independent non-executive Director of our Group on April 29, 2020. Ms. Xin is primarily responsible for providing independent judgment on our strategies, policy, performance, accountability, resources, key appointments and standard of conduct.

Prior to joining our Group, Ms. Xin had over 25 years of experience in the accounting industry as well as executive management in public companies. From 1990 to 2008, Ms. Xin worked in various accounting firms and finance corporations, including Shenzhen Shekou Chinese Accountancy where she served as an accountant, and Shenzhen Brewery Limited where she served as the chief financial officer. Since February 2006 and up to present, Ms. Xin has been serving in various companies listed on the Stock Exchange, including listed companies engaging in the business of property development in the PRC. From February 2006 to June 2008, she worked in Hopson Development Holdings Limited (合生創展集團有限公司) (a company listed on the Stock Exchange, stock code: 00754), with the last position held as the vice president. From July 2008 to June 2014, she worked in China Aoyuan Group Limited (中國奧園集團股份有限公司) (a company listed on the Stock Exchange, stock code: 3883), with the last concurrent positions held as the executive director and executive vice president. From July 2014 to September 2016, she served successively as (i) the chief financial officer of Logan Property Holdings Company Limited (龍光地產控股有限公司) (a company listed on the Stock Exchange, stock code: 3380) and (ii) the executive vice president of Guangzhou Yihe Real Estate Group Limited (廣州頤和地產集團). Since June 2018, she has also been an independent non-executive director of CanSino Biologics Inc. (康希諾生物股份公司) (a company listed on the Stock Exchange, stock code: 6185), a company engaging in the development, manufacturing and sales of vaccines.

Ms. Xin obtained her bachelor's degree in accounting from Renmin University of China (中國人民大學) in the PRC in July 1990 and her master's degree in business administration from Auckland Institute of Studies in New Zealand in December 1999. Ms. Xin has been a certified public accountant of the PRC since February 1996 and a member of the CPA Australia since January 2010.

General

Save as disclosed above, none of our Directors:

- (i) had any other relationship with any Directors, senior management or substantial Shareholders or Controlling Shareholders of our Company as at the Latest Practicable Date; and

DIRECTORS AND SENIOR MANAGEMENT

- (ii) has 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.

Except for such interests disclosed in the paragraphs headed “Appendix IV—Statutory and General Information—C. Further Information about our Directors and Substantial Shareholders—3. Interests and short position of our Directors and the chief executive in the shares, underlying shares or debentures of our Company and the associated corporations” in this prospectus, none of our Directors has any interest in the Shares within the meaning of Part XV of the SFO or is a director or an employee of a company which has an interest or short position in the Shares and underlying Shares of our Company. Each of our Directors has confirmed that none of them or their respective close associates is engaged in, or interested in any business (other than our Group) which, directly or indirectly, competes or may compete with our business or has or may have any conflict of interests with our Group.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors after having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) and paragraph 41 of Appendix 1A to the Listing Rules as at the Latest Practicable Date.

ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER PERFORMED BY THE SAME INDIVIDUAL

Pursuant to Code Provision A.2.1 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Wang Jun is currently the chairman of our Board and our chief executive officer, responsible for formulating and executing our business strategies, annual operational and financial plans. Our Board believes that vesting the roles of both chairman and chief executive officer in Mr. Wang Jun has the benefit of ensuring consistency and continuous leadership within our Group and also maximizes the effectiveness and efficiency of overall planning and execution of our strategies. Our Board considers that the balance of power and authority, accountability and independent decision-making under our present arrangement will not be impaired in light of the diverse background and experience of our three independent non-executive Directors. Further, our Audit Committee comprises exclusively of independent non-executive Directors has free and direct access to our Company’s external auditors and independent professional advisers when it considers necessary. Therefore, our Directors consider that the deviation from Code Provision A.2.1 of the Corporate Governance Code is appropriate in such circumstance. Except for the deviation from the said Corporate Governance Code Provision A.2.1, our corporate governance practices have complied with the Corporate Governance Code.

SENIOR MANAGEMENT

The members of our senior management team are responsible for the management of our daily business operations.

Mr. Ma Nan (馬楠先生), aged 32, was appointed as our chief financial officer of our Group on October 28, 2019. Mr. Ma is mainly responsible for overseeing the financial affairs of our Group.

Mr. Ma joined our Group on August 6, 2018 as a chief financial officer.

DIRECTORS AND SENIOR MANAGEMENT

Prior to joining our Group, Mr. Ma had over eight years of experience in the operations and finance industries. From July 2010 to November 2013, Mr. Ma served successively as an analyst and assistant manager of the CIB finance division of BNP Paribas. From December 2013 to August 2014, he was the founder, president and chief financial officer of Nou Kong Holdings Limited (怒江控股有限公司), a company engaging in the provision of technology, manufacturing and global trading services, and was mainly responsible for the management of the overall operations and financial affairs. From August 2016 to August 2018, he was an associate of the investment banking department of Morgan Stanley Asia Limited.

Mr. Ma obtained his bachelor's degree in accounting from Chinese University of Hong Kong in December 2010 and his master's degree in business administration from New York University in the U.S. in September 2016.

Mr. Zhang Hu (張虎先生), aged 48, was appointed as our vice president of our Group on October 28, 2019. Mr. Zhang is mainly responsible for managing our agricultural projects and tourism business. Mr. Zhang is also a director of various subsidiaries of our Group.

Mr. Zhang joined our Group on October 17, 2018 when he was appointed as our vice president.

Prior to joining our Group, Mr. Zhang had over 20 years of experience in property management and agricultural project management. From October 1996 to October 2007, Mr. Zhang was an office manager of Zhengzhou Future Group Company Limited (鄭州未來集團有限公司), a company specializing in property development and the production and sale of agricultural and other commodities, and was mainly responsible for assisting the general manager in various management responsibilities and office administration. From October 2007 to October 2018, Mr. Zhang served in various positions in the CCRE Group including (i) concurrently as an assistant to the general manager and manager of the property development department of Henan St. Andrews Property Company Limited (河南聖安德魯斯置業有限公司) from October 2007 to July 2012; (ii) the general manager of Yanling Central China Green Base Construction Company Limited (鄆陵建業綠色基地建設有限公司) from July 2012 to August 2016; and (iii) the general manager of Henan Central China Modern Agricultural Investment Company Limited (河南建業現代農業投資有限公司) from August 2016 to October 2018. During his service in the CCRE Group, Mr. Zhang was mainly responsible for managing the operations of the CCRE Group's property development and agricultural projects.

Mr. Zhang graduated from the Commander School of the PRC People's Liberation Army in Nanjing (中國解放軍南京陸軍指揮學院) *(Note)* with a major in law in December 2008.

Mr. Zhang Shoukai (張守凱先生), aged 50, was appointed as our vice president of our Group on October 28, 2019. Mr. Zhang is mainly responsible for managing the operations of our Jianye + (建業+) platform and network technology development. Mr. Zhang is also a director of various subsidiaries of our Group.

Mr. Zhang joined our Group on August 16, 2018 when he was appointed as our vice president.

Prior to joining our Group, Mr. Zhang had over 15 years of experience in the technology industry. From December 2002 to December 2003, he worked in Guiyang Langma Information Technology Company Limited (貴陽朗瑪信息技術股份有限公司), a company engaging in the provision

Note: The Commander School of the PRC People's Liberation Army in Nanjing is accredited by the Central Military Commission of the PRC.

DIRECTORS AND SENIOR MANAGEMENT

of internet services. From July 2004 to July 2009, Mr. Zhang was a unified communications manager of Sina.com Technology (China) Company Limited (新浪網技術(中國)有限公司), and was mainly responsible for managing the overall business operations of the unified communications department. From June 2009 to January 2013, he worked successively as the game development director, senior researcher and general manager of interactive products in Shengle Information Technology (Shanghai) Company Limited (盛樂信息技術(上海)有限公司), a company engaging in computer hardware and development, design, production and sales of computer software. In his above positions, he was mainly responsible for the development of products utilizing interactive technologies. From January 2013 to May 2013, Mr. Zhang was the director of the Cheetah browser department of Beijing Cheetah Mobile Technology Co., Ltd. (北京獵豹移動科技有限公司) (formerly known as Shell Internet (Beijing) Security Technology Co., Ltd. (貝殼網際(北京)安全技術有限公司)). From November 2013 to September 2015, he was an operations expert in Digital China Rongxin Software Co., Ltd. (神州數碼融信軟件有限公司), a company specializing in providing integrated financial IT services, and was mainly responsible for the planning and development of urban smart products. From August 2014 to September 2015, he served as the director of operations of Digital China Financial Service Holding Limited, and was mainly responsible for the overall development and operation of urban smart solutions. From August 2015 to December 2015, he was the chief operating officer and a partner of Qingdao Kukong Network Technology Company Limited (青島酷控網絡科技有限公司), a company specializing in the development of e-products, and was mainly responsible for managing its overall business operations. From December 2015 to August 2018, he was the chief operating officer of Songyun Network, the former shareholder of certain of our subsidiaries, i.e, One Family Network, Songyun Beijing Information and Aiou Electronic, and was mainly responsible for overseeing the operation of the network technology development and consulting services business with a particular focus on our Jianye + (建業+) mobile app, an application dedicated to the provision of consumer goods and services.

Mr. Zhang obtained his bachelor's degree in electrical engineering from Huaihai Institute of Technology (淮海工學院) (currently known as Jiangsu Ocean University (江蘇海洋大學)) in the PRC in July 1992 and his master's degree in business administration from Guangxi University (廣西大學) in the PRC in June 2011.

Mr. Zhang Penghua (張鵬華先生), aged 41, was appointed as our vice president of our Group on October 28, 2019. Mr. Zhang is mainly responsible for managing the product portfolio, access and integration of internal and external service resources of our Jianye + (建業+) platform. Mr. Zhang is also a director of a subsidiary of our Group.

Mr. Zhang joined our Group in June 2015 and has over 12 years of experience in the technological consultation field. From June 2015 to February 2017, Mr. Zhang served as the operations director of Central China Property Management, and was mainly responsible for assisting the chief operating officer in the management of smart properties. From March 2017 to August 2019, he was the general manager of operation management department of Central China New Life, and was mainly responsible for overseeing the operations of Central China New Life and its subsidiaries. Mr. Zhang was appointed as our vice president on August 9, 2019.

From August 2006 to April 2014, Mr. Zhang was the consulting director of Digital China Information Service Co., Ltd. (神州數碼信息系統有限公司), a subsidiary of Digital China Group Co., Ltd (神州數碼集團股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000034). From December 2014 to May 2015, Mr. Zhang was the general manager of Beijing Shenzhou

DIRECTORS AND SENIOR MANAGEMENT

Qingyun Information Technology Co., Ltd. (北京神州青雲信息技術有限公司), and was mainly responsible for formulating operational goals, overall management of operations and decision making on major issues.

Mr. Zhang obtained his bachelor's degree in computer science from Shanxi Normal University (山西師範大學) in the PRC in June 1999. He obtained his master's degree in software engineering from Jilin University (吉林大學) in the PRC in December 2012.

Mr. Wang Weiqing (汪維清先生), aged 33, was appointed as our vice president of our Group on October 28, 2019. Mr. Wang is mainly responsible for developing and implementing innovative property management servicing systems and managing the property management business of our Group.

Mr. Wang joined our Group on September 10, 2018 when he was appointed as our vice president.

Prior to joining our Group, Mr. Wang had 10 years of experience in the property management industry. From April 2009 to July 2013, Mr. Wang served successively as the department head, property management officer and deputy regional general manager of Jinbi Property Co., Ltd. (金碧物業有限公司), a subsidiary of China Evergrande Group (中國恆大集團) (a company listed on the Stock Exchange, stock code: 3333). From July 2013 to October 2016, he worked in Guangdong Country Garden Property Services Co., Ltd. (廣東碧桂園物業服務股份有限公司), a subsidiary of Country Garden Services Holdings Company Limited (碧桂園服務控股有限公司) (a company listed on the Stock Exchange, stock code: 6098), with the last position held as the district general manager, and was mainly responsible for managing the operations of property management business in the Guangdong and Guangxi regions. From October 2016 to September 2018, he served successively as the group operations director and the regional general manager of Longfor Property Management Group Company Limited (龍湖物業服務集團有限公司) (a company listed on the Stock Exchange, stock code: 0960), and was mainly responsible for managing the operations of property management in the central China region.

Mr. Wang obtained his bachelor's degree in bioengineering from Wuhan University of Science and Technology (武漢科技大學) in the PRC in June 2009. He obtained his master's degree in tourism management from Guangxi University (廣西大學) in the PRC in June 2016 and his master's degree in public administration from Huazhong University of Science and Technology (華中科技大學) in the PRC in December 2017. Mr. Wang is currently enrolled in a doctorate program in agricultural economic management in Huanan Agricultural University (華南農業大學) in the PRC.

Mr. Wang was recognized as one of the "Top 10 Excellent Entrepreneurs of Zhaoqing City of 2014-2015" (2014-2015年度肇慶市十大優秀企業家) by Zhaoqing Enterprises Association (肇慶市企業聯合會) and Zhaoqing Entrepreneurs Association (肇慶市企業家協會) in December 2015, and as a "2017 Advanced Individual of Property Management in Hunan Province" (2017年度湖南省物業管理先進個人) by the Hunan Real Estate Industrial Association (湖南省房地產業協會) in February 2018.

Mr. Wang Changran (王常然先生), aged 42, was appointed as the general manager of our human resources and administration department of our Group on October 28, 2019. Mr. Wang is mainly responsible for managing our human resources and administration department.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang joined our Group in October 2015. From October 2015 to May 2016, Mr. Wang served as the deputy general manager of the human resources department of Central China Property Management. Mr. Wang was appointed to his current position on May 4, 2016.

Prior to joining our Group, Mr. Wang had over 10 years of experience in public administration in Zhengzhou. From July 2000 to March 2002, Mr. Wang worked as a tourist guide and operator in Henan China Travel Service Group Co., Ltd (河南省中國旅行社集團有限公司), and was mainly responsible for providing travel service. Mr. Wang served various roles in the Zhengdong New District Management Committee (鄭東新區管委會) from April 2002 to April 2015, including deputy office manager, deputy minister of the economic development bureau and manager of the office for property and economy. In his above positions, he was mainly responsible for formulating industry access policies, regulating small to medium enterprises and managing real estate economy within the Zhengdong new district.

Mr. Wang has also served in the CCRE Group prior to joining our Group. From April 2015 to October 2015, Mr. Wang served successively as (i) the deputy general manager of the development and operation division; and (ii) the assistant general manager of the Zhengzhou division of CCRE China, a subsidiary of CCRE Group, and was mainly responsible for management of project development projects and managing government relations.

Mr. Wang obtained his bachelor's degree in English from Zhengzhou University of Technology (鄭州工業大學) (now known as Zhengzhou University (鄭州大學)) in the PRC in July 2000.

Ms. Fan Junping (樊俊平女士), aged 38, was appointed as the general manager of finance of our Group on November 20, 2019 and is mainly responsible for overseeing the financial affairs of Central China New Life. Ms. Fan is a director and the supervisor of various subsidiaries of our Group.

Ms. Fan joined our Group in October 2015 and has over 12 years of experience in the accounting and finance fields. She worked as the deputy manager of finance of Central China Property Management from October 2015 to August 2016, and was mainly responsible for overseeing its financial affairs. From August 2016 to July 2017, she was the manager of finance of Central China New Life, and was mainly responsible for audit, taxation, capital raising and budgeting matters. From July 2017 to August 2018, she was assigned the same responsibilities when she served as the assistant general manager of finance of Central China New Life. Ms. Fan was appointed as the deputy general manager of finance of our Group in August 2018 and was promoted to her current position in November 2019.

From July 2006 to July 2010, Ms. Fan served as an accounting officer and then an accountant of CCRE China, a subsidiary of CCRE Group, and was responsible for auditing, budgeting and taxation work. From July 2010 to October 2015, she served successively as an accountant, a finance manager and an owner finance manager of Henan Central China Premier Hotel Management Co., Ltd. (河南建業至尊酒店管理有限公司), a subsidiary of CCRE Group, and was mainly responsible for overseeing its financial affairs.

Ms. Fan obtained her bachelor's degree in accounting from Zhengzhou University (鄭州大學) in the PRC in July 2006 and her master's degree in business administration from the Northwestern Polytechnic University (西北工業大學) in the PRC in March 2013. Ms. Fan obtained the certificate of accounting profession issued by Henan Province Finance Department (河南省財政廳) in October 2004.

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Mr. Zhang Lihui (張禮輝先生), aged 41, was appointed as the deputy general manager of Central China Property Management of our Group on October 28, 2019 and is mainly responsible for developing overall strategy and managing the daily business operations of Central China Property Management. Mr. Zhang is also a director of various subsidiaries of our Group.

Mr. Zhang joined our Group in February 2001 as a property management specialist in Central China Property Management until March 2005, and was mainly responsible for business operations and management of project records. From March 2005 to July 2009, Mr. Zhang was the manager of the property management department of Central China Property Management, and was mainly responsible for managing the department's overall business operations. From July 2009 to May 2012, Mr. Zhang served concurrently as the manager of the property management department and the assistant general manager of Central China Property Management, and was mainly responsible for assisting the general manager in handling various responsibilities and managing the property management department. Since May 2012, Mr. Zhang has been the deputy general manager of Central China Property Management, and is mainly responsible for developing the overall strategy and managing the daily business operations of Central China Property Management.

Mr. Zhang was a supervisor of Henan Central China Leisure Entertainment Co., Ltd. (河南建業休閒娛樂有限公司), a company established in the PRC and was dissolved. Mr. Zhang confirmed that the above company was solvent prior to its deregistration and was deregistered as it had not commenced business since establishment or had ceased to conduct business. He further confirmed that, as of the Latest Practicable Date, no claims have been made against him and he was not aware of any threatened or potential claims made against him and there are no outstanding claims and/or liabilities as a result of the deregistration of the above company.

Mr. Zhang obtained his bachelor's degree in civil engineering from Central South University (中南大學) in the PRC in July 2008 through distance learning.

In July 2011, Mr. Zhang obtained his qualification as a "Certified Property Manager" from MOHURD. Mr. Zhang is currently the vice president of Henan Property Management Association (河南省物業管理協會) and the vice president of Zhengzhou Property Management Association (鄭州市物業管理協會). In December 2018, he was recognized as one of the "Top 10 CEOs of China in Property Management of 2018" (2018中國十大物業年度CEO) by Leju Finance (樂居財經), Sina Finance (新浪財經), China Entrepreneur (中國企業家), Fangchan.com (中房網) and E-House China (易居中國).

Ms. Nie Yingfeng (聶迎鋒女士), aged 45, was appointed as an assistant general manager of Central China Property Management and the general manager of its Zhengzhou division on October 28, 2019 and is mainly responsible for managing the operations of our property management services provided to more than 30 residential communities in Zhengzhou. Ms. Nie is also a director of a subsidiary of our Group.

Ms. Nie joined our Group in October 2006 and has over 13 years of experience in the property management industry. She was the general manager of the Jiyuan division of Central China Property Management from October 2006 to December 2014, and was mainly responsible for overseeing its business operations in relation to achievement of performance targets. From January 2015 to August 2015, she was the district customer service manager of the Xinxiang division of CCRE, and was mainly responsible for handling customer needs in relation to administrative matters such as obtaining title documents and coordinating property handovers to purchasers. Ms. Nie was appointed to her current position on August 27, 2015.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Nie obtained her bachelor's degree in economics and management from the Staff University of Zhengzhou (鄭州市職工大學) in the PRC in July 2000. In April 2012, Ms. Nie obtained her qualification as a "Certified Property Manager" from MOHURD. Ms. Nie obtained an assistant engineer certificate certified by the Jiyuan People's Government (濟源市人民政府) in April 2015.

Mr. Wei Dingchuan (衛定川先生), aged 43, was appointed as the assistant general manager of Central China Property Management and general manager of its Luoyang division on October 28, 2019 and is mainly responsible for managing the operations of our property management business in Luoyang.

Mr. Wei joined our Group in January 1999 and has over 20 years of experience in the property management industry. From January 1999 to August 2004, Mr. Wei served in the Zhengzhou division of Central China Property Management successively in the positions of security captain, administrator, deputy director, and was mainly responsible for management of overall business operations and achievement of performance targets. From September 2004 to April 2014, Mr. Wei served as the manager of the Sanmenxia, Jiyuan, Jiaozuo and Xinxiang divisions of Central China Property Management, and was mainly responsible for management of overall business operations and achievement of performance targets. From May 2014 to February 2017, Mr. Wei served successively as the manager of Longcheng property service center, the deputy manager and the manager of Luoyang division of Central China Property Management, and was mainly responsible for the business operations and achievement of performance targets. Mr. Wei was promoted to his current position on February 27, 2017.

Mr. Wei obtained his bachelor's degree in property management from Henan Institute of Science and Technology (河南科技學院) in the PRC in July 2013 through distance learning. Mr. Wei has been a certified national property management corporate manager by MOHURD since May 2004.

Mr. Liu Hui (劉輝先生), aged 44, was appointed as the assistant general manager of Central China Property Management and general manager of its Shangqiu division on October 28, 2019 and is mainly responsible for managing the operations of our property management business in Shangqiu.

Mr. Liu joined our Group in January 1999 and has over 20 years of experience in the property management industry. From January 1999 to August 2014, Mr. Liu served in various positions in different divisions of Central China Property Management, including (i) a deputy manager of Zhengzhou division from January 1999 to April 2005; (ii) the general manager of Xuchang division from May 2005 to February 2008 and (iii) the general manager of Zhumadian division from March 2008 to August 2014. In his above positions, Mr. Liu was mainly responsible for overseeing the business operations in relation to achievement of performance targets. From September 2014 to February 2018, Mr. Liu served concurrently as (i) the assistant general manager of Central China Property Management; (ii) the general manager of Zhizun Housing Agency; and (iii) the general manager of the commercial property management department of Central China Property Management. In his above positions, Mr. Liu was mainly responsible for overseeing the overall management and daily operations. Mr. Liu was appointed to his current position on February 4, 2018.

Mr. Liu obtained his diploma in security management from the Railway Police College (鐵道警察學院) (formerly known as the Zhengzhou Railway Police Management Bureau School (鄭州鐵路公安管理幹部學院)) in the PRC in July 1997. Mr. Liu was certified by MOHURD as having completed training as a property manager in October 2002.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Li Zhengyi (李正禕先生), aged 42, was appointed as an assistant general manager of Central China Property Management and the general manager of its Nanyang division on October 28, 2019, and is mainly responsible for managing our business operations in relation to high-end properties in Nanyang. Mr. Li is also a director of a subsidiary of our Group.

Mr. Li joined our Group in August 2004 and has over 15 years of experience in the property management industry. From August 2004 to February 2018, Mr. Li served in various positions successively in Central China Property Management and its various divisions and subsidiaries, including (i) manager assistant from January 2007 to April 2008; (ii) manager (Jiaozuo division) from April 2008 to March 2010; (iii) deputy manager (Xinxiang division) from March 2010 to February 2011; (iv) manager (Sanmenxia division) from March 2011 to August 2015; and (v) assistant general manager of the property management department (Yudong division) from September 2015 to August 2016. He has been the general manager of the Nanyang division of Central China Property Management since March 6, 2018 and is responsible for managing its business operations. In his above positions, he was mainly responsible for overseeing daily business operations.

Mr. Li obtained his diploma in property management from Henan University of Animal Husbandry and Economy (河南牧業經濟學院) in the PRC in July 2013 and is currently enrolled in the bachelor's degree program in business management in Henan University of Economics and Law (河南財經政法大學) in the PRC. Mr. Li was certified by MOHURD as a certified property manager in June 2014 and certified by China Urban Construction Training Centre as having completed training as a national property facilities and equipment manager in July 2017. He was appointed as a deputy researcher by the Zhengzhou Property Management Association (鄭州市物業管理協會) in August 2017. Mr. Li was also appointed by the Nanyang Property Management Association (南陽市物業管理協會) as a supervising member of the Public Security Professional Committee (公共秩序專業委員會) and as the vice president of the Nanyang Property Management Association in July 2018.

During the three years immediately preceding the date of this prospectus, each of our senior management has not been a director of a public company with securities listed on any securities market in Hong Kong or overseas.

COMPANY SECRETARY

Ms. To Yee Man (杜依雯女士), aged 36, was appointed as our company secretary on October 28, 2019. Ms. To satisfies the requirements for company secretaries under Rules 3.28 and 8.17 of the Listing Rules.

Ms. To has more than 10 years of experience in accounting and corporate-financing. From September 2006 to August 2013, Ms. To worked at Ernst & Young in Hong Kong, with the last position held as a manager of the assurance department. From March 2014 to January 2018, Ms. To was the company secretary and the deputy financial controller of China VAST Industrial Urban Development Company Limited (中國宏泰產業市鎮發展有限公司) (a company listed on the Stock Exchange, stock code: 6166). Ms. To joined our Group in April 2019 as financial controller.

Ms. To obtained her bachelor's degree in business administration in operations management and accounting from the Hong Kong University of Science and Technology in June 2006. She has been a fellow member of the Hong Kong Institute of Certified Public Accountants since January 2010.

DIRECTORS AND SENIOR MANAGEMENT

BOARD COMMITTEES

Our Company has established three committees under the Board pursuant to corporate governance practice requirements under the Listing Rules, namely the Audit Committee, Remuneration Committee and Nomination Committee.

Audit committee

We have established an audit committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of the Group, review and approve connected transactions and to advise the Board. The audit committee comprises three independent non-executive Directors, namely Mr. Leong Chong, Ms. Xin Zhu and Ms. Luo Laura Ying. Ms. Xin Zhu, being the chairman of the committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration committee

We have established a remuneration committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management. The remuneration committee comprises two independent non-executive Directors and one executive Director, namely Mr. Leong Chong, Ms. Luo Laura Ying and Mr. Wang Jun. Ms. Luo Laura Ying is the chairman of the committee.

Nomination committee

We have established a nomination committee in compliance with the Code on Corporate Governance set out in Appendix 14 to the Listing Rules. The primary duties of the nomination committee are to make recommendations to our Board regarding the appointment of Directors and Board succession. The nomination committee comprises one executive Director and two independent non-executive Directors, namely Mr. Wang Jun, Mr. Leong Chong, and Ms. Xin Zhu. Mr. Wang Jun is the chairman of the committee.

COMPENSATION OF DIRECTORS AND MANAGEMENT

For the years ended December 31, 2017, 2018 and 2019, the aggregate amount of emoluments, salaries, allowances, discretionary bonus, defined contribution retirement plans and other benefits in kind (if applicable) paid by us to our Directors (in their role as senior management and employee before their appointment as Directors) were approximately RMB1.7 million, RMB2.4 million and RMB4.8 million. For remuneration details of all directors during the Track Record Period, please refer to Note 35 to the Accountant's Report as set out in Appendix I to this prospectus.

For the years ended December 31, 2017, 2018 and 2019, the aggregate remuneration (including wages, salaries, bonuses, pension costs, housing funds, medical insurance and other social insurances) paid to the five highest paid individuals of our Company were approximately RMB4.1 million, RMB5.5 million and RMB15.0 million, respectively.

DIRECTORS AND SENIOR MANAGEMENT

During the Track Record Period, no remuneration was paid by us nor receivable by the Directors or the five highest remuneration individuals as incentives for joining or as rewards upon joining our Company. During the Track Record Period, no remuneration was paid by us nor receivable by the Directors, past directors or the five highest remuneration individuals as compensation for leaving positions relating to management affairs in any subsidiary of the Company.

Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus and share-based expenses, of our Directors for the year ended December 31, 2020 to be approximately RMB5.1 million.

To incentivize our Directors, senior management and employees, we have conditionally adopted the Pre-IPO Share Option Scheme on April 29, 2020. Please see “Appendix IV—Statutory and General Information—D. Pre-IPO Share Option Scheme” for further details.

Save as disclosed above, during the Track Record Period, no other amounts have been paid or payable by us or any of our subsidiaries to the Directors or the five highest remuneration individuals.

Save as disclosed above, no Director is entitled to receive other special benefits from the Company.

COMPLIANCE ADVISER

We have appointed Ballas Capital Limited as our compliance adviser (the “**Compliance Adviser**”) pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Adviser will advise our Company in certain circumstances including:

- (a) before the publication of any regulatory announcement, circular, or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this prospectus; and
- (d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of our Compliance Adviser shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

BOARD DIVERSITY

Our Board has adopted a board diversity policy in accordance with Rule 13.92 of the Listing Rules. With a view to achieving sustainable and balanced development, we are committed to increasing diversity in our Board in order to bring in innovation, fresh and broad business perspectives and enhance the decision-making process of our Board. Our Board is of the view that having diversity will help our Company better understand and meet the needs of the customers and maintain our competitive advantages in the property management service industry.

DIRECTORS AND SENIOR MANAGEMENT

Selection of Director candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy and contribution that the selected candidates may bring to our Board, and candidates will be considered against objective criteria, having due regard to the benefits of diversity to our Board. Our Nomination Committee will monitor the implementation of our Board diversity policy on an ongoing basis. It shall report annually, in our corporate governance report, on our Board's composition under diversified perspectives together with a summary of our Board diversity policy, the measurable objectives for implementing this policy and the progress of achieving our objectives to achieve Board diversity.

In compliance with our Board's diversity policy, our Board currently comprises members from diverse gender, age, cultural and educational background. Mr. Wang Jun has experience in accounting, corporate finance and the property sectors. Mr. Cai Bin possesses in-depth knowledge and experience in the market in which the Group operates in through his experience in the CCRE Group. Each of our independent non-executive Directors has expertise in their distinctive industries, including accounting, finance and investment fields.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, each of the following persons will, immediately upon completion of the Capitalization Issue and the Global Offering (assuming the Over-Allotment Option is not exercised and without taking into account the Shares to be issued upon exercise of the Pre-IPO Share Options or the Post-IPO Share Options), 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, are 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 or our subsidiaries:

(a) Interest in our Company

Name of Shareholder	Nature of Interest	Shares held as at the Latest Practicable Date		Shares held immediately upon completion of the Capitalization Issue and the Global Offering	
		Number	Approximate Percentage	Number	Approximate Percentage
Enjoy Start ⁽¹⁾	Beneficial owner	36,100,000	94.16%	847,439,944	70.62%
Mr. Wu ^(1,2)	Interest in a controlled corporation	36,100,000	94.16%	847,439,944	70.62%
Ms. Wu Lam Li ^(1,2)	Interest of a spouse	36,100,000	94.16%	847,439,944	70.62%
Hillhouse Capital Advisors, Ltd. ⁽³⁾	Interest in a controlled corporation	—	—	115,336,000	9.61%

Notes:

- Enjoy Start is wholly-owned by Mr. Wu. Therefore, Enjoy Start is a controlled corporation of Mr. Wu and Mr. Wu is deemed to be interested in the same number of Shares that Enjoy Start is interested in under the SFO.
- Ms. Wu Lam Li is the spouse of Mr. Wu and is therefore deemed to be interested in the same number of Shares that Mr. Wu is interested in under the SFO.
- Hillhouse Capital Advisors, Ltd. (“**Hillhouse Capital**”) is the sole investment manager and the general partner of Gaoling Fund, L.P. and YHG Investment, L.P., respectively. Hillhouse Capital is deemed to be interested in the aggregate number of 115,336,000 Shares to be held by Gaoling Fund, L.P. and YHG Investment, L.P., each of which has agreed to subscribe for such number of the Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) at the Offer Price which may be purchased with an aggregate amount of US\$75 million. The number of Shares deemed to be interested in by Hillhouse Capital shown in the table above are calculated based on the Offer Price of HK\$5.04, being the low-end of the indicative Offer Price range after making a Downward Offer Price Adjustment of 10%. For details, see the section headed “Cornerstone Investors” in this prospectus.

SUBSTANTIAL SHAREHOLDERS

(b) Interest in our subsidiaries

Name of our subsidiary	Name of shareholder	Shares held as at the date of this prospectus		Shares held immediately upon completion of the Capitalization Issue and Global Offering	
		Number	Approximate percentage	Number	Approximate percentage
Central China Jiancheng	Zhoukou Jiancheng Property Service Co., Ltd.* (周口建城物業服務有限公司)	N/A	49%	N/A	49%
Central China Zhongan	Huaiyang Zhongan Property Management Co., Ltd.* (淮陽縣中安物業管理有限公司)	N/A	49%	N/A	49%
Luohe Central China	Ms. Guo Ailing (郭愛玲女士)	N/A	49%	N/A	49%
Central China Jingyuecheng	Shanghai Yiyuejia Business Management Group Co., Ltd.* (上海怡悅嘉商業管理集團有限公司)	N/A	49%	N/A	49%
Central China Wansheng	Henan Jiankong Commercial Operational Management Co., Ltd.* (河南建控商業運營管理有限公司)	N/A	49%	N/A	49%
Linzhou Liuhe	Ms. Liu Yuzhen (劉玉珍女士)	N/A	29.4%	N/A	29.4%
	Mr. Guo Junjie (郭俊傑先生)	N/A	19.6%	N/A	19.6%
Luohe Jiancheng	Luohe City Huida Property Management Co., Ltd.* (漯河市惠達物業管理有限公司)	N/A	49%	N/A	49%
Luoyang Central China	Luoyang Shihua Huikang Property Management Co., Ltd.* (洛陽石化惠康物業管理公司)	N/A	49%	N/A	49%
Nanyang Central China	Henan Shuntai Property Management Co., Ltd.* (河南順泰物業管理有限公司)	N/A	49%	N/A	49%
Songyun Beijing Information	Henan Central China Football Club	N/A	20%	N/A	20%
Xinglang Real Estate	Henan Tiancheng Real Estate Sales Co., Ltd.* (河南天成不動產營銷有限公司)	N/A	49%	N/A	49%

SUBSTANTIAL SHAREHOLDERS

Name of our subsidiary	Name of shareholder	Shares held as at the date of this prospectus		Shares held immediately upon completion of the Capitalization Issue and Global Offering	
		Number	Approximate percentage	Number	Approximate percentage
Zhengzhou Jiaxiang . . .	Mr. Ma Zheng (馬征先生)	N/A	29%	N/A	29%
	Mr. Bai Jianhua (白建華先生)	N/A	20%	N/A	20%
Zhengzhou Shangtaohang	Chongqing Shangtau Property Consultancy Co., Ltd.* (重慶上韜房地產顧問有限公司)	N/A	49%	N/A	49%
Zhumadian Central China	Henan Lantian Real Estate Co., Ltd* (河南藍天置業有限公司)	N/A	40%	N/A	40%

Save as disclosed above, our Directors are not aware of any persons who will, immediately following completion of the Capitalization Issue and the Global Offering, have an interest or a 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, will be, 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 or our subsidiaries. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company or our subsidiaries.

SHARE CAPITAL

SHARE CAPITAL OF THE COMPANY

The authorised and issued share capital of our Company is as follows:

Authorised share capital as at the date of this prospectus:

	HK\$
5,000,000,000 Shares of HK\$0.01 each	50,000,000

Assuming the Over-allotment Option is not exercised, the issued share capital of our Company immediately upon completion of the Capitalization Issue and Global Offering will be as follows (without taking into account the Shares to be issued upon exercise of the Pre-IPO Share Options or the Post-IPO Share Options):

Shares issued or to be issued, fully paid or credited as fully paid:

38,339,000 Shares in issue as of the date of this prospectus	383,390
861,661,000 Shares to be issued pursuant to the Capitalization Issue	8,616,610
<u>300,000,000</u> Shares to be issued under the Global Offering	<u>3,000,000</u>
<u>1,200,000,000</u> Total	<u>12,000,000</u>

Assuming the Over-allotment Option is exercised in full, the issued share capital of our Company immediately upon completion of the Capitalization Issue and Global Offering will be as follows (without taking into account the Shares to be issued upon exercise of the Pre-IPO Share Options or the Post-IPO Share Options):

Shares issued or to be issued, fully paid or credited as fully paid:

38,339,000 Shares in issue as of the date of this prospectus	383,390
861,661,000 Shares to be issued pursuant to the Capitalization Issue	8,616,610
<u>345,000,000</u> Shares to be issued under the Global Offering	<u>3,450,000</u>
<u>1,245,000,000</u> Total	<u>12,450,000</u>

Assumptions:

The above table assumes that the Global Offering has become unconditional and the Shares are issued pursuant to the Global Offering and the Capitalization Issue. It takes no account of (a) any Shares which may be allotted and issued pursuant to the exercise of the Pre-IPO Share Options or the Post-IPO Share Options; or (b) which may be allotted and issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKING

The Offer Shares and all Shares shall rank pari passu with all existing Shares in issue on the date of the allotment and issue of such Shares, and in particular will be entitled to all dividends or other distributions declared, made or paid after the date of this prospectus except for the Capitalization Issue.

CAPITALIZATION ISSUE

Pursuant to the written resolutions of our Shareholders passed on April 29, 2020, conditional upon the share premium account of our Company being credited as a result of the issue of Offer Shares

SHARE CAPITAL

pursuant to the Global Offering, our Directors were authorised to allot and issue on the Listing Date a total of 861,661,000 Shares credited as fully-paid at par to the Shareholders whose names appear on the register of members of our Company at close of business on May 14, 2020 in proportion to their respective shareholdings by way of capitalization of the sum of HK\$8,616,610 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to the Capitalization Issue shall rank *pari passu* in all respects with the existing issued Shares.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1)(a) Listing Rules, at the time of the Listing and at all times thereafter, we must maintain the minimum prescribed percentage of at least 25% of our total issued share capital in the hands of the public (as defined in the Listing Rules).

SHARE OPTION SCHEMES

We have conditionally adopted the Pre-IPO Share Option Scheme pursuant to which we granted Pre-IPO Share Options as further described in “Appendix IV—Statutory and General Information—D. Pre-IPO Share Option Scheme”. We have also conditionally adopted the Post-IPO Share Option Scheme as further described in “Appendix IV—Statutory and General Information—E. Post-IPO Share Option Scheme”.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the fulfilment of all conditions as stated in “Structure of the Global Offering”, our Directors have been granted with a general unconditional mandate to allot, issue and deal with Shares in aggregate number of not more than the sum of:

- (a) 20% of the aggregate nominal value of our entire issued share capital immediately upon completion of the Capitalization Issue and Global Offering (but excluding any Shares that may be issued upon exercise of the Over-allotment Option); and
- (b) the aggregate number of Shares repurchased by our Company, if any, under the Repurchase Mandate referred to below (“**Issuing Mandate**”).

The aggregate number of the Shares which our Directors are authorised to allot and issue under this Issuing Mandate will not be reduced by the allotment and issue of Shares pursuant to (i) a rights issue, or (ii) any scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with our Articles of Association; or (iii) any specific authority granted by our Shareholders in general meeting(s); or (iv) any arrangement which may be regulated under Chapter 17 of the Listing Rules.

This mandate will expire at the earliest of:

- (a) the conclusion of our Company’s next annual general meeting unless by ordinary resolution passed at that meeting, the Issuing Mandate is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which our Company is required by the applicable Cayman Islands law or our Articles of Association to hold our next annual general meeting; or

SHARE CAPITAL

- (c) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, see “Appendix IV—Statutory and General Information—A. Further Information about our Group—4. Written resolutions of our Shareholders passed on April 29, 2020” in this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Our Directors have been granted with a general unconditional mandate to exercise all the powers of our Company to repurchase Shares in an aggregate number of not more than 10% of the aggregate number of the Shares in issue following the completion of the Global Offering and the Capitalization Issue (but excluding any Shares that may be issued upon exercise of the Over-allotment Option) (“**Repurchase Mandate**”).

This mandate only relates to repurchases made on the Stock Exchange, or any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and requirements of the Listing Rules. Further information required by the Stock Exchange to be included in this prospectus regarding the repurchase of Shares is set out in “Appendix IV—Statutory and General Information—A. Further Information about our Group—6. Repurchase by our Company of its own securities” in this prospectus.

This Repurchase Mandate will expire at the earliest of:

- (a) the conclusion of our Company’s next annual general meeting unless by ordinary resolution passed at that meeting, the Repurchase Mandate is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which our Company is required by the applicable Cayman Islands law or our Articles of Association to hold our next annual general meeting; or
- (c) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, see “Appendix IV—Statutory and General Information—A. Further Information about our Group—4. Written resolutions of our Shareholders passed on April 29, 2020” in this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Pursuant to the Companies Law and the terms of our Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into several classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may subject to the provisions of the Companies Law reduce its share capital by special resolution of shareholders. For details, see “Appendix III—Summary of the Constitution of the Company and Cayman Islands Company Law—2. Articles of Association—(a) Shares—(iii) Alteration of capital” in this prospectus.

SHARE CAPITAL

Pursuant to the Companies Law and the terms of our Memorandum of Association and our Articles of Association, all or any of the special rights attached to our Share or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares in that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares in that class. For details, see “Appendix III—Summary of the Constitution of the Company and Cayman Islands Company Law—2. Articles of Association—(ii) Variation of rights of existing shares or classes of shares” in this prospectus.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial information set forth in the Accountant's Report with the accompanying notes included as Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with HKFRS.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. For more information, please see "Risk Factors" and "Forward-looking Statements".

*The consolidated statement of comprehensive income data and consolidated cash flow data for the years ended December 31, 2017, 2018 and 2019, and the consolidated balance sheet data as of December 31, 2017, 2018 and 2019 set forth in this Financial Information section have been derived from our audited consolidated financial statements (the "**Audited Financial Statements**") which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the HKICPA.*

OVERVIEW

We are the largest property management service provider in central China by total GFA under management as of December 31, 2018 and total revenue for the year ended December 31, 2018, according to CIA. Throughout more than two decades of history, we have significantly grown our business and operations. We believe our prospects and the pursuit of better living experience and lifestyle by the people in Henan are inseparable, and our deep roots in local markets and cultures give us the scale and influence to achieve our primary goal: to create a company that offers a full spectrum of services relating to our customers' individual housing needs, and improves consumers' day-to-day lives.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands with limited liability on October 16, 2018. In preparation for the Global Offering, we underwent the Reorganization, as detailed in the section entitled "History, Reorganization and Corporate Structure". Following the Reorganization, our Company became the holding company of all the companies now comprising our Group. Our financial information has been prepared and presented as a continuation of the consolidated financial statements of Central China New Life. For further details, please refer to Note 1.3 to the Accountant's Report as set out in Appendix I to this prospectus.

The historical financial information of our Group has been prepared in accordance with HKFRS.

FINANCIAL INFORMATION

HKFRS 9

Adoption of new impairment model

HKFRS 9 requires the recognition of impairment provisions of financial assets measured at amortized 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 and performance as compared with HKAS 39.

HKFRS 15

Presentation of contract liabilities

Under HKFRS 15, we recognize 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, approximately RMB131.1 million, RMB201.3 million and RMB370.0 million would be classified as advances from customers as at December 31, 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

Our Group leases various properties. Under HKFRS 16, leases, which have previously been classified as "operating leases" under HKAS 17, are recognized 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 during the Track Record Period.

FINANCIAL INFORMATION

The table set forth below summarised the impacts of the adoption of IFRS 16 on certain key items of our consolidated financial statements:

	<u>Currently reported under HKFRS 16</u>	<u>As if reported under HKAS 17</u>	<u>Difference</u>
	RMB'000	RMB'000	RMB'000
Profit from continuing operations			
FY2017	39,126	39,134	(8)
FY2018	51,970	51,986	(16)
FY2019	232,839	232,856	(17)
Profit from discontinued operations			
FY2017	(42,602)	(39,318)	(3,284)
FY2018	(69,737)	(65,506)	(4,231)
FY2019 (Note(a))	(5,054)	(4,340)	(714)
Total assets as at:			
December 31, 2017	1,339,820	1,125,930	213,890
December 31, 2018	1,323,842	1,127,682	196,160
December 31, 2019 (Note(a))	1,463,444	1,460,319	3,125
Total liabilities as at:			
December 31, 2017	1,240,236	1,023,054	217,182
December 31, 2018	1,226,527	1,026,120	200,407
December 31, 2019 (Note(a))	1,081,795	1,078,653	3,142
Total equity as at:			
December 31, 2017	99,584	102,876	(3,292)
December 31, 2018	97,315	101,562	(4,247)
December 31, 2019 (Note(a))	381,649	381,666	(17)

Note:

(a) On March 15, 2019, the Group disposed the discontinued operation which was principally engaged in the provision of sub-leasing services. Accordingly, the impact of the adoption of HKFRS 16 on total assets, total liabilities and total equity as of December 31, 2019 was all from continuing operations and the difference of adoption HKFRS 16 decreased significantly compared with previous years end.

The following table sets forth the impact of adopting HKFRS 16 on the key ratios:

	<u>Currently reported under HKFRS 16</u>	<u>As if reported under HKAS 17</u>	<u>Difference</u>
	RMB'000	RMB'000	RMB'000
Return on equity as at:			
FY2017	(3.5%)	(0.2%)	(3.3%)
FY2018	(18.3%)	(13.3%)	(5.0%)
FY2019	59.7%	59.9%	(0.2%)
Return on asset as at:			
FY2017	(0.3%)	0.0%	(0.3%)
FY2018	(1.3%)	(1.2%)	(0.1%)
FY2019	15.6%	15.6%	0.0%
Current Ratio as at:			
December 31, 2017	2.3x	2.7x	(0.4)
December 31, 2018	1.7x	1.9x	(0.2)
December 31, 2019	1.3x	1.3x	0.0
Gearing Ratio as at:			
December 31, 2017	612.5%	592.9%	19.6%
December 31, 2018	448.5%	429.7%	18.8%
December 31, 2019	0.0%	0.0%	0.0%

FINANCIAL INFORMATION

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations and financial position have been and will continue to be affected by a number of factors, including those set out in the section entitled “Risk Factors” in this prospectus and those discussed below:

Business Mix

During the Track Record Period, our business and results of operations were affected by our business mix. Our profit margins vary across our three business segments, namely (i) property management and value-added services, (ii) lifestyle services and (iii) commercial property management and consultation services. Any change in the structure of revenue contribution from our three business segments or change in profit margin of any business segment may have a corresponding impact on our overall profit margin. Please see “—Description of Certain Consolidated Statements of Comprehensive Income Items—Revenue” for a breakdown of our revenue by business segment during the Track Record Period.

In general, the gross profit margins for our commercial property management and consultation services were higher than those for our property management and value-added services and lifestyle services. Our overall gross profit margin increased throughout the Track Record Period, primarily attributable to increasing gross profit margins generated from property management and value-added services and the expansion of our lifestyle services and commercial property management and consultation services. As our new business segments continue to expand, we expect our lifestyle services and commercial property management and consultation services will increase their contributions to our revenue in the future.

Our Branding, Pricing Ability and Fee Collection Ability

We regard our brand as our important asset, which can have an impact on our pricing ability. We generally price our property management services by following our internal guidelines and considering all the costs of the property management project. We start with a minimum benchmark profit margin, and take into account factors such as the stage of the project, and the nature of value added services we will provide, while maintaining price competitiveness. For more information, please see “Business—Property Management and Value-Added Services—Property Management—Property Management Fees.” During the Track Record Period, we successfully raised the fee rates charged for our property management services for 17 properties we managed. As a result, for years ended December 31, 2017, 2018 and 2019, the average property management fee rate charged for the residential properties we manage was approximately RMB1.73 per sq.m./month, RMB1.89 per sq.m./month and RMB1.82 per sq.m./month, respectively.

We are proactive in assuring that our property management customers pay our fees on-time. If payments are not made on-time, we take a number of measures, including sending notices to customers who are late in making payment, and collection through court claims when necessary. Our collection rate of property management fees, calculated by dividing the property management fees we actually received during a period by the total property management fees payable to us accumulated during the same period, was approximately 85.9%, 89.6% and 90.1%, respectively, during the Track Record Period.

Our pricing ability, ability to maintain and increase the fee rates we charge for our services, and ability to timely collect fees can materially affect our results and operations.

FINANCIAL INFORMATION

For illustrative purposes only, we set out below a sensitivity analysis of our profit for the year with reference to the fluctuations of property management fees during the Track Record Period. The following table demonstrates the impact of the hypothetical decrease in property management fees on our profit for the year, while all other factors remain unchanged:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Revenue from our property management business	330,377	423,358	592,356
Total profit for the year	<u>39,126</u>	<u>51,970</u>	<u>232,839</u>
Assuming 5% decrease in our property management fees			
Impact on revenue from our property management business	(16,519)	(21,168)	(29,618)
Impact on profit for the year ^(Note)	(12,389)	(15,876)	(22,213)
Assuming 10% decrease in our property management fees			
Impact on revenue from our property management business	(33,038)	(42,336)	(59,236)
Impact on profit for the year ^(Note)	(24,779)	(31,752)	(44,427)

Note: Impact on profit for the year was calculated assuming EIT of 25%.

Ability to Mitigate the Impact of Rising Labor Costs

Since property management is labor-intensive, employee benefit expenses constitute a substantial portion of our cost of sales. During the Track Record Period, our employee benefit expenses increased as a result of the expansion of our business and accordingly, an increase in the number of employees we employed. During the Track Record Period, our employee benefit expenses recorded in our cost of sales and expenses were approximately RMB144.9 million, RMB225.6 million and RMB546.0 million, respectively, representing approximately 31.5%, 32.5% and 31.1%, respectively, of our total revenue. In order to manage such rising costs, we have implemented a number of cost-saving measures, such as tool automation, resource platformization, service standardization and operation digitalization. We have also outsourced our cleaning, security, gardening and repair and maintenance services to third-party subcontractors while maintaining close supervision over their services to ensure service quality. During the Track Record Period, our scale of operations and concentration in Henan allowed us to maintain a stable percentage of labor cost to our total revenue. During the Track Record Period, our operation primarily was in Henan. However, as we expand our business to cities and regions outside of Henan, we may not be able to control the labor costs efficiently or effectively in the future.

GFA under Management

During the Track Record Period, we generated a majority of our revenue from our property management and value-added services, which contributed approximately 91.5%, 89.4% and 76.4% of our total revenue during the Track Record Period, respectively. Accordingly, our business and results of operations depend on our ability to maintain and increase our GFA under management, which in turn is affected by our ability to secure new and renew our existing property management service contracts. During the Track Record Period, we experienced fast growth in GFA under our management, which was approximately 20.4 million sq.m., 25.7 million sq.m. and 57.0 million sq.m. as of December 31, 2017, 2018 and 2019, respectively.

During the Track Record Period, a significant portion of the properties we managed under our property management segment was developed by the CCRE Group. However, we have made continuous

FINANCIAL INFORMATION

efforts to expand our customer base to include more third-party property developers, with a view to building additional revenue sources and diversifying our property management portfolio. As of December 31, 2017, 2018 and 2019, properties developed by the CCRE Group and its associates or joint ventures accounted for approximately 90.9%, 83.7% and 68.9%, respectively, of our total GFA under management. During the Track Record Period, our bid win rates for properties developed by the CCRE Group and its associates or joint ventures was 100%, and our bid win rates for properties developed by third-party developers was 92.9%, 96.7% and 88.4%, respectively for the same period. Due to the expansion of our business scale, we progressively increased our participation in tender bids for property management projects initiated by third-party developers (especially the governmental bodies) for 2019. During the Track Record Period, we made 14, 61 and 86 tender bids. To our Directors' best knowledge and belief, such third-party developers elected to appoint other property management companies, having taking into account, among others, our competitors' and our proposed service terms and prior business relationship with such third-party developers. During the same periods, our contract retention rate for property management service was over 80% on average, excluding 15 contracts which we decided not to renew following our review of their profitability.

Ability to Improve Management and Operational Efficiency

We plan to further improve our management and operational efficiency and reduce our operating costs by leveraging advanced technologies. We have invested and will continue to invest in the establishment of intelligent communities and upgraded facilities, the development of financial sharing system, process control and KPI integration system and the achievement of digitalized documentation and cloud computing. For more information, please see "Business—Business Strategies—Further Improve Management and Operational Efficiency by Leveraging Advanced Technologies." Our ability to improve management and operational efficiency depends on our ability to apply advanced technologies to our management and operation.

Competition

We face competition from companies of different nature and scale due to the diversity of our business. In property management and value-added services, we primarily compete against large national and local property management companies in the PRC. We believe the CCRE Group's growth into a reputable property developer also complements our own advancement. During the Track Record Period, our percentage of contracted GFA for property development projects by third-party property developers has increased. This demonstrates that while we were able to enjoy the support of our affiliate, we are also capable of searching for and taking advantage of market opportunities independently. According to CIA, we ranked 15th among the Top 100 Property Management Companies in China in 2018. In lifestyle services, we generally face competition from local travel agencies, mobile app providers and participants in the food and beverage industry. In commercial property management and consultation services, our primary competitors are international commercial real estate services firms and local commercial assets operators. We believe our well known brand, our long-established presence in Henan and strong understanding of its culture are among our key competitive advantages. For more information, please see "Business—Competition" and "Industry Overview —Property Management Industry in the PRC and Henan—Competition in the PRC Property Management Industry." Our ability to compete effectively against our competitors and maintain or improve our market position will depend on our ability to continue to leverage our competitive strengths.

FINANCIAL INFORMATION

CRITICAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our Group's accounting policies. The areas involving higher degree of judgment or complexity, or the areas where assumptions and estimates are significant to the consolidated financial statements are discussed in detail below.

Critical Accounting Policies

We have identified certain accounting policies that we believe are significant to the preparation of our financial statements. Our critical accounting policies, which are important for understanding our financial position and results of operations, are set forth in detail in Note 2 of the Accountant's Report in Appendix I to this prospectus, respectively. Our significant accounting policies include, among others:

Revenue recognition

Revenues are recognized when or as the control of the goods or services is transferred to the customer. Depending the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time.

(a) Property management services and value-added services

We provide property management services, onsite sales assistance service, consultancy services, installation service, property inspection services, property agency services and membership services. Revenue from providing services is recognized in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by our performance when we perform.

For property management services, we bill a fixed amount for services provided on a monthly basis and recognize as revenue in the amount to which we have a right to invoice and that corresponds directly with the value of performance completed.

For onsite sales assistance services, we bill a fixed amount for services provided on a monthly basis and recognize as revenue in the amount to which we have a right to invoice and that corresponds directly with the value of performance completed.

Consultancy services, mainly include consultancy services to property developers providing designing, cleaning, greening, construction supervision, repair and maintenance services to property developers at the pre-delivery stage. We agree the price for each service with the customers upfront and issue a monthly bill to the customers which varies based on the actual level of service completed in that month.

For installation service, we provide installation services for the security system and other establishment of intelligent communities. We recognize revenue over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of the performance obligation, in an amount that reflects the

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consideration expected to be entitled and, depending on the nature of the contract, is measured mainly by reference to (a) the proportion of contract costs incurred for work performed to date to estimated total contract costs for each contract; or (b) completion of physical proportion of the contract work.

For property inspection service, we provide property quality inspection to property developer and the revenue is recognized upon the completion of service.

We act as a sales agent for property developers landlords and tenants and provide property agency services, for which we charge such property developers a commission calculated based on the contract purchase price. Revenue from agency services is recognized at a point in time when the service is rendered and the sales and purchase agreement or leasing agreement is executed and become effective.

For the membership service, we provide exclusive customer services to VIP members selected by the CCRE Group. We bill CCRE a management fee based on the number of members and additional fees for organizing special events.

(b) Lifestyle services

Lifestyle services mainly include products and services offered on travel services and sales of goods and provision of catering services.

For travel services, we provide short-term self-operated tour service. Revenue from tours is recognized over time in accounting period in which the control of services are transferred to the customer because the customer simultaneously receives and consumes benefits provided by our performance as we performs. Payment is usually made to us before the customers receive the tour services.

We determine the presentation of our revenue by assessing whether we act as the principal of the services that are rendered. We present our revenue on a gross basis (that is, the amount billed to the users) as we act as a principal by pre-purchasing the travel related products from the travel service suppliers. The purchase payments to the travel suppliers are recorded as “cost of revenue” in the consolidated statements of comprehensive income.

We procure merchandise from suppliers and sell goods directly to the property owners online and in community. Sales of goods are recognized when we deliver the goods to the customers. We present the revenue on a net basis when we act as an agent with no control over the goods and does not assume inventory risk.

We operate food courts to provide catering services. Revenue from provision of catering services are recognized at the time when the food and beverage are delivered to the customers.

(c) Commercial property management and consultation services

Commercial property management and consultation services include hotel management and operation services and management for agricultural and cultural tourism projects, and commercial real estate operation.

We recognize the fee received or receivable as revenue over time in the period in which the customer simultaneously receives and consumes the benefits provided by the services performed by us and all the related management costs as our cost of services.

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If contracts involve the sale of multiple services, we allocate the transaction price to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

When either party to a contract has performed, we present the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between our performance and the customer's payment.

A contract asset is our right to consideration in exchange for services that we have transferred to a customer.

If a customer pays consideration or we have a right to an amount of consideration that is unconditional, before we transfer services to the customer, we present the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is our obligation to transfer services to a customer for which we have received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when we have an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Critical accounting estimates and judgments

The preparation of Historical Financial Information requires the use of certain critical accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying our accounting policies.

Estimates and judgments 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) Allowance on doubtful receivables and contract assets

We make allowances on receivables and contract assets based on assumptions about risk of default and expected loss rates. We used judgment in making these assumptions and selecting the inputs to the impairment calculation, based on past collection history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and contract assets, as well as doubtful debt expenses in the periods in which such estimate has been changed. For details of the key assumptions and inputs used, see Note 3.1.2 above.

(b) Current and deferred income tax

We are subject to corporate income taxes in the PRC. Judgment is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary

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course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognized when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The outcome of their actual utilization may be different.

(c) Share-based payment

As mentioned in Note 25 to the Accountant's Report in Appendix I to this prospectus, we have granted share options to its employees. Our Directors have used the Binomial option-pricing model to determine the total fair value of the options granted to employees, which is to be expensed over the vesting period. Significant estimate on assumptions, such as the underlying equity valued, risk-free interest rate, expected volatility and dividend yield, is required to be made by the directors in applying the Binomial option-pricing model.

(d) Impairment of goodwill

We test annually whether goodwill has suffered any impairment. Goodwill is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining whether goodwill is impaired requires an estimation of the recoverable amount of CGU to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The calculation requires us to estimate the future cash flows expected to arise from CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash, a material impairment loss/further impairment loss may arise.

Goodwill arises from our Group's acquisition of subsidiaries (Note 32 as disclosed in Appendix I) and was determined at the acquisition date respectively, being the difference between the consideration (including fair value of previous equity interest in the acquired entity) and the fair value of net identifiable assets of acquirees. The summary of the goodwill disclosed in Note 32 as Appendix I is as below:

	As at December 31, 2019
	RMB'000
Acquisition A (note (1))	25,640
Acquisition B (note (2))	3,314
Acquisition C (note (3))	1,868
Acquisition D (note (3))	3,629
Acquisition E (note (3))	7,868
	<u>42,319</u>

Note (1) The acquiree is engaged in the provision of e-commerce services through its self-operated platform.

Note (2) The acquiree is engaged in sales of smart home products and the provision of related design and installation services.

Note (3) The acquirees are engaged in property management services.

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Impairment testing of goodwill has been performed based on the related acquiree's cash-generating unit ("CGU"). According to the result of the impairment testing, the estimated recoverable amounts of CGUs exceed their carrying amount (i.e. the headroom (note (a))) as below:

	As at December 31, 2019
	RMB'000
Acquisition A CGU	43,118
Acquisition B CGU	55,133
Acquisition C CGU	3,841
Acquisition D CGU	5,198
Acquisition E CGU	5,608

Note (a) The headroom of each CGU is calculated based on the its recoverable amount deducting its carrying amount and goodwill allocated.

Our Directors performed sensitivity analysis based on the assumptions that expected growth rate of revenue or pre-tax discount rate would be changed by taking into accounts the volatility of the business and industry in which the acquirees are engaged. Had the following estimated key assumption for the forecast period been changed as below, the headroom would decrease to the amounts:

	As at December 31, 2019
	RMB'000
Acquisition A CGU	
—Expected growth rate of revenue decreases by 15%	16,776
—Pre-tax discount rate increases by 1%	37,078
Acquisition B CGU	
—Expected growth rate of revenue decreases by 15%	28,667
—Pre-tax discount rate increases by 1%	48,005
Acquisition C CGU	
—Expected growth rate of revenue decreases by 1% (note(a))	3,315
—Pre-tax discount rate increases by 1%	3,352
Acquisition D CGU	
—Expected growth rate of revenue decreases by 1% (note(a))	4,917
—Pre-tax discount rate increases by 1%	3,884
Acquisition E CGU	
—Expected growth rate of revenue decreases by 1% (note(a))	4,119
—Pre-tax discount rate increases by 1%	3,607

Note (a): Considering the GFA to be managed applied in the forecast is estimated based on the signed contract, the sensitivity on growth rate of revenue is assessed on the scenario of excluding the estimation of the price up on property management fee (1%).

Based on the above assessment and the historical result, our Directors have not identified any reasonably possible change in the key assumptions on which the recoverable amount is based that would cause the carrying amounts of the CGUs to exceed their respective recoverable amounts as of December 31, 2019.

Impairment of financial assets

We assess on a forward looking basis the expected credit losses associated with our debt instruments carried at amortised cost and financial assets at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant

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increase in credit risk. Note 3.1.2 details how we determine whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables, we apply the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other receivables from third parties, related parties and non-controlling interests are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

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 our Group and our subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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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 recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Fair value of financial assets at fair value through profit or loss

Our financial instruments recognized in the consolidated balance sheets are mainly trade and other receivables, financial assets at fair value through profit or loss, and financial liabilities carried at amortized cost. The carrying value less impairment provision of trade and other receivables and payables are a reasonable approximation of their fair values.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. We use estimated discounted cash flows to make assumptions.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Our financial assets at fair values through profit or loss included wealth management products and fund products, fair value of which are estimated based on unobservable inputs (level 3). During the Track Record Period, (i) our wealth management products primarily included short-term structured deposits offered by commercial banks in the PRC, such as Bank of China, China CITIC Bank and Shanghai Pudong Development Bank; and (ii) our fund products primarily included investments in private equity funds in the PRC.

The Group's financial assets at fair value through profit or loss mainly consists of the wealth management products and fund products. Our Directors are satisfied that the valuation of level 3 financial assets at fair value through profit or loss mainly through checking the expected return rate of the financial instruments with the signed agreements, the reference of return of similar financial instruments, reviewing the fund account statements and the calculation prepared and reviewed by management.

Our Reporting Accountant's opinion on the historical financial information of our Group for the Track Record Period as a whole is set out in Appendix I to this prospectus.

The Sole Sponsor has conducted the following due diligence work in relation to our Directors' assessment of fair value of the wealth management products and fund products, including: (i)

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reviewing the disclosures in relevant notes (in particular note 19) to the Accountant's Report, which is set out in Appendix I to this prospectus; (ii) understanding the general features of the wealth management products, including in particular the risk level and expected return with a view to ascertaining whether the fair value assessed by our Directors is reasonable; (iii) reviewing the transaction records (such as account statements and bank slips) for the subscription and redemption of our wealth management products and fund products with a view to understanding the reported market value of such wealth management products and fund products as of the end of each Track Record Period; and (iv) discussing with our Reporting Accountant on our Reporting Accountant's work done in relation to our wealth management products and fund products generally, and more specifically on the Sole Sponsor's observations of the transaction records mentioned above with a view to understanding the accounting treatment of our wealth management products and fund products, and whether such treatment is commensurate with nature of the relevant products.

On the basis of the work done by our Directors and our Reporting Accountant and the Sole Sponsor's due diligence work set out above, nothing has come to the attention of the Sole Sponsor that would lead it to cast doubts on the fair value of the wealth management products and fund products assessed by our Directors.

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DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME ITEMS

The following table sets forth a summary of our consolidated statements of comprehensive income for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Continuing operations			
Revenue	460,532	693,988	1,754,402
Cost of sales	(355,268)	(533,306)	(1,178,118)
Gross profit	105,264	160,682	576,284
Selling and marketing expenses	(5,172)	(11,748)	(46,494)
Administrative expenses	(63,681)	(86,360)	(230,311)
Net impairment losses on financial assets	(574)	(1,539)	(182)
Other income	56,809	49,405	20,463
Other gains—net	8,055	4,730	4,096
Operating profit	100,701	115,170	323,856
Finance income	202	223	933
Finance cost	(49,312)	(43,020)	(17,219)
Finance cost—net	(49,110)	(42,797)	(16,286)
Share of net (loss)/profit of an associate accounted for using the equity method	1,310	(506)	(29)
Profit before income tax	52,901	71,867	307,541
Income tax expenses	(13,775)	(19,897)	(74,702)
Profit from continuing operations	39,126	51,970	232,839
Loss from discontinued operation	(42,602)	(69,737)	(5,054)
Profit/(loss) for the year	(3,476)	(17,767)	227,785
Profit/(loss) is attributable to:			
—Owners of the Company	23,411	19,471	233,954
—Non-controlling interests	(26,887)	(37,238)	(6,169)
	(3,476)	(17,767)	227,785
Profit/(loss) for the year	(3,476)	(17,767)	227,785
Other comprehensive income for the year, net of tax	—	—	—
Total comprehensive income/(loss) for the year	(3,476)	(17,767)	227,785
Total comprehensive income/(loss) for the year is attributable to:			
—Owners of the Company	23,411	19,471	233,954
—Non-controlling interests	(26,887)	(37,238)	(6,169)
	(3,476)	(17,767)	227,785

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	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Total comprehensive income/(loss) for the year attributable to owners of the company arises from:			
—Continuing operations	39,126	51,293	232,132
—Discontinued operations	(15,715)	(31,822)	1,822
	<u>23,411</u>	<u>19,471</u>	<u>233,954</u>
Earnings per share for profit from continuing operations attributable to the owners of the Company (expressed in RMB per share)			
—Basic and diluted	<u>1.03</u>	<u>1.35</u>	<u>6.07</u>
Earnings per share for profit attributable to the owners of the Company (expressed in RMB per share)			
—Basic and diluted	<u>0.62</u>	<u>0.51</u>	<u>6.12</u>

Revenue

During the Track Record Period, all of our revenue from our operations was substantially derived in Henan.

The table below sets forth our revenue from contracts with customers by business segment for the period as indicated:

	For the year ended December 31,					
	2017		2018		2019	
	At a point in time	Over time	At a point in time	Over time	At a point in time	Over time
	<i>RMB'000</i>		<i>RMB'000</i>		<i>RMB'000</i>	
Property management and value-added services	17,719	403,678	89,578	531,134	453,143	887,949
Lifestyle services	—	23,877	—	62,179	159,988	148,587
Commercial property management and consultation services	—	15,258	—	11,097	47,074	57,661
Total	<u>17,719</u>	<u>442,813</u>	<u>89,578</u>	<u>604,410</u>	<u>660,205</u>	<u>1,094,197</u>

During the Track Record Period, our revenue primarily was generated from the following three business segments:

- (i) Property management and value-added services. In addition to our core property management business, this business segment includes value-added services to non-property owners, intelligent community solutions, property agency service and customized services provided to VIPs of the Central China Consumers Club. This business segment represented approximately 91.5%, 89.4% and 76.4% of our total revenue during the Track Record Period, respectively;
- (ii) Lifestyle services. This business segment primarily comprises Jianye + (建業+) platform, travel services and Cuisine Henan Foodcourts (建業大食堂), and represented approximately 5.2%, 9.0% and 17.6% of our total revenue during the Track Record Period, respectively; and

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(iii) Commercial property management and consultation services. This business segment primarily consists of hotel management, commercial property management and suburban tourism complexes. Commercial property management and consultation services contributed 3.3%, 1.6%, and 6.0% of our total revenue during the Track Record Period, respectively.

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

	Year ended December 31,								
	2017			2018			2019		
	Revenue RMB'000	%	Segment results RMB'000	Revenue RMB'000	%	Segment results RMB'000	Revenue RMB'000	%	Segment results RMB'000
Property management and value-added services . . .	421,397	91.5	42,360	620,712	89.4	78,947	1,341,092	76.4	286,527
Lifestyle services	23,877	5.2	(4,586)	62,179	9.0	(5,569)	308,575	17.6	55,151
Commercial property management and consultation services . . .	15,258	3.3	4,256	11,097	1.6	(3,486)	104,735	6.0	19,464
Total	460,532	100.0	42,030	693,988	100.0	69,892	1,754,402	100.0	361,142

The following table sets forth a breakdown of revenue by nature for the periods as indicated:

	For the year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Property management and value-added services						
<i>Subtotal of revenue</i>	421,397	100.0	620,712	100.0	1,341,092	100.0
<i>fixed</i>	395,002	93.7	542,160	87.3	1,012,262	75.5
<i>variable</i>	26,395	6.3	78,552	12.7	328,830	24.5

Revenue from property management and value-added services

Revenue from our property management and value-added services generally increased during the Track Record Period, primarily driven by an increase in total GFA under our management and an increase in the average property management fee rate we charged. As of December 31, 2017, 2018 and 2019, the total GFA under our management was approximately 20.4 million sq.m., 25.7 million sq.m. and 57.0 million sq.m., respectively. During the Track Record Period, the average property management fee rate charged for the residential properties we managed was approximately RMB1.73 per sq.m./month, RMB1.89 per sq.m./month and RMB1.82 per sq.m./month, respectively.

The lump-sum basis revenue model is the dominant method of collecting property management fees in China, especially in relation to residential properties, according to CIA. The advantage of the lump-sum basis revenue model is that it incentivizes property management companies to optimize their cost structure and streamline their business operations to enhance profitability, which is conducive to the development of the PRC property management industry as a whole. During the Track Record Period, we charged property management fees for property management services primarily on a lump sum basis. We expect property management fees charged on a lump-sum basis to continue to account for substantially all of our revenue from property management services in the foreseeable future.

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The following table sets forth a breakdown of our revenue from property management and value-added services by sub-business segment for the periods indicated:

	Year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Property management	330,377	78.4	423,358	68.2	592,356	44.2
Value-added services:						
Community value-added services	25,699	6.1	31,473	5.1	57,852	4.3
Value-added services to non-property owners ...	64,625	15.3	111,973	18.0	204,113	15.2
Intelligent community solutions	—	—	—	—	179,944	13.4
Property agency	696	0.2	47,079	7.6	259,657	19.4
Central China Consumer Club	—	—	6,829	1.1	47,170	3.5
Total	<u>421,397</u>	<u>100.0</u>	<u>620,712</u>	<u>100.0</u>	<u>1,341,092</u>	<u>100.0</u>

During the Track Record Period, we derived a substantial amount of our revenue from property management services we provided. During the Track Record Period, revenue generated from property management services amounted to approximately RMB330.4 million, RMB423.4 million and RMB592.4 million, respectively, accounting for approximately 78.4%, 68.2% and 44.2%, respectively, of our total revenue from property management and value-added services for those same periods. In general, the decrease in our percentage of total revenue from property management services during the Track Record Period was primarily due to the fast growth of our value-added services, in particular revenue contributed by intelligent community solutions and property agency services.

Revenue from lifestyle services

The lifestyle services we offer include (i) products and services offered on our Jianye + (建業+) platform, (ii) travel services and (iii) services in our Cuisine Henan Foodcourts (建業大食堂). The following table sets forth the components of our revenue from lifestyle services for the periods indicated:

	Year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Jianye + (建業+) platform	—	0.0	—	0.0	156,316	50.6
Travel services	23,877	100.0	62,179	100.0	138,789	45.0
Cuisine Henan	—	0.0	—	0.0	13,470	4.4
Total	<u>23,877</u>	<u>100.0</u>	<u>62,179</u>	<u>100.0</u>	<u>308,575</u>	<u>100.0</u>

The following table sets forth a breakdown of revenue by nature for the periods as indicated:

	For the year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Lifestyle services						
Subtotal of revenue	<u>23,877</u>	<u>100.0</u>	<u>62,179</u>	<u>100.0</u>	<u>308,575</u>	<u>100.0</u>
fixed	—	0.0	—	0.0	24,678	8.0
variable	23,877	100.0	62,179	100.0	283,897	92.0

Segment loss for lifestyle services

Our Group recorded losses of approximately RMB4.6 million and RMB5.6 million for our lifestyle services for the years ended December 31, 2017 and 2018, respectively. The losses were

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primarily due to our commencement of travel services in 2016 with the establishment of Henan Central China New Life Travel Services Co., Ltd.* (河南建業新生活旅遊服務有限公司) on May 18, 2016. As such company was still at the launching stage, we incurred fixed nature expenses such as overhead and labor expenses in the ordinary course of business. The total expenses incurred were approximately RMB29.7 million and RMB67.1 million while the revenue derived from such business segment was approximately RMB23.9 million and RMB62.2 million for the years ended December 31, 2017 and 2018, respectively. Our segment results for our lifestyle services increased to approximately RMB55.2 million for the year ended December 31, 2019 primarily due to our increase in registered users and members and the average spending per user for our Jianye + (建業+) platform.

Revenue from commercial property management and consultation services

We also engage in commercial property management and consultation services, which primarily comprise (i) hotel management; (ii) commercial property management; and (iii) cultural tourism complex management. We commenced hotel management services in 2017. We commenced commercial property management and consultation services and cultural tourism complex management services in 2019. The following table sets forth the components of our revenue from commercial property management and consultation services for the periods indicated:

	Year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Hotel Management	15,258	100.0	11,097	100.0	17,499	16.7
Commercial Property Management	—	—	—	—	16,451	15.7
Cultural Tourism Complex Management	—	—	—	—	70,785	67.6
Total	15,258	100.0	11,097	100.0	104,735	100.0

The following tables sets forth a breakdown of revenue by nature for the periods as indicated:

	For the year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Commercial property management and consultation services						
Subtotal of revenue	15,258	100.0	11,097	100.0	104,735	100.0
fixed	10,351	67.8	8,972	80.9	103,077	98.4
variable	4,907	32.2	2,125	19.1	1,658	1.6

Segment loss for commercial property management and consultation services

Our Group recorded loss of approximately RMB3.5 million for our commercial property management and consultation services for the year ended December 31, 2018. It was primarily due to the establishment of Henan Central New Life Agricultural Development Co., Ltd* (河南建業新生活農業發展有限公司) (formerly known as Henan Songyan Agricultural Development Co., Ltd* (河南嵩炎農業發展有限公司)) on November 6, 2018 where such company incurred administrative and selling and marketing expenses of approximately RMB1.7 million for the year ended December 31, 2018 during the launching stage of the business. We commenced the operation of the business and started to generate revenue in March 2019 which our segment result for our commercial property management and consultation services was approximately RMB19.5 million for the year ended December 31, 2019.

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Cost of sales

Our cost of sales primarily consists of employee benefit expenses, outsourcing labor costs, greening and cleaning expenses, cost of goods sold, outsourcing costs of tourism services, utilities, maintenance costs, construction costs, professional service fees, security charges, depreciation and amortization charges, travelling and entertainment expenses, office expenses, taxes and other levies and other costs. The following table sets forth the components of our cost of sales for the periods indicated:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Employee benefit expenses	98,176	160,352	358,952
Outsourcing labor costs	124,051	120,932	48,689
Greening and cleaning expenses	32,682	78,395	140,197
Cost of goods sold	—	—	77,542
Outsourcing costs of tourism services	21,479	56,555	126,870
Utilities	23,916	37,246	67,070
Maintenance costs	17,465	31,030	42,618
Construction costs	2,488	—	97,721
Professional service fees	862	5,127	20,391
Security charges	8,454	11,558	129,883
Depreciation and amortization charges	2,153	3,477	8,623
Travelling and entertainment expenses	845	1,382	3,720
Office expenses	8,523	10,754	15,828
Taxes and other levies	5,929	5,846	7,759
Others	8,245	10,652	32,255
Total	355,268	533,306	1,178,118

Gross profit and gross profit margin

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

	Year ended December 31,					
	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 value-added services	89,717	21.3	148,789	24.0	405,941	30.3
Lifestyle services	2,539	10.6	5,533	8.9	101,245	32.8
Commercial property management and consultation services	13,008	85.3	6,360	57.3	69,098	66.0
Total	105,264	22.9	160,682	23.2	576,284	32.8

Our gross profit during the Track Record Period was approximately RMB105.3 million, RMB160.7 million and RMB576.3 million, respectively, and our gross profit margin was approximately 22.9%, 23.2% and 32.8% for the same periods. Our overall gross profit margins are affected by our business mix. Our gross profit margin experienced an upward trend during the Track Record Period, primarily reflecting (i) our raise in the fee rates charged for our property management services for 17 properties we managed and the new projects we successfully pitched in 2018 and 2019, and (ii) our expansion of service scope (which had a higher gross profit margin), in particular the growth of our commercial property management and consultation services which had the highest gross

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profit margin among all the business segments during the Track Record Period. In addition, we recorded revenue growth of 50.7% and 152.8% during the Track Record Period, respectively, while our cost of sales grew at 50.1% and 120.9% for the same period, which were below our revenue growths for each of the periods as we were able to spread our costs over the new businesses we acquired. We also increased our cooperation with the CCRE Group, which brought mutual benefits to the businesses of both the CCRE Group and our Group. Citing to the abovementioned reasons, we recorded an upward trend of our overall gross profit margin during the Track Record Period.

The following table sets forth a breakdown of our gross profit and gross profit margin in respect of our property management and value-added services by sub-business segment for the periods indicated:

	Year ended December 31,					
	2017		2018		2019	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Property management						
Property management	50,612	15.3	65,071	15.4	91,990	15.5
Value-added services						
Community value-added services	9,483	36.9	12,132	38.5	22,998	39.8
Value-added services to non-property owners ...	29,194	45.5	39,381	35.2	88,023	43.1
Intelligent community solutions	—	—	—	—	51,754	28.8
Property agency	428	61.5	30,105	63.9	128,852	49.6
Central China Consumer Club	—	—	2,100	30.8	22,324	47.3
Total	<u>89,717</u>	<u>21.3</u>	<u>148,789</u>	<u>24.0</u>	<u>405,941</u>	<u>30.3</u>

Our gross profit from property management services increased from approximately RMB50.6 million for the year ended December 31, 2017 to RMB92.0 million for the year ended December 31, 2019. Our gross profit margin from property management services increased from approximately 15.3% for the year ended December 31, 2017 to approximately 15.5% for the year ended December 31, 2019 primarily due to an increase in our total GFA under management from approximately 20.4 million sq.m. as of December 31, 2017 to 57.0 million sq.m. as of December 31, 2019, coupled with an increase in our average property management fees from RMB1.73 per sq.m./month to RMB1.89 per sq.m./month for the year ended December 31, 2018 then to RMB1.82 per sq.m./month for our residential properties over the same period. Further, our gross profit derived from value-added services increased during the Track Record Period, primarily attributable to (i) an increasing gross profits from value-added services to non-property owners and (ii) an increasing gross profits from property agency. Also, we were able to more effectively spread our costs over the newly added GFA under management and also our value added services.

Our gross profit from value-added services to non-property owners increased from approximately RMB29.2 million for the year ended December 31, 2017 to RMB88.0 million for the year ended December 31, 2019. Our gross profit margin for our value-added services to non-property owners decreased from approximately 45.5% for the year ended December 31, 2017 to approximately 35.2% for the year ended December 31, 2018, it was primarily due to the increase in costs incurred from the increase in number of staff we hired for catering the forthcoming expansion of our business which outweighed the growth in our revenue for the year. Our gross profit margin then increased from approximately 35.2% for the year ended December 31, 2018 to 43.1% for the year ended December 31,

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2019 primarily due to (i) our commencement of property inspection services in 2019 which resulted an increase in gross profit margin of our value-added services to non-property owners from approximately 35.2% for the year ended December 31, 2018 to approximately 43.1% for the year ended December 31, 2019; and (ii) our capability of sharing our resources with our newly acquired businesses.

Our gross profit derived from property agency services surged from RMB0.4 million for the year ended December 31, 2017 to RMB30.1 million and RMB128.9 million for the years ended December 31, 2018 and 2019 and we recorded over 49% of gross profit margin throughout the Track Record Period, primarily attributable to our commencement of property agency services for new properties in 2018 and we had a relatively fewer types of expenses in fixed nature as compared to our other business segments.

Selling and marketing expenses

Our selling and marketing expenses consist primarily of employee benefit expenses and others. The general increase in selling and marketing expenses during the Track Record Period was primarily attributable to the expansion of our business scale. Our selling and marketing expenses for the years ended December 31, 2017, 2018 and 2019 were approximately RMB5.2 million, RMB11.7 million, and RMB46.5 million, respectively, accounting for approximately 1.1%, 1.7%, and 2.7% of the total revenue generated from continuing operations for the same periods. The table below sets forth the components of our selling and marketing expenses for the periods indicated:

	Year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Employee benefit expenses	3,095	59.8	9,303	79.2	33,062	71.1
Other	2,077	40.2	2,445	20.8	13,432	28.9
Total	5,172	100.0	11,748	100.0	46,494	100.0

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Administrative expenses

Our administrative expenses consist primarily of employee benefit expenses, professional service fees, depreciation and amortisation charges, travelling and entertainment expenses, office expenses, listing expenses, others. The general increase in administrative expenses during the Track Record Period was primarily attributable to the growth of our business. Our administrative expenses during the Track Record Period were approximately RMB63.7 million, RMB86.4 million, and RMB230.3 million, respectively, accounting for approximately 13.8%, 12.4% and 13.1% of the total revenue generated from continuing operations. The table below sets forth the components of our administrative expenses for the periods indicated:

	Year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Employee benefit expenses	43,632	68.5	55,955	64.8	154,029	66.9
Professional service fees	4,034	6.3	4,438	5.1	10,247	4.4
Depreciation and amortisation charges	2,780	4.4	3,524	4.1	6,614	2.9
Travelling and entertainment expenses	6,154	9.7	7,220	8.4	14,996	6.5
Office expenses	1,391	2.2	2,426	2.8	4,635	2.0
Listing expenses	—	—	4,256	4.9	26,299	11.4
Others	5,690	8.9	8,541	9.9	13,491	5.9
Total	63,681	100.0	86,360	100.0	230,311	100.0

Other income

Our other income consists of interest income from loans to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang and government grants received by Central China Property Management. For further details of the loans, please refer to “Other receivables” in this section. We also recorded value-added tax deductibles for the year ended December 31, 2019 pursuant to favorable government policies. There were no conditions or other contingencies attached to such government grants or value-added tax deductibles. Government grants are discretionary and uncertain in nature as they are susceptible to change in regulations and policies. The table below sets forth the components of our other income for the periods indicated:

	Year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Interest income from loans to entites controlled by Mr. Hua Ziyi and Mr. Hua Zhichang	56,267	99.0	48,880	98.9	13,164	64.3
Interests income from loans to third parties	—	—	—	—	2,769	13.5
Government grants	542	1.0	525	1.1	672	3.3
Value-added tax deductibles	—	—	—	—	3,858	18.9
	<u>56,809</u>	<u>100.0</u>	<u>49,405</u>	<u>100.0</u>	<u>20,463</u>	<u>100.0</u>

Other gains—net

Our net other gains or losses consist of (i) net fair value gains or losses on financial assets and (ii) net gains or losses on disposal of equipment. Our financial assets at fair values through profit or loss mainly include wealth management products and fund products. For more information on our wealth management products, please see “—Selected Items of the Consolidated Balance Sheet—Financial Assets at Fair Value through Profit or Loss” in this section. Our net gains or losses on disposal of equipment mainly include gains from disposals of air-conditioners, photocopiers and

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computers. The table below sets forth the components of our net other gains or losses for the periods indicated:

	Year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Net fair value gains on financial assets at fair value through profit or loss	8,042	99.8	4,735	100.1	407	9.9
Net gains/(losses) on disposal of equipment	13	0.2	(5)	(0.1)	(65)	(1.6)
Remeasurement gains on investment in an associate	—	—	—	—	3,563	87.0
Net foreign exchange gains	—	—	—	—	191	4.7
Other gains –net	<u>8,055</u>	<u>100.0</u>	<u>4,730</u>	<u>100.0</u>	<u>4,096</u>	<u>100.0</u>

Operating profit

Our operating profit during the Track Record Period was approximately RMB100.7 million, RMB115.2 million, and RMB323.9 million, respectively.

Finance Cost—Net

Our net finance cost consists of interest expenses derived from borrowings, partially offset by interest income received from bank deposits. Our net finance cost decreased by 12.8% from approximately RMB49.1 million for the year ended December 31, 2017 to approximately RMB42.8 million for the year ended December 31, 2018, primarily due to repayment of borrowings in connection with the ABS during 2018. For more information on the ABS, please see “—Indebtedness—Borrowings” in this section. Our net finance cost decreased by 61.9% from approximately RMB42.8 million for the year ended December 31, 2018 to approximately RMB16.3 million for the year ended December 31, 2019, primarily due to repayment of borrowings in connection with the ABS during 2019. The table below sets forth the components of our net finance income for the periods indicated:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Finance income			
Interests income from bank deposits	202	223	933
Finance costs			
Interest expenses of borrowings	(49,268)	(42,907)	(16,992)
Interest expenses of lease liabilities	(44)	(113)	(227)
	<u>(49,312)</u>	<u>(43,020)</u>	<u>(17,219)</u>
Finance cost—net	<u>(49,110)</u>	<u>(42,797)</u>	<u>(16,286)</u>

Share of net (loss)/profit of an associate

Our share of net losses or profit of an associate primarily related to One Family Network, which became our wholly-owned subsidiary on January 4, 2019.

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Income tax expense

Our income tax expense primarily comprises PRC corporate income tax.

	Year ended December 31,					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Current income tax						
PRC corporate income tax	15,535	112.8	22,791	114.5	69,086	92.5
Deferred income tax						
PRC corporate income tax	(1,760)	(12.8)	(2,894)	(14.5)	5,616	7.5
Total	<u>13,775</u>	<u>100.0</u>	<u>19,897</u>	<u>100.0</u>	<u>74,702</u>	<u>100.0</u>

During the Track Record Period, our effective income tax rates were approximately 26.0%, 27.7%, and 24.3%, respectively. Our effective income tax rate for the years ended December 31, 2017, 2018 was higher than the PRC statutory corporate income tax rate of 25%, primarily because (i) some of our subsidiaries recorded a net loss for the period indicated and (ii) some of our expenses were not deductible during the same periods. Our effective income tax rate for the year ended December 31, 2018 was higher than for the year ended December 31, 2017 primarily because there was an increase in some of our expenses that were not tax deductible. For the year ended December 31, 2017 and 2018, we were not entitled to a preferential PRC corporate income tax rate. For the year ended December 31, 2019, Aiou Electronic, our 93.3% owned subsidiary, enjoyed a preferential corporate income tax rate of 15% treatment for being certified as a high-technology company and as a result, our effective income tax rate dropped to 24.3%. During the Track Record Period and up to the Latest Practicable Date, we had paid all applicable taxes when due and there were no matters in dispute or unresolved with any tax authorities.

Profit and total comprehensive income for the year from continuing operations

Our profit and total comprehensive income from continuing operations during the Track Record Period was approximately RMB39.1 million, RMB52.0 million, and RMB232.8 million, respectively.

Discontinued Operation

On March 15, 2019, we (through Central China New Life) sold all of our interest in Central China OP to Shenzhen Xinboda (Independent Third Party) for a nominal consideration of RMB1.0 on the basis that Central China OP was loss-making throughout the Track Record Period and had an outstanding debt of RMB59.35 million to our Group as at the date of disposal, which was a shareholder's loan provided by our Group for the purpose of financing the business operations of Central China OP during the two years ended December 31, 2017 and 2018. Shenzhen Xinboda is a company established in the PRC on December 14, 2000 and, to our Directors' best knowledge and belief, principally engaged in investment holding and import and export trading, and owned by various Independent Third Parties (including 80% by Mr. Niu Shiming). Mr. Niu Siming is a former shareholder of Central China Property Management from June 2007 to January 2012 and has since been an Independent Third Party. For further details, please refer to the section headed "History, Reorganization and Corporate Structure" in this prospectus. Save as disclosed therein and in this paragraph, Shenzhen Xinboda, Mr. Niu Shiming and their respective associates do not have any past or present material relationship (including, without limitation, family, employment, trust, business, financing or otherwise) with our Company, subsidiaries, Controlling Shareholders, Directors, senior management, or any of their respective associates.

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Central China OP and its subsidiaries (the “**OP Group**”) were principally engaged in the provision of property sub-leasing service. Immediately prior to the disposal, Central China OP had a portfolio of over 7,000 sub-leased residential apartments in Zhengzhou, Henan. The OP Group sourced and leased these residential apartments from individual property owners, all of which were Independent Third Parties. Renovation work was conducted before these apartments were sub-leased to individual tenants procured by us, all of which were Independent Third Parties. The lease agreements entered into between the OP Group and the individual property owners carried a term of one to ten years whereas the sub-lease agreements entered into between the OP Group and the individual tenants carried a term of one month to 24 months. The rental fees under the aforesaid lease agreements and sub-lease agreements were determined based on arm’s length discussion with reference to the then market rental rates of comparable properties in the vicinity. The property sub-leasing operated by the OP Group was loss-making throughout the Track Record Period primarily due to (i) the significant renovation cost incurred prior to the entering into of the sub-lease agreements; (ii) the negotiation of rental fees is subject to the then property market conditions and the rental fees under the sub-lease agreements were lower than expected due to property market fluctuation subsequent to the entering into of the lease agreements by the OP Group; and (iii) it took longer time than originally expected for the OP Group to source tenants.

The gross loss of the OP Group was approximately RMB7.8 million, RMB19.5 million and RMB7.1 million for the two years ended December 31, 2017 and 2018 and the period from January 1, 2019 to March 15, 2019, respectively and the loss and total comprehensive loss was approximately RMB42.6 million, RMB69.7 million and RMB5.1 million for the same period.

We believed that this business did not have sufficient synergy with our other property management operations. Upon such disposal, we held no equity interest in OP Group and did not have control in or significant influence on OP Group. We have presented the operations conducted by OP Group as discontinued operation in our consolidated statements of comprehensive income during the Track Record Period. At the time of disposal of OP Group, the carrying amount of the net liabilities of OP Group was RMB34.5 million (RMB26.1 million of which was attributable to non-controlling interests). For the year ended December 31, 2019, gain on the disposal of approximately RMB8.4 million was recognized in the loss and total comprehensive income from discontinued operation. For further details, please refer to notes 13 and 17 of the Accountant’s Report as set out in Appendix I to this prospectus.

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The financial information of OP Group for the years ended December 31, 2017 and 2018 and period from January 1, 2019 to Disposal Date are set out below.

	Year ended December 31,		From January 1, 2019 to March 15, 2019
	2017	2018	RMB'000
	RMB'000	RMB'000	RMB'000
Revenue	39,562	65,726	16,222
Cost of sales	<u>(47,378)</u>	<u>(85,252)</u>	<u>(23,310)</u>
Gross loss	(7,816)	(19,526)	(7,088)
Selling and marketing expenses (Note b)	(15,519)	(12,657)	(1,768)
Administrative expenses (Note b)	(11,459)	(10,051)	(683)
Net impairment losses on financial assets	(908)	(15,526)	—
Other income	744	—	—
Other gains/(loss)—net	<u>100</u>	<u>87</u>	<u>(55)</u>
Operating profit	(34,858)	(57,673)	(9,594)
Finance income	8	17	—
Finance cost	<u>(7,752)</u>	<u>(12,081)</u>	<u>(3,903)</u>
Finance cost—net	<u>(7,744)</u>	<u>(12,064)</u>	<u>(3,903)</u>
Loss before income tax	(42,602)	(69,737)	(13,497)
Income tax expenses	—	—	—
Loss after income tax	(42,602)	(69,737)	(13,497)
Disposal gain on divestment of subsidiaries (Note c)	—	—	8,443
Loss and total comprehensive loss from discontinued operation	<u>(42,602)</u>	<u>(69,737)</u>	<u>(5,054)</u>
Loss and total comprehensive loss for discontinued operations attributable to:			
—owners of the Company	(15,715)	(31,822)	1,821
—Non-controlling interest	(26,887)	(37,915)	(6,875)

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year ended December 31, 2019 compared to December 31, 2018

Revenue

Our revenue increased by approximately 152.8% from approximately RMB694.0 million for the year ended December 31, 2018 to approximately RMB1,754.4 million for the year ended December 31, 2019, primarily due to an increase in revenue generated from property management and value-added services.

Our revenue from property management and value-added services increased by approximately 116.1% from approximately RMB620.7 million for the year ended December 31, 2018 to approximately RMB1,341.1 million for the year ended December 31, 2019. This increase was primarily because of an increase in revenue derived from property management services from approximately RMB423.4 million for the year ended December 31, 2018 to RMB592.4 million for the year ended December 31, 2019, mainly owing to an increase in GFA under management from 25.7 million sq.m. as of December 31, 2018 to 57.0 million sq.m. as of December 31, 2019 following the expansion of our business. In addition, our revenue derived from value-added services surged by 279.3% from RMB197.4 million for the year ended December 31, 2018 to RMB748.7 million for the year ended December 31, 2019, primarily attributable to (i) an increase in revenue derived from value-added services to non-property owners from approximately RMB112.0 million to RMB204.1 million

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for the period mainly owing to the number of consultancy projects increased from 135 as of December 31, 2018 to 197 as of December 31, 2019; (ii) an increase in revenue derived from intelligent community solutions service from nil to RMB179.9 million for the period as we commenced the business for this period following the acquisition of Aiou Electronic in early 2019; and (iii) an increase in revenue derived from property agency service from RMB47.1 million to RMB259.7 million for the period following the commencement of provision of property agency services for new properties since November 2018.

Our revenue from lifestyle services increased by approximately 396.1% from approximately RMB62.2 million for the year ended December 31, 2018 to approximately RMB308.6 million for the year ended December 31, 2019, primarily attributable to (i) an increase in revenue from Jianye + (建業+) platform from nil to RMB156.3 million for the period as we commenced the business following our acquisition of One Family Network; and (ii) an increase in revenue from travel services from RMB62.2 million to RMB138.8 million for the period as we started promoting our travel services via Jianye + (建業+) platform in 2019 following abovesaid acquisition.

Our revenue from commercial property management and consultation services increased by approximately 843.2% from approximately RMB11.1 million for the year ended December 31, 2018 to approximately RMB104.7 million for the year ended December 31, 2019, primarily attributable to an increase in revenue from commercial property management and cultural tourism complex management from nil and nil to RMB 16.5 million and RMB70.8 million, respectively for the period as we started the operations of these businesses in 2019.

Cost of sales

Our cost of sales increased by 120.9% from approximately RMB533.3 million for the year ended December 31, 2018 to approximately RMB1,178.1 million for the year ended December 31, 2019. This was primarily due to an increase in employee benefit costs from approximately RMB160.4 million for the year ended December 31, 2018 to approximately RMB359.0 million for the year ended December 31, 2019 as a result of our expansion in business scale which required us to hire more employees to manage the additional GFA under management in our property management segment. In addition, to become a one-stop shop to our customers, we added new services to each of our business segments, including intelligent community solutions service and property agency service for new properties under property management and value-added services segment, Jianye + (建業+) platform and Cuisine Henan Foodcourts (建業大食堂) under lifestyle services segment and commercial property management and cultural tourism complex management services under commercial property management and consultation services segment. Each of these add-ons resulted in an increase in employee benefit expenses due to increased number of employees we hired.

Despite the expansion of our business, our outsourcing labor cost decreased from approximately RMB120.9 million for the year ended December 31, 2018 to approximately RMB48.7 million for the year ended December 31, 2019 as we have been portioning out the greening and cleaning services and security services from labor outsourcing service providers to subcontractors that were specialized in providing those services. Citing to such change, both of our greening and cleaning expenses and security charges increased from approximately RMB78.4 million and RMB11.6 million, respectively for the year ended December 31, 2018 to approximately RMB140.2 million and RMB129.9 million, respectively for the year ended December 31, 2019.

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Our construction costs mainly represented costs of intelligent devices we procured for providing intelligent community solutions to our customers. The construction costs increased from nil for the year ended December 31, 2018 to approximately RMB97.7 million for the year ended December 31, 2019 as we commenced intelligent community solutions for this period following the acquisition of Aiou Electronic in early 2019.

Gross profit and gross profit margin

Our gross profit increased by approximately 258.6% from approximately RMB160.7 million for the year ended December 31, 2018 to approximately RMB576.3 million for the year ended December 31, 2019, primarily attributable to an increase in revenue for the period.

Our gross profit margin increased from approximately 23.2% for the year ended December 31, 2018 to approximately 32.8% for the year ended December 31, 2019, as our growth in revenue exceeded our growth in cost of sales.

Our gross profit margin from property management and value-added services increased from approximately 24.0% for the year ended December 31, 2018 to approximately 30.3% for the year ended December 31, 2019. This increase was primarily because of (i) our commencement of provision of membership maintenance and management services to members of Central China Consumers Club in end of 2018; and (ii) an increase in proportion of revenue derived from property agency service from 7.6% for the year ended December 31, 2018 to 19.4% for the year ended December 31, 2019, which pulled up the gross profit margin in light of its 49.6% gross profit margin recorded for the period.

Our gross profit margin from lifestyle services significantly increased from approximately 8.9% for the year ended December 31, 2018 to approximately 32.8% for the year ended December 31, 2019. This increase was primarily because of our acquisition of One Family Network in 2019 which brought to our Group approximately 2.2 million registered users as of December 31, 2019. Further, there was also an increase in the amount of consumption of good sales from nil for the year ended December 31, 2018 to approximately RMB31.2 million for the year ended December 31, 2019.

Our gross profit margin from commercial property management and consultation services increased from approximately 57.3% for the year ended December 31, 2018 to approximately 66.0% for the year ended December 31, 2019. This increase was primarily because of our capability of sharing our resources for the commencement of operation of Henan Central China Jingyuecheng Commercial Management Co., Ltd* (河南建業晶悅城商業管理有限公司) which was established on January 24, 2019 and Henan Central New Life Agricultural Development Co., Ltd* (河南建業新生活農業發展有限公司) (formerly known as Henan Songyan Agricultural Development Co., Ltd*) (河南嵩炎農業發展有限公司) which was established on November 6, 2018.

Selling and marketing expenses

Our selling and marketing expenses increased by approximately 297.4% from approximately RMB11.7 million for the year ended December 31, 2018 to approximately RMB46.5 million for the year ended December 31, 2019. This increase was primarily attributable to (i) an increase in the number of employees we hired due to the expansion in our business scale, including employees of companies which we acquired during this period, and (ii) an increase in salaries, employee benefits, travel and other expenses paid to our sales, sales support and marketing personnel in line with our revenue growth and business expansion.

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Administrative expenses

Our administrative expenses increased by approximately 166.6% from approximately RMB86.4 million for the year ended December 31, 2018 to approximately RMB230.3 million for the year ended December 31, 2019. This increase was primarily a result of (i) an increase in the number of employees we hired in connection to the expansion in our business scale, including employees of companies which we acquired during this period, and (ii) an increase in administrative costs which include salaries, employee benefits and other expenses paid to our support staff, as well as the costs associated with our employee incentive plan and the listing.

Other income

Our other income decreased from approximately RMB49.4 million for the year ended December 31, 2018 to approximately RMB20.5 million for the year ended December 31, 2019. This decrease was primarily attributable to a decrease in interest income from loans to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang as the related loan was fully settled as of June 30, 2019.

Operating profit

As a result of the foregoing, our operating profit increased by approximately 181.2% from approximately RMB115.2 million for the year ended December 31, 2018 to approximately RMB323.9 million for the year ended December 31, 2019.

Finance cost—net

Our net finance cost significantly decreased by approximately 61.9% from approximately RMB42.8 million for the year ended December 31, 2018 to approximately RMB16.3 million for the year ended December 31, 2019. This decrease was primarily a result of a decrease in interest expense of borrowings in relation to the ABS we issued in April 2016 which we redeemed in full as of March 28, 2019.

Share of (loss)/profit of an associate

Our share of loss or profit of an associate for the years ended December 31, 2018 and 2019 was negligible.

Income tax expense

Our income tax expense increased by approximately 275.4% from approximately RMB19.9 million for the year ended December 31, 2018 to approximately RMB74.7 million for the year ended December 31, 2019. This increase was primarily due to an increase in our profit before income tax as a result of our revenue growth.

Profit and total comprehensive income for the period from continuing operations and net profit margin

As a result of the foregoing, our profit and total comprehensive income for the period from continuing operations increased by approximately 347.7% from approximately RMB52.0 million for the year ended December 31, 2018 to approximately RMB232.8 million for the year ended December 31, 2019, and our net profit margin from continuing operations increased from approximately 7.5% to 13.3% during the same period.

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Year ended December 31, 2018 compared to the year ended December 31, 2017

Revenue

Our revenue increased by approximately 50.7% from approximately RMB460.5 million for the year ended December 31, 2017 to approximately RMB694.0 million for the year ended December 31, 2018, primarily due to (i) an increase in our revenue generated from property management and value-added services; and (ii) an increase in our revenue generated from our lifestyle services.

Our revenue from property management and value-added services increased by approximately 47.3% from approximately RMB421.4 million for the year ended December 31, 2017 to approximately RMB620.7 million for the year ended December 31, 2018. This increase was primarily due to an increase in our total GFA under management from approximately 20.4 million sq.m. as of December 31, 2017 to approximately 25.7 million sq.m. as of December 31, 2018 combined with an increase in our average property management fee for residential properties from approximately RMB1.73 per sq.m./month for the year ended December 31, 2017 to approximately RMB1.89 per sq.m./month for the year ended December 31, 2018.

In addition, our revenue derived from value-added services surged by 116.9% from RMB91.0 million for the year ended December 31, 2017 to RMB197.4 million for the year ended December 31, 2018 primarily attributable to (i) an increase in revenue derived from value-added services to non-property owners from approximately RMB64.6 million for the year ended December 31, 2017 to RMB112.0 million for the year ended December 31, 2018 mainly owing to the number of consultancy projects increased from 55 as of December 31, 2017 to 130 as of December 31, 2018; and (ii) an increase in property agency services from approximately RMB0.7 million for the year ended December 31, 2017 to RMB47.1 million for the year ended December 31, 2018 primarily due to our commencement of provision of property agency services for new properties in November 2018 in addition to the second-hand properties.

Our revenue from lifestyle services increased by approximately 160.3% from approximately RMB23.9 million for the year ended December 31, 2017 to approximately RMB62.2 million for the year ended December 31, 2018. This increase was primarily due to an increase in revenue generated from travel services of approximately RMB38.3 million as our travel services continued to ramp up.

Cost of sales

Our cost of sales increased by approximately 50.1% from approximately RMB355.3 million for the year ended December 31, 2017 to approximately RMB533.3 million for the year ended December 31, 2018. This corresponded to our increase in revenues, and was primarily due to the expansion of our business scale which resulted in an increase in (i) employee benefit expenses, (ii) greening and cleaning expenses, (iii) costs of tourism services and (iv) maintenance costs and other costs.

Our outsourcing labor cost decreased from approximately RMB124.1 million for the year ended December 31, 2017 to approximately RMB120.9 million for the year ended December 31, 2018 as since 2017, we have been portioning out the greening and cleaning services and security services from labor outsourcing service providers to subcontractors that were specialized in providing those services, and therefore, we can provide services with better quality to our customers and reduce resources in managing outsourcing labors. Citing to such change, both of our greening and cleaning

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expenses and security charges increased from approximately RMB32.7 million and RMB8.5 million, respectively for the year ended December 31, 2017 to approximately RMB78.4 million and RMB11.6 million, respectively for the year ended December 31, 2018.

Our construction costs further decreased from approximately RMB2.5 million for the year December 31, 2017 to nil for the year ended December 31, 2018 as our Group ceased entering into any agreements for installation of security systems services with non-property owners since November 2016 and agreements entered before that had been delivering by us during the Track Record Period and was delivered in full in the year ended December 31, 2017.

Gross profit and gross profit margin

Our overall gross profit increased by approximately 52.6% from approximately RMB105.3 million for the year ended December 31, 2017 to approximately RMB160.7 million for the year ended December 31, 2018, mainly owing to an increase in revenue for the year.

Our gross profit margin increased from approximately 22.9% for the year ended December 31, 2017 to approximately 23.2% for the year ended December 31, 2018, as our growth in revenue exceeded our growth in cost of sales.

Our gross profit margin from property management and value-added services increased from approximately 21.3% for the year ended December 31, 2017 to approximately 24.0% for the year ended December 31, 2018. This increase was primarily due to (i) an increase in average property management fee rates for our residential properties from approximately RMB1.73 per sq.m./month for the year ended December 31, 2017 to approximately RMB1.89 per sq.m./month for the year ended December 31, 2018; and (ii) an increase in revenue generated from our property agency services from approximately RMB0.7 million for the year ended December 31, 2017 to approximately RMB47.1 million for the year ended December 31, 2018 with a gross profit margin of 63.9% recorded for the year. The increase in our gross profit margin from property management and value-added services was partially offset by a decrease in gross profit margin in value-added services to non-property owners from approximately 45.5% for the year ended December 31, 2017 to approximately 35.2% for the year ended December 31, 2018 due to the increase in costs incurred from the increase in number of staff we hired for catering the forthcoming expansion of our business which outweighed the growth in our revenue for the year.

Our gross profit margin from lifestyle services slightly decreased from approximately 10.6% for the year ended December 31, 2017 to approximately 8.9% for the year ended December 31, 2018 due to the change in form of our target customers from individuals to groups in which group customers had a relatively lower profit margin than individual customers. We had only approximately 5% increase of individual customers comparing to an increase of approximately 333% of group customers from the year ended December 31, 2017 to the year ended December 31, 2018.

Our gross profit margin from commercial property management and consultation services decreased from approximately 85.3% for the year ended December 31, 2017 to approximately 57.3% for the year ended December 31, 2018. This decrease was primarily due to the preparation of our new business of cultural tourism complex management in which we established Henan Central New Life Agricultural Development Co., Ltd* (河南建業新生活農業發展有限公司) in 2018 which incurred fixed nature expenses such as administrative and selling and marketing before we generated any revenue and therefore, led to a lower profit margin for this segment.

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Selling and marketing expenses

Our selling and marketing expenses increased by approximately 125.0% from approximately RMB5.2 million for the year ended December 31, 2017 to approximately RMB11.7 million for the year ended December 31, 2018. This increase was primarily due to an increase in employee benefit expenses as a result of an increase in the number of sales and marketing employees.

Administrative expenses

Our administrative expenses increased by approximately 35.6% from approximately RMB63.7 million for the year ended December 31, 2017 to approximately RMB86.4 million for the year ended December 31, 2018. This increase was primarily due to the expansion of our business scale, resulting in an increase in employee benefit expenses attributable to an increase in the number of employees.

Net impairment losses on financial assets

Our net impairment losses on financial assets increased by approximately 150.0% from approximately RMB0.6 million for the year ended December 31, 2017 to approximately RMB1.5 million for the year ended December 31, 2018. This increase was primarily attributable to the impairment we made according to the expected credit losses of receivables from Central China OP, Mr. Qiao Xiaoyong and Mr. Liu Da, non-controlling shareholders of a group company. For more information on these irrecoverable receivables, please see “—Selected Items of the Consolidated Balance Sheets—Trade and Other Receivables and Prepayments—Other receivables” in this section.

Other income

Our other income decreased by approximately 13.0% from approximately RMB56.8 million for the year ended December 31, 2017 to RMB49.4 million for the year ended December 31, 2018, primarily attributable to a decrease in interest income from loans to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang following a decrease in the balance of such loan.

Other gains –net

Our other net gains decreased by approximately 42.0% from approximately RMB8.1 million for the year ended December 31, 2017 to approximately RMB4.7 million for the year ended December 31, 2018. This decrease was primarily due to a decrease in net fair value gains on financial assets at fair value through profit or loss, resulting from a decrease in number of wealth management products during the period.

Operating profit

As a result of the foregoing, our operating profit increased by approximately 14.4% from approximately RMB100.7 million for the year ended December 31, 2017 to approximately RMB115.2 million for the year ended December 31, 2018.

Finance cost—net

Our net finance cost decreased by approximately 12.9% from approximately RMB49.1 million for the year ended December 31, 2017 to approximately RMB42.8 million for the year ended December 31, 2018. This decrease was primarily due to a decrease in interest expense of borrowings as a result of the repayment of certain borrowings in connection with the ABS during the year.

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Share of (loss)/profit of an associate

Our share of profit of an associate decreased from approximately RMB1.3 million for the year ended December 31, 2017 to a share of loss of approximately RMB0.5 million for the year ended December 31, 2018, primarily due to a decrease in the profit generated from One Family Network.

Income tax expense

Our income tax expense increased by approximately 44.2% from approximately RMB13.8 million for the year ended December 31, 2017 to approximately RMB19.9 million for the year ended December 31, 2018. This increase was primarily due to an increase in our profit before income tax as a result of our revenue growth.

Profit and total comprehensive income for the year from continuing operations and net profit margin

As a result of the foregoing, our profit and total comprehensive income for the year from continuing operations increased by approximately 33.0% from approximately RMB39.1 million for the year ended December 31, 2017 to approximately RMB52.0 million for the year ended December 31, 2018, and our net profit margin from continuing operations decreased from approximately 8.5% to 7.5% during the same period.

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SELECTED ITEMS OF THE CONSOLIDATED BALANCE SHEETS

The following table sets forth a summary of our assets and liabilities as of the dates indicated:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Assets			
Non-current assets			
Investment in an associate	2,943	2,437	971
Property, plant and equipment	16,914	21,101	18,082
Intangible assets	9,227	8,333	72,950
Investment properties	240,927	214,444	—
Other receivables and prepayments	649	27,237	2,292
Deferred income tax assets	6,848	9,742	6,962
	<u>277,508</u>	<u>283,294</u>	<u>101,257</u>
Current assets			
Inventories	—	—	5,179
Contract assets	—	—	3,084
Trade and other receivables and prepayments	894,887	870,779	767,287
Financial assets at fair value through profit or loss	45,207	35,101	1,530
Restricted cash	404	408	312
Cash and cash equivalents	121,814	134,260	584,795
	<u>1,062,312</u>	<u>1,040,548</u>	<u>1,362,187</u>
Total assets	<u>1,339,820</u>	<u>1,323,842</u>	<u>1,463,444</u>
Equity			
Equity attributable to owners of the Company			
Share capital	—	—	3
Other reserves	95,000	82,840	123,297
Retained earnings	14,360	33,831	246,142
	<u>109,360</u>	<u>116,671</u>	<u>369,442</u>
Non-controlling interests	<u>(9,776)</u>	<u>(19,356)</u>	<u>12,207</u>
Total equity	<u>99,584</u>	<u>97,315</u>	<u>381,649</u>
Liabilities			
Non-current liabilities			
Borrowings	604,500	430,000	—
Lease liabilities	162,597	136,772	1,256
Contract liabilities	20,857	33,814	59,155
Deferred income tax liabilities	—	—	3,717
	<u>787,954</u>	<u>600,586</u>	<u>64,128</u>
Current liabilities			
Borrowings	5,430	6,426	—
Lease liabilities	56,409	66,383	1,886
Trade and other payables	256,618	353,191	654,265
Contract liabilities	110,216	167,481	310,852
Current income tax liabilities	23,609	32,460	50,664
	<u>452,282</u>	<u>625,941</u>	<u>1,017,667</u>
Total liabilities	<u>1,240,236</u>	<u>1,226,527</u>	<u>1,081,795</u>
Total equity and liabilities	<u>1,339,820</u>	<u>1,323,842</u>	<u>1,463,444</u>

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Current assets and current liabilities

We recorded net current assets of RMB610.0 million, RMB414.6 million, RMB344.5 million and RMB365.4 million as of December 31, 2017, 2018, 2019, March 31, 2020, respectively. The table below sets out selected information for our current assets and current liabilities as at the dated indicated, respectively:

	As of December 31,			As of
	2017	2018	2019	March 31,
	RMB'000	RMB'000	RMB'000	2020
				RMB'000 (unaudited)
Current assets				
Inventories	—	—	5,179	9,252
Contract assets	—	—	3,084	4,581
Trade and other receivables and prepayments	894,887	870,779	767,287	770,780
Financial assets at fair value through profit or loss	45,207	35,101	1,530	—
Restricted cash	404	408	312	639
Cash and cash equivalents	121,814	134,260	584,795	494,258
	<u>1,062,312</u>	<u>1,040,548</u>	<u>1,362,187</u>	<u>1,279,510</u>
Current liabilities				
Borrowings	5,430	6,426	—	—
Lease liabilities	56,409	66,383	1,886	1,771
Trade and other payables	256,618	353,191	654,265	594,464
Contract liabilities	110,216	167,481	310,852	296,189
Current income tax liabilities	23,609	32,460	50,664	21,690
	<u>452,282</u>	<u>625,941</u>	<u>1,017,667</u>	<u>914,114</u>
NET CURRENT ASSETS	<u>610,030</u>	<u>414,607</u>	<u>344,520</u>	<u>365,396</u>

Net current assets

Our net current assets increased from approximately RMB344.5 million as of December 31, 2019 to RMB365.4 million as of March 31, 2020 mainly due to a decrease in trade and other payables and current income tax liabilities, partially offset by a decrease in cash and cash equivalents mainly owing to settlements of the trade and other payables and current income tax liabilities. Our net current assets then decreased from approximately RMB414.6 million as of December 31, 2018 to approximately RMB344.5 million as of December 31, 2019, mainly due to: (i) a decrease in trade and other receivables and prepayments of approximately RMB103.5 million due to the settlement of loans to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang of approximately RMB564.0 million as of June 30, 2019 which was partially offset by the increase in our trade receivables of approximately RMB430.4 million due to our business expansion during the same period; (ii) an increase in contract liabilities of approximately RMB143.4 million primarily due to an increase in demand for our value-added services to non-property owners and an increase in our GFA under management from approximately 25.7 million sq.m. as of December 31, 2018 to 57.0 million sq.m. as of December 31, 2019 which resulted in increase in the property management fees we received; and (iii) an increase in trade and other payables of approximately RMB301.1 million primarily due to our business expansion which resulted in an increase in trade payables and number of employees and the respective wages payable. These decreases were partially offset by increase in cash and cash equivalent of RMB450.5 million primarily due to (i) an increase in our net cash generated from operating activities of approximately RMB280.7 million; and (ii) repayment of loans from other entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang of approximately RMB564.0 million which was partially offset by our repayment of borrowings of approximately RMB436.4 million during the same period.

Our net current assets decreased from approximately RMB610.0 million as of December 31, 2017 to approximately RMB414.6 million as of December 31, 2018, mainly due to: (i) an decrease in

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trade and other receivables and prepayments of approximately RMB24.1 million due to the repayment of loans from entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang which was partially offset by the increase in our trade and other receivables during the same period; (ii) an increase in trade and other payables of approximately RMB96.6 million primarily due to our business expansion which resulted in an increase in trade payables and number of employees and the respective wages payable; (iii) an increase in contract liabilities of approximately RMB57.3 million primarily due to an increase in our GFA under management from approximately 20.4 million sq.m. as of December 31, 2017 to 25.7 million sq.m. as of December 31, 2018 which resulted in increase in the property management fees we received; (iv) an increase in current income tax liabilities of approximately RMB8.9 million due to an increase in our revenue during the same period; (v) an increase in lease liability of approximately RMB10.0 million due to an increase in business of the discontinued operations during the same period; and (vi) a decrease in financial assets at fair value through profit or loss of approximately RMB10.1 million, which is partially affect by an increase in cash and cash equivalents of approximately RMB12.5 million.

Property, Plant and Equipment

Our property, plant and equipment mainly consist of vehicles, electronic equipment, and other fixed assets. Our property, plant and equipment increased from approximately RMB16.9 million as of December 31, 2017 to approximately RMB21.1 million as of December 31, 2018, primarily due to our continued investment in tool automation. Our property, plant and equipment decreased from approximately RMB21.1 million as of December 31, 2018 to approximately RMB18.1 million as of December 31, 2019, primarily due to the discontinued operation of Central China OP. No property, plant and equipment was restricted or pledged as security for borrowings as of December 31, 2017, 2018 and 2019.

Intangible Assets

Our intangible assets mainly consist of goodwill, platform and know-how, order backlog and customer relationship, software and others. Our intangible assets were approximately RMB9.2 million as of December 31, 2017 and RMB8.3 million as of December 31, 2018. Our intangible assets increased significantly from approximately RMB8.3 million as of December 31, 2018 to approximately RMB73.0 million as of December 31, 2019, primarily due to a goodwill arise from the acquisition of Linzhou Liuhe, Aiou Electronic, Zhengzhou Jiexiang and Xinyang Nanhong.

Trade and other receivables and prepayments

Trade receivables

Our trade receivables mainly represent property management services income under lump sum basis and value-added services to property developers.

The following table sets forth a breakdown of our trade receivables as of the dates indicated:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Trade receivables			
—Non property developers	101,774	115,315	109,307
—Property developers	54,756	132,405	568,868
	156,530	247,720	678,175
Note receivables	600	500	—
Less: allowance for impairment of trade receivables	(12,649)	(13,806)	(13,328)
	<u>144,481</u>	<u>234,414</u>	<u>664,847</u>

Our trade receivables increased from approximately RMB144.5 million as of December 31, 2017 to approximately RMB664.8 million as of December 31, 2019 primarily due to an increase in

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gross trade receivables from property developers, which was in turn attributed to the increase in our provision of (a) value-added services to non-property owners (such as on-site sales assistance and consultancy), (b) property agency (which is provided to property developers prior to them receiving proceeds from selling properties) and (c) intelligent community solutions (which is provided immediately before the completion of property construction). Revenue generated from such services in aggregate amounted to approximately RMB64.2 million, RMB155.0 million and RMB638.8 million during the Track Record Period, respectively. Our gross trade receivables from property developers attributable to our provision of (i) value-added services to non-property owners, (ii) property agency services and (iii) intelligent community solutions, in aggregate, represented approximately 71.2%, 86.5% and 77.1% of our total trade receivables from property developers as of December 31, 2017, 2018 and 2019, respectively.

There are two types of trade receivables, property developers and non-property developers. Our Directors assessed that the expected credit loss rate for trade receivables from property developers were insignificant, considering the good finance position and credit history of the property developers.

To the best knowledge of our Directors and based on the Group's experience in Henan, after the property developers in Henan collected proceeds from property buyers, such property developers will generally prioritize the application of such proceeds to the settlement of outstanding fees with construction companies and the repayment of bank loans before settling the trade payables with other creditors (including the payables of our abovementioned services). Therefore, our Directors consider that it would generally take longer for us to recover the receivables from our property developer customers. Our Directors assess the recoverability of the receivables from our property developer customers primarily based on (i) historical payment record and financial position of the relevant property developer, (ii) stage of the relevant development project; and (iii) number of the relevant properties sold (if applicable).

As of the Latest Practicable Date, the remaining balance of the trade receivables of approximately RMB491.7 million that were related to the CCRE Group and its associates or joint ventures as of December 31, 2019 was decreased to approximately RMB350.5 million (represented settlement of approximately 28.7% of such trade receivables). Our Directors were of the view that such outstanding trade receivables were recoverable and no impairment allowance for such balance was necessary on the basis that: (i) CCRE is a company listed on the Stock Exchange along with its solid background, financial conditions, good reputation, credibility and payment records; (ii) we have a long and well-established business relationship with the CCRE Group and the percentage of subsequent settlement of our trade receivables with the CCRE Group and its associates or joint ventures as of the Latest Practicable Date was approximately 99.0% and 99.2% for the trade receivables as of December 31, 2017 and 2018, respectively as such, we would give the CCRE Group sufficient flexibility in settling their trade receivables with the mutual understanding that the outstanding trade receivables as of December 31, 2019 would be settled in a similar manner; and (iii) the CCRE Group has provided us with a repayment commitment letter which the CCRE Group has undertaken that they would settle all of their trade receivables as of December 31, 2019 with our Group within one year.

The expected credit loss rate for the provision matrix is for trade receivables from non-property developers which are mainly related to our property management service business. As there is no significant change in the business operation of property management service, actual loss rates for trade receivables, customer profile and the adjustments for forward looking macroeconomic data during the Track Record Period, our Directors consider that the change in the expected credit loss rates for the provision matrix is insignificant throughout the Track Record Period.

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Aging analysis of trade receivables

The following is an aging analysis of trade receivables between related parties and independent third party as of the dates indicated, based on the date of demand note and document of settlement:

	Related parties			Independent third party			Total		
	As of December 31,			As of December 31,			As of December 31,		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
0-180 days	27,292	71,759	377,767	41,779	55,219	95,795	69,071	126,978	473,562
181-365 days	7,129	1,642	113,305	23,781	49,731	49,262	30,910	51,373	162,567
1 to 2 years	4,588	2,840	269	33,436	31,971	17,418	38,024	34,811	17,687
2 to 3 years	642	4,587	170	9,392	22,331	13,956	10,034	26,918	14,126
3 to 4 years	294	514	151	4,079	4,568	6,394	4,373	5,082	6,545
Over 4 years	133	72	79	3,985	2,486	3,609	4,118	2,558	3,688
Total	40,078	81,414	491,741	116,452	166,306	186,434	156,530	247,720	678,175

Subsequent settlement of trade receivables

The following table sets forth the subsequent settlement of trade receivables by property developers, non-property developers, related parties and independent third party as of the dates indicated:

	Property developer (a) = (b) + (c)			Property developer—Related parties (b)			Property developer—Independent third party (c)			Non-property developer (Owner/ Independent third party) (d)			Total (e) = (a) + (d)		
	As of December 31,			As of December 31,			As of December 31,			As of December 31,			As of December 31,		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Subsequent settlement															
0-180 days	40,773	96,636	120,794	27,131	71,651	98,754	13,642	24,985	22,040	21,784	22,145	5,126	62,557	118,781	125,920
181-365 days	7,835	24,210	43,273	7,129	1,481	42,437	706	22,729	836	16,315	18,474	1,969	24,150	42,684	45,242
1 to 2 years	4,771	5,419	—	4,441	2,679	—	330	2,740	—	27,386	16,118	801	32,157	21,537	801
2 to 3 years	638	4,440	9	638	4,440	9	—	—	—	7,616	16,611	843	8,254	21,051	852
3 to 4 years	284	510	4	284	510	4	—	—	—	2,866	2,792	674	3,150	3,302	678
Over 4 years	71	—	3	71	—	3	—	—	—	2,712	1,437	784	2,783	1,437	787
Total	54,372	131,215	164,083	39,694	80,761	141,207	14,678	50,454	22,876	78,679	77,577	10,197	133,051	208,792	174,280

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The following table sets forth the percentage of subsequent settlement between related parties and independent third party as of the dates indicated:

	Related parties			Independent third party			Total		
	As of December 31,			As of December 31,			As of December 31,		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross trade receivables	40,078	81,414	491,741	116,452	166,306	186,434	156,530	247,720	678,175
<i>Less: allowance for impairment of trade receivables</i>	—	—	—	(12,649)	(13,806)	(13,328)	(12,649)	(13,806)	(13,328)
Trade receivables	40,078	81,414	491,741	103,803	152,500	173,106	143,881	233,914	664,847
Subsequent settlement of trade receivables	39,694	80,761	141,207	93,357	128,031	33,073	133,051	208,792	174,280
Percentage of subsequent settlement⁽¹⁾	99.0%	99.2%	28.7%	89.9%	84.0%	19.1%	92.5%	89.3%	26.2%

Note:

(1) The percentage of subsequent settlement was calculated based on the remaining balance of trade receivables as of the Latest Practicable Date.

Average turnover days of trade receivables

The following table sets forth the average turnover days of our trade receivables between related parties and independent third party for the periods indicated:

Turnover days	Year ended December 31,	
	2017	2018
Related parties	145	162
Independent third party	99	91

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Our Directors confirm that our Group had not recorded any bad debts arising from, or otherwise were required to make any provision for bad or doubtful debts in respect of, any failure to recover the trade receivables from our property developer customers during the Track Record Period. Further, our Directors confirm that, (i) to the best of their knowledge, they are not aware of any circumstances as of the Latest Practicable Date that would require the Group to record any material bad debts or make any material provision for bad or doubtful debts for the trade receivables from our property developer customers; and (ii) as of Latest Practicable Date, our trade receivables from property developer customers were not subject to any disputes or legal proceedings.

As of December 31, 2017, 2018 and 2019, we made allowance for impairment of trade receivables of approximately RMB12.6 million, RMB13.8 million and RMB13.3 million, respectively, which were made according to the expected credit losses of each debtors.

The following is an aging analysis of trade receivables as of the dates indicated, based on the date of demand note and document of settlement:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Within 180 days	69,071	126,978	473,562
181 to 365 days	30,910	51,373	162,567
1 to 2 years	38,024	34,811	17,687
2 to 3 years	10,034	26,918	14,126
3 to 4 years	4,373	5,082	6,545
Over 4 years	4,118	2,558	3,688
	156,530	247,720	678,175

The following table sets forth the average turnover days of our trade receivables for the periods indicated:

	Year ended December 31,		
	2017	2018	2019
	(days)		
Average turnover days of trade receivables ⁽¹⁾	99.1	99.6	93.5

Note:

(1) Average turnover days of trade receivables for a period equals average trade receivables divided by revenue for the period and multiplied by 365 for a 12-month period. Average trade receivables are calculated as trade receivables at the beginning of the period plus trade receivables at the end of the period, divided by two.

Our average turnover days of trade receivables decreased from 99.1 days and 99.6 days for the year ended December 31, 2017 and 2018 to 93.5 days for the year ended December 31, 2019 primarily due to our enhanced collection efforts. For more information on our collection efforts, please see “Business—Property Management and Value-Added Services—Traditional Property Management—Property Management Fees—Payment Terms and Credit Terms” in this prospectus.

Our Directors confirm that as of the Latest Practicable Date, approximately RMB174.3 million, or 25.7%, of our trade receivables as of December 31, 2019 were subsequently settled.

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Other receivables

Our other receivables mainly represent loans to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang, interests receivable and amounts due from minority shareholders of a subsidiary.

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Other receivables			
—Loans to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang	646,949	564,000	—
—Interests receivable from entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang	79,024	38,071	—
—Amounts due from non-controlling shareholders of a former subsidiary	15,124	15,285	—
—Amounts due from entities controlled by Mr. Wu	218	22,346	40,807
—Receivables from a third party	—	—	29,352
—Others	5,851	8,709	15,343
	<u>747,166</u>	<u>648,411</u>	<u>85,502</u>
Less: allowance for impairment of other receivables	<u>(1,768)</u>	<u>(17,678)</u>	<u>(1,145)</u>
	<u>745,398</u>	<u>630,733</u>	<u>84,357</u>

During the Track Record Period, we made loans to Hongdao Investment, Jianye Holdings and Henan Central China Football Club, which were entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang at the material time, which were not compliant with PRC laws and regulations. Please refer to the section headed “Business—Legal Proceedings and Compliance” for further details.

The amounts due from non-controlling shareholders of a former subsidiary as of December 31, 2017 and 2018 were loans made by Henan Yunwu Changxiang Network Technology Co., Ltd.* (河南雲屋暢享網絡科技有限公司) (“**Henan Yunwu**”), our former non wholly-owned subsidiary, to two minority individual shareholders of Henan Yunwu, namely Mr. Qiao Xiaoyong (喬小勇先生) and Mr. Liu Da (劉達先生). Such line item was then decreased to nil as of December 31, 2019 due to the disposal of Central China OP on March 15, 2019.

The amounts due from entities controlled by Mr. Wu primarily represent payment received by the CCRE Group on our behalf for our sale of goods and services on our Jianye + (建業+) platform. The CCRE Group has developed and operated a well-established third-party online payment platform and has obtained the necessary license for such operation. In order to facilitate development of our Jianye + (建業+) platform and to save costs, the CCRE Group acts as the third-party online payment platform for our Jianye + (建業+) platform and the CCRE Group is responsible for all the monetary arrangements occurred in the day-to-day transactions with the customers. For further details, please refer to the section headed “Connected Transactions—(A) Fully Exempt Continuing Connected Transactions—2. Online Payment Platform Services” in this prospectus. We settle the balance of payment received by the CCRE Group through the online payment platform monthly. The CCRE Group did not charge the Group any service fee for providing the third-party online platform since the CCRE Group considers this would provide convenience and encourage users to continue to use the Jianye + (建業+) platform. This would ultimately enhance the Jianye brand awareness and create customer’s loyalty to the Jianye brand, which is beneficial to the CCRE Group. Instead, the CCRE Group charges property owners for such prepayment services. In light of regular settlement by the CCRE Group and the long-term cooperation between our Group and CCRE Group, our Company did not have any collateral implemented to secure the receivables from the CCRE Group. Such arrangement is ongoing and occurred in the ordinary course of business, and we will continue with such arrangement with the CCRE Group after the Listing.

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As of December 31, 2019, we had an increase in receivables from a third party, which was solely an amount due from a former non wholly-owned subsidiary of approximately RMB29.4 million. Such loan was provided by our Group for the purpose of financing the business operations of our former non wholly-owned subsidiary, Central China OP, during the two years ended December 31, 2017 and 2018. Central China OP was disposed by us on March 15, 2019. Pursuant to the disposal agreement dated March 15, 2019, the purchaser of Central China OP, being an Independent Third Party, agreed to take over the debt obligations of Central China OP and settle this outstanding amount on or before April 30, 2020. Such receivables was fully settled on April 28, 2020. Further details are set out in the section headed “History, Reorganization and Corporate Structure—Post-Reorganization—Disposal of Central China OP” in this prospectus.

Financial assets at fair value through profit or loss

Our financial assets at fair value through profit or loss mainly represent wealth management products and fund products we purchased. The following table sets forth a breakdown of our financial assets at fair value through profit or loss as of the dates indicated:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Wealth management products	5,174	4,402	1,530
Funds products	40,033	30,699	—
	45,207	35,101	1,530

During the Track Record Period, we purchased wealth management products from PRC domestic banks recognized in financial assets at fair value through profit or loss. During the Track Record Period, we recorded interest income from such wealth management products of approximately RMB1.4 million, RMB0.2 million and RMB0.4 million, respectively.

For certain wealth management products in which we invested, our full recovery of the principal investment amounts is guaranteed and protected by the respective banks. For other wealth management products, full recovery of the principal investment amounts is not guaranteed. The wealth management products in which we invested during the Track Record Period were mainly used by the issuing banks to invest in (i) highly liquid assets, including, but not limited to, PRC government bonds, local government bonds, financial bonds, corporate bonds, enterprise bonds, short-term financing instruments, medium-term notes, subordinated bonds, asset-backed securities or notes, trust funds and other investment-grade debt instruments; and (ii) various types of asset management plans, or a combination of any of the foregoing. According to the underlying contracts for these wealth management products, the investment allocation decisions of these funds are generally made by the licensed commercial banks on a discretionary basis. We made investments in these wealth management products primarily for the purposes of gaining reasonably higher short-term investment returns than the fixed rate returns from cash deposits at banks.

We have adopted investment and treasury policies and internal control measures to review and monitor our investment risks. We consider investing in wealth management products only when we have surplus cash that is not required for our short-term working capital purposes. We consider the profits we expect to generate and the risks expected to be involved before we make any investment decision. In accordance with our internal wealth investment administration rules, we are only allowed

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to purchase short-term wealth management products, typically those redeemable upon demand, issued by large state-owned licensed banks or listed licensed banks in China, including Bank of China, Bohai Bank and Shanghai Pudong Development Bank. Our Chief Finance Officer is responsible for the approval of our investment in wealth management products. Although during the Track Record Period we recorded losses in certain wealth management products, we believe that our internal control policies regarding investment in financial assets and risk management mechanism are adequate. To achieve reasonably higher return on our excess cash than regular bank deposits, we may continue to take a prudent approach to make selective investment in similar wealth management products with low risk.

Accumulated Loss

Throughout 20 years of experience and operations in the property management industry, our Group went through various business development phases and has successfully transformed from a supporting role to a property developer to a profitable independent service provider of property management and value-added services and also a service provider of lifestyle and commercial property management and consultation services. Since the incorporation of one of our major operating subsidiaries, Central China Property Management, in 1999, our Group has then been providing the majority of our property management services to properties developed by the CCRE Group and its associates or joint ventures. Further, as we were only providing traditional property management services when we first commenced our business, our revenue was primarily derived from the provision of property management services. Due to the fact that (i) we had a relatively low total GFA under management since incorporation until end of 2014 when our total GFA under management exceeded 10 million sq.m., which coupled with the relatively low property management fee we were charging at the time and that we continued to incur expenses of a fixed nature, hence our Group only managed to break even until end of 2014 when our business scale reached a point where we could effectively spread our costs; (ii) as confirmed by CIA, one of our industry consultants, due to the low awareness and demand of property management services in the market as well as the rules and regulations imposed by the PRC government in order to control the management fee rates, hence we were charging the properties under our management at a low property management fee rate when we first commenced our property management business. Our property management fee for the years ended December 31, 2013 and 2014 was approximately RMB1.49 per sq.m./month on average comparing to an average of RMB1.66 per sq.m./month for the year ended December 31, 2015 and 2016. Such adjustment was due to the new regulation abolishing pricing control policies for property management services (國家發展和改革委員會關於放開部分服務價格意見的通知) (發改價格[2014] 2755號) promulgated by the government came into effect in December 2014 and we were able to adjust our property management fee since 2015 and (iii) the start up of our business continued to incur expenses of a fixed nature such as the standard overhead costs and labor costs in respect of attracting and retaining qualified employees for our management team at the time, our Group had recorded accumulated loss of approximately RMB9.1 million as at January 1, 2017. As confirmed by CIA, reasons for property management companies of a smaller scale to incur loss prior to 2014 were due to (i) the rigid pricing policies imposed by the PRC government in which property management fees collected were less than the costs incurred; and (ii) additional value-added services were not in demand hence the only source of revenue generated was mainly from property management services which has lower gross profit margin than value-added services, as a result, property management companies of a smaller scale generally take longer to break even. Since our focus has been on the provision of quality property management services to our customers, hence the property management fees we charged prior to 2014 could not fully cover the costs incurred. As a result, our costs exceeded the revenue generated, thus our Group

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had incurred accumulated loss and was only able to break even until end of 2014 even though we receive property management fees prior to providing property management services.

Our Group was able to turnaround our business to profitability during the Track Record Period primarily because (i) we had a significant increase in our aggregate GFA under management from approximately 20.4 million sq.m. as of December 31, 2017 to 57.0 million sq.m. as of December 31, 2019 primarily due to the policies implemented by the PRC government in 2016 that are favorable to property developers in order to facilitate the sale of the properties to reduce vacancy rate which led to an increase in delivery of properties from the CCRE Group and other third-party property developers; (ii) we had an increase in the property management fee rate charged for the residential properties we manage which was approximately RMB1.73 per sq.m./month, RMB1.89 per sq.m./month and RMB1.82 per sq.m./month during the Track Record Period, respectively, and we had successfully increased the property management fee rates for 17 properties under management by an average of approximately 41.8%; (iii) the expansion of our business and increase in revenue and in particular, our value-added service offering expanded to cover the following services: (a) personalized services to VIPs of the Central China Consumers Club. As we share similar business philosophy and values with the CCRE Group, we were engaged to manage and take care of the VIPs of the CCCC in which we would organize customized activities for each of the VIPs. Further, we would also organize massive activities for all VIPs in order to promote CCRE's brand recognition; (b) property agency services in respect of new properties in addition to second-hand properties. Since the CCRE Group decided to focus on its property development business hence the CCRE Group outsourced its property agency business to our Group primarily because (i) we had the necessary license and qualifications; and (ii) we had a well-established business relationship with the CCRE Group; and (c) intelligent community solutions. As the CCRE Group began to promote environmental awareness among its residents, we were engaged to implement intelligent community solutions which would enable energy-saving within the communities as we had the necessary expertise in such respect. As a result, we had an increase in cooperation with the CCRE Group which brought mutual benefits to the business of both the CCRE Group and our Group, for further details, please see section headed "Connected Transactions" in this prospectus; (iv) our property agency and CCCC services had a higher gross profit margin among our services which our gross profit margin for property agency services was approximately 61.5%, 63.9% and 49.6% during the Track Record Period, respectively. Our gross profit margin for CCCC was approximately 30.8% and 47.3% for the year ended December 31, 2018 and 2019, respectively; (v) our revenue derived from our property management and value-added services accounted for approximately 91.5%, 89.4% and 76.4% during the Track Record Period, hence the continued increase in our revenue for our property management and value-added led to a continued significant increase in our total revenue; (vi) we had been able to spread our expenses of a fixed nature among all our property projects while increasing the provision of services; and (vii) our two business segments, namely our lifestyle and commercial property management and consultation services, started for the year ended December 31, 2019, had recorded segment results of approximately RMB55.2 million and RMB19.5 million respectively. As a result, our profit derived from the continuing operations increased from approximately RMB39.1 million for the year ended December 31, 2017 to approximately RMB232.8 million for the year ended December 31, 2019.

Deferred Income Tax Liabilities

Our deferred income tax liabilities mainly represent deferred tax assets and liabilities resulting from doubtful debts, tax losses, net of right-of-use assets and lease liabilities, as well as appreciation on

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assets due to business combination. The following table sets forth a breakdown of our deferred income tax as of the dates indicated:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Deferred tax assets:			
—Deferred tax assets to be recovered after more than 12 months	3,188	3,573	2,957
—Deferred tax assets to be recovered within 12 months	3,660	6,169	4,005
	6,848	9,742	6,962
Deferred tax liabilities:			
—Deferred tax liabilities to be recovered after more than 12 months	—	—	(2,944)
—Deferred tax liabilities to be recovered within 12 months	—	—	(773)
	—	—	(3,717)
	6,848	9,742	3,245

Trade and other Payables

Our trade and other payables primarily consist of maintenance funds and deposits paid by property owners, and utility fees repaid by property owners and residents. Our trade and other payables increased from approximately RMB256.6 million as of December 31, 2017 to approximately RMB353.2 million as of December 31, 2018 due to an increase in the deposits we request from property owners for the purpose of renovation. Our trade and other payables further increased to approximately RMB654.3 million as of December 31, 2019 due to (i) an increase in accrued payroll and (ii) an increase in deposits we received, as a result of the expansion of our business.

Trade payables

Our trade payables primarily consist of trade payables from services and goods from our suppliers. The following table sets forth a breakdown of our trade payables as of the dates indicated:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Trade payables			
- Related parties	—	227	11,953
- Third parties	32,560	53,231	165,466
	32,560	53,458	177,419

The overall increase in our trade payables throughout the Track Record Period was due to the expansion of our business.

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The following is an aging analysis of our trade payables, based on the invoice date, as of the dates indicated:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Within 180 days	26,082	45,968	170,413
181-365 days	392	4,607	5,011
1 to 2 years	1,755	723	462
2 to 3 years	1,917	1,139	537
Over 3 years	2,414	1,021	996
Trade payables	<u>32,560</u>	<u>53,458</u>	<u>177,419</u>

During the Track Record Period, our trade payables were unsecured and non-interest-bearing. The credit terms of trade payables vary according to the terms agreed with different suppliers, normally ranging from 0 to 180 days.

The following table sets forth the average turnover days of our trade payables for the periods indicated:

	Year ended December 31,		
	2017	2018	2019
	(days)		
Average turnover days of trade payables ⁽¹⁾	33.7	29.4	35.8

Note:

(1) Average turnover days of trade payables for a period equals average trade payables divided by cost of sales for the period and multiplied by 365 for a 12-month period. Average trade payables are calculated as trade payables at the beginning of the period plus trade payables at the end of the period, divided by two.

The Group's average turnover days of trade payables was 33.7 days, 29.4 days and 35.8 days during the Track Record Period, respectively, which fall within the credit periods generally granted by the Group's suppliers.

Our Directors confirm that, as at the Latest Practicable Date, approximately RMB107.9 million, or 60.8%, of our trade payables as of December 31, 2019 were subsequently settled.

Other payables

Our other payables mainly include deposits paid by residents of properties we manage, deposits paid by certain suppliers, maintenance funds collected from residents of properties we manage, amounts due to entities controlled by Mr. Wu and accrued payroll. The following table sets forth a breakdown of our other payables as of the dates indicated:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Amounts due to entities controlled by Mr. Wu	4,750	10,387	22,938
Others	144,696	182,490	274,502
Accrued payroll	40,469	72,318	151,793
Other taxes payables	12,281	19,366	27,613
Interests payable	21,862	15,172	—
Total	<u>224,058</u>	<u>299,733</u>	<u>476,846</u>

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Our amounts due to entities controlled by Mr. Wu include water, electricity, heating and other utility expenses, which are as a matter of logistics initially paid by the CCRE Group (as the landlord) to the respective utility suppliers on behalf of us as the management company collecting utilities payment from the tenants of CCRE Group's commercial properties under our management, and we subsequently reimburse the CCRE Group for such payment. Such utility expenses are ongoing and incurred in the ordinary course of our business, and we will continue with such arrangement after the Listing for the duration of the relevant underlying leases. Our amounts due to entities controlled by Mr. Wu increased from RMB4.8 million as of December 31, 2017 to approximately RMB10.4 million as of December 31, 2018, primarily due to an increase in the services provided to properties developed by the CCRE group and its associates or joint ventures. Our amounts due to entities controlled by Mr. Wu increased further to approximately RMB22.9 million as of December 31, 2019 due to timing of cut-off date of payment made to entities controlled by Mr. Wu. Our amounts due to entities controlled by Mr. Wu are unsecured, interest-free and repayable on demand. Our Directors have confirmed that, save for the abovementioned payable of water, electricity, heating and other utility expenses of approximately RMB14.3 million as of December 31, 2019 (which is not financing or any form of financial support provided by the CCRE Group), all amounts due to entities controlled by Mr. Wu will be settled before Listing.

Others primarily includes deposits, maintenance fund and collection of water, electricity and gas fees.

Our accrued payroll increased from approximately RMB40.5 million as of December 31, 2017 to approximately RMB72.3 million as of December 31, 2018 primarily due to an increase in the number of employees hired. Our accrued payroll as of December 31, 2019 then increased to approximately RMB151.8 million.

Our other taxes payables increased from approximately RMB12.3 million as of December 31, 2017 to approximately RMB19.4 million and RMB27.6 million as of December 31, 2018 and 2019, respectively, primarily due to increase in our taxable income.

Our interest payable decreased from approximately RMB21.9 million as of December 31, 2017 to approximately RMB15.2 million as of December 31, 2018 due to a decrease in the amount of the ABS. Our interests payable as of December 31, 2019 is nil due to the fact that we no longer have any outstanding debt.

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Contract Liabilities

Our contract liabilities mainly arise from the prepayment of property management fees by our customers. Our contract liabilities increased from approximately RMB131.1 million as of December 31, 2017 to approximately RMB201.3 million as of December 31, 2018. Our contract liabilities further increased to approximately RMB370.0 million as of December 31, 2019. The general increase in contract liabilities was mainly due to an increase in the total GFA of properties we managed in connection with the expansion of our business. The following table sets forth a breakdown of our contract liabilities as of the dates indicated:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Property management services and related value-added services	128,439	195,473	358,426
Lifestyle services	2,634	5,114	10,998
Commercial property management and consultation services	—	708	583
Total	<u>131,073</u>	<u>201,295</u>	<u>370,007</u>

LIQUIDITY AND CAPITAL RESOURCES

Our principal use of cash has been for working capital. We finance our operations mainly from cash flow from operations and asset backed securities. In the foreseeable future, we expect working capital to continue to be our principal requirements of liquidity and we may use a portion of the proceeds from the Global Offering to finance some of our capital expenditure.

The following table sets forth a summary of our cash flows as of the dates indicated.

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Operating activities			
Continuing operations	66,019	93,874	265,255
Discontinued operation	17,830	39,588	15,444
Net cash generated from operating activities	<u>83,849</u>	<u>133,462</u>	<u>280,699</u>
Investing activities			
Continuing operations	261,333	159,831	620,876
Discontinued operation	(35,174)	(22,324)	23,056
Net cash generated from investing activities	<u>226,159</u>	<u>137,507</u>	<u>643,932</u>
Financing activities			
Continuing operations	(265,532)	(219,633)	(450,474)
Discontinued operation	(22,207)	(38,890)	(23,813)
Net cash used in financing activities	<u>(287,739)</u>	<u>(258,523)</u>	<u>(474,287)</u>
Net increase in cash and cash equivalents	22,269	12,446	450,344
Cash and cash equivalents at beginning of year	99,545	121,814	134,260
Exchange gain on cash and cash equivalents	—	—	191
Cash and cash equivalents at end of year	<u>121,814</u>	<u>134,260</u>	<u>584,795</u>

Net cash generated from operating activities

For the year ended December 31, 2019, net cash generated from operating activities was RMB280.7 million, consisting of cash generated from continuing operations of RMB265.3 million and

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discontinued operation of RMB15.4 million. The net operating cash generated from continuing operations was primarily a combined result of operating cash inflow before movements in working capital of RMB328.4 million, income tax paid of RMB50.9 million and decrease in working capital of RMB12.2 million. The decrease in working capital was primarily reflected by an increase in trade and other receivables and prepayments of RMB450.0 million and partially offset by an increase in contract liabilities of RMB161.3 million and trade and other payables of RMB283.6 million.

For the year ended December 31, 2018, net cash generated from operating activities was RMB133.5 million, consisting of cash generated from continuing operations of RMB93.9 million and discontinued operation of RMB39.6 million. The net operating cash generated from continuing operations was primarily a combined result of operating cash inflow before movements in working capital of RMB70.3 million, income tax paid of RMB13.9 million and increase in working capital of RMB37.5 million. The increase in working capital were primarily reflected by an increase in contract liabilities of RMB70.2 million and trade and other payables of RMB101.1 million, partially offset by an increase in trade and other receivables and prepayments of RMB133.8 million

For the year ended December 31, 2017, net cash generated from operating activities was RMB83.8 million, consisting of cash generated from continuing operations of RMB66.0 million and discontinued operation of RMB17.8 million. The net operating cash generated from continuing operations was primarily a combined result of operating cash inflow before movements in working capital of RMB42.1 million, income tax paid of RMB0.2 million and increase in working capital of RMB24.2 million. The increase in working capital were primarily reflected by an increase contract liabilities of RMB12.1 million and trade and other payables of RMB48.8 million, partially offset by an increase in trade and other receivables and prepayments of RMB36.5 million.

Net cash generated from investing activities

For the year ended December 31, 2019, net cash generated from investing activities was RMB643.9 million, consisting of cash generated from continuing operations of RMB620.9 million and discontinued operation of RMB23.1 million. The cash generated from continuing operations primarily reflecting (i) repayment from other parties in the amount of RMB564.0 million, (ii) proceeds from disposal of financial assets at fair value through profit or loss of RMB309.0 million and (iii) interest received in the amount of RMB54.9 million, partially offset by acquisition of financial assets at fair value through profit or loss in the amount of RMB278.4 million.

For the year ended December 31, 2018, net cash generated from investing activities was RMB137.5 million, consisting of cash generated from continuing operations of RMB159.8 million and cash used in discontinued operation of RMB22.3 million. The cash generated from continuing operations primarily reflecting (i) repayments from other parties in the amount of RMB82.9 million, (ii) proceeds from disposal of financial assets at fair value through profit or loss in the amount of RMB95.1 million and (iii) interest received in the amount of RMB90.1 million, partially offset by (i) acquisition of financial assets at fair value through profit or loss in the amount of RMB78.6 million and (ii) prepayments for acquisition of subsidiaries of RMB24.8 million.

For the year ended December 31, 2017, net cash generated from in investing activities was RMB226.2 million, consisting of cash generated from continuing operations of RMB261.3 million and cash used in discontinued operation of RMB 35.2 million. The cash generated from continuing operations was primarily reflecting (i) proceeds from disposal of financial assets at fair value through

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profit or loss in the amount of RMB614.6 million, (ii) repayments from other parties in the amount of RMB224.6 million and (iii) interest received in the amount of RMB14.4 million, partially offset by acquisition of financial assets at fair value through profit or loss in the amount of RMB586.8 million.

Net cash used in financing activities

For the year ended December 31, 2019, net cash used in financing activities was RMB474.3 million, consisting of cash used in continuing operations of RMB450.5 million and cash used in discontinued operation of RMB23.8 million. The cash used in continuing operations was reflecting primarily repayment of borrowings in the amount of RMB436.4 million and interest paid in the amount of RMB32.4 million, partially offset by a capital injection from the shareholders of the Company in the amount of RMB9.4 million, and cash advances from entities controlled by Mr. Wu in the amount of RMB21.4 million.

For the year ended December 31, 2018, net cash used in financing activities was RMB258.5 million, consisting of cash used in continuing operations of RMB219.6 million and cash used in discontinued operation of RMB38.9 million. The cash used in continuing operations was reflecting primarily (i) repayments of borrowings in the amount of RMB173.5 million, (ii) distributions to the then owners of a group company in the amount of RMB100.0 million and (iii) interest paid in the amount of RMB49.7 million, partially offset by a capital injection from the shareholders of the Company in the amount of RMB100.0 million.

For the year ended December 31, 2017, net cash used in financing activities was RMB287.7 million, consisting of cash used in continuing operations of RMB265.5 million and cash used in discontinued operation of RMB22.2 million. The cash used in continuing operations was reflecting primarily (i) repayments of borrowings in the amount of RMB198.4 million, (ii) interest paid in the amount of RMB43.2 million and (iii) repayments to entities controlled by Mr. Wu in the amount of RMB32.6 million.

Working Capital

Our Directors are of the opinion that, after taking into account the financial resources available to us including the estimated net proceeds of the Global Offering (after a possible Downward Offer Price Adjustment setting the final Offer Price up to 10% below the bottom end of the indicative Offer Price range) and our internally generated funds, we have sufficient working capital to satisfy our requirements for at least the next 12 months following the date of this prospectus.

INDEBTEDNESS

Borrowings

The following table sets forth our outstanding borrowings as of the dates indicated.

	As of December 31,			As of
	2017	2018	2019	March 31, 2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Borrowings⁽¹⁾:				
- Non-current portion	604,500	430,000	—	—
- Current portion	5,430	6,426	—	—
	<u>609,930</u>	<u>436,426</u>	<u>—</u>	<u>—</u>

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Note:

(1) The borrowings are the asset-backed securities issued by Henan Central China Property Management Co., Ltd, a PRC subsidiary of our Group in April 2016.

The following table sets forth our lease liabilities as of the dates indicated.

	As of December 31,			As of
	2017	2018	2019	March 31, 2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Lease liabilities:				
- Non-current portion	162,597	136,772	1,256	1,181
- Current portion	56,409	66,383	1,886	1,771
	<u>219,006</u>	<u>203,155</u>	<u>3,142</u>	<u>2,952</u>

As of December 31, 2017 and 2018, all of our outstanding borrowings were the ABS. On March 11, 2016, Central China Property Management, our PRC subsidiary, entered into an asset-backed securities arrangement with a third party asset management company by pledging the future five years' right to receive management fee for certain properties under its management. On April 13, 2016, the ABS was formally established with an aggregate nominal value of RMB900 million with a five-year maturity, among which RMB40 million represented subordinated securities purchased by Henan Central China Investment Holdings Limited* (河南建業投資控股有限公司) (“**Central China Investment Holdings**”), the then shareholder of Central China Property Management. The ABS carries a nominal interest rate ranging from 5.0% to 5.9% per annum. The repayment of the ABS was secured by Central China Investment Holdings.

When Central China Property Management entered into the asset-backed securities arrangement, Central China Property Management was under the ownership and control of Independent Third Parties. Please refer to the section headed “History, Reorganization and Corporate Structure” for further details. To our Directors’ best knowledge and belief, the circumstances leading to this arrangement and purpose of the funding were as follows:

- (i) asset-backed securities arrangement was at the time a relatively new means of fund raising offered by various financial institutions in the PRC with a view to addressing the funding needs of property management companies. Central China Property Management considered funding under the ABS to be more attractive compared to traditional bank loans because ABS is a flexible means of fund raising tailored to the characteristics of property management companies. Traditional bank loans usually require the borrower to provide certain fixed assets (with a value comparable to the loan principal amount) as security for the loan. Property management companies by nature may not readily have sufficient fixed assets to serve as collateral. Instead, ABS offered a tailored approach, for example, allowing property management companies to pledge their receivable property management fees (for a specified duration). Taking into account the high collection rates of its property management fees and the future cash inflow forecast covering the period from January 1, 2016 to December 31, 2020 issued by an external audit firm engaged by Central China Property Management for purpose of the ABS, Central China Property Management considered that ABS would enable Central China Property Management to obtain substantial funding on relatively commercially desirable terms with collateral tailored to Central China Property Management’s business and assets, and with adequate assurance on repayment ability;

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- (ii) based on arm's length discussion including the future cash inflow projection of Central China Property Management based on the portfolio of properties under management, the asset management company coordinating the asset-backed securities scheme targeted to raise an amount of RMB900 million under this scheme; and
- (iii) given the scale of the Group's property management services continued to grow in terms of GFA under management, revenue and gross profit during 2014 and 2015, the then beneficial owners and management of Central China Property Management considered that there was genuine need for funding to expand and further enhance our property management services and intended to apply the funds raised to expand and further enhance its property management services in the following areas: (i) purchase of equipment such as high pressure cleaning tools and electric sweeper for hygiene maintenance; (ii) upgrade and refurbishment of the residential communities under our management to retain their attractiveness; and (iii) other general working capital such as staff cost and utilities expenses associated with the provision of property management services.

Given that Central China Property Management was the provider of property management services of all of CCRE Group's development projects, CCRE Group agreed to provide liquidity support as part of the ABS scheme in favor of our Group as (i) the ABS would provide capital to Central China Property Management for enhancing its property management services to all of CCRE Group's development projects and increasing their customers' satisfaction, which in turn is beneficial to the sustainable development of CCRE Group; and (ii) the provision of the liquidity support would allow CCRE to earn a service fee of 1% of the actual cash payment being the fund of the liquidity support provided by CCRE China. To our Directors' best knowledge, information and belief, the subscribers of the remaining ABS in the total amount of RMB860 million were Independent Third Party.

In addition, CCRE Group has assessed and concluded that the risk of default by Central China Property Management under the ABS is inherently low. The ABS is a flexible means of fundraising tailored to the characteristics of property management companies, pursuant to which trade receivables of property management fees could be securitized into borrowings. The amount of ABS borrowings of RMB900 million was arrived based on the future cash inflow projection of Central China Property Management taking into account the portfolio of properties under management of Central China Property Management. Therefore, default would only occur in extreme circumstances such as a significant amount of projected property management contracts did not coming to fruition or a significant amount of property management fees could not be recovered from the property owners. Given Central China Property Management was the provider of property management services of all of CCRE Group's development projects when CCRE Group provided the liquidity support, CCRE Group was confident with Central China Property Management's repayment ability taking into account (i) the number of property projects that it intended to engage our Group for the provision of property management services; and (ii) the collection rates of property management fees based on the credit quality of its customers, i.e. the property owners. As of the Latest Practicable Date, Central China Property Management never defaulted in repaying the ABS borrowings and the 1% service fee to CCRE. The ABS borrowings were fully settled in March 2019 and no Shortfall Payment Incident (as defined in the CCRE's announcement dated April 13, 2016 in relation to CCRE's provision of liquidity support to Central China Property Management) under the ABS borrowings was triggered.

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Given that the intended purposes of working capital and capital expenditure did not utilize all the funds raised through ABS, the then management of CCPM decided to make effective use of any idle cash by granting loans to certain third-party entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang with capital needs at an annual interest of 9.0%. To our Directors' best knowledge and belief, Mr. Hua Ziyi and Mr. Hua Zhichang decided to borrow loans from the Group instead of from banks primarily because the loans were provided on unsecured basis, which they would unlikely be able to obtain from the banks without collateral of comparable value to the loans. It was considered to be in the commercial interest of Central China Property Management as this would generate additional interest income for Central China Property Management after deducting the interest payable under the ABS, which carries a nominal interest rate ranging from 5.0% to 5.9% per annum.

During the years ended December 31, 2017 and 2018, Central China Property Management repaid a portion of the principal amount of the ABS, amounting to approximately RMB128.5 million and RMB167.0 million, respectively. On March 28, 2019 (the "**Redemption Date**"), we redeemed the remaining ABS in full at a redemption price equalling to 100% of the principal amount of the ABS and the accrued and unpaid interests as at the Redemption Date. There is no redemption premium recognized in the consolidated comprehensive income. As of the Latest Practicable Date, our Company did not have any banking facilities.

As of December 31, 2017, 2018 and 2019, substantially all of our lease liabilities were incurred by Henan Yunwu, our former non wholly-owned subsidiary. All the lease liabilities incurred by Henan Yunwu were transferred upon the disposal of Central China OP on March 15, 2019.

The following is an aging analysis of our borrowings as of the dates indicated:

	As of December 31,			As of
	2017	2018	2019	March 31, 2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Within 1 year	5,430	6,426	—	—
Between 1 and 2 years	174,500	185,000	—	—
Between 2 and 5 year	430,000	245,000	—	—
Total borrowings	<u>609,930</u>	<u>436,426</u>	<u>—</u>	<u>—</u>

During the Track Record Period and up to the date of this prospectus, our Directors confirm that they are not aware of any material defaults in payment of our trade and other payables. We did not have any material external financing plans as of the Latest Practicable Date.

COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments

During the Track Record Period, our capital commitments mainly related to the development of the intelligent platform and financial sharing system. The table below sets forth our capital commitments as of the dates indicated.

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Intangible assets*	Nil	Nil	5,616

* Capital expenditures contracted but not yet incurred in respect of the development of the intelligent solutions and financial sharing system to centralize our customers' data.

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Capital expenditures

The table below sets forth the amount of capital expenditure incurred during the Track Record Period:

	For the year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Additions to:			
Property, plant and equipment	15,298	16,585	17,616
Intangible assets	861	515	568
Investment properties	157,783	36,518	4,383

Save as disclosed in the section headed “Future Plans and Use of Proceeds” in this prospectus, our Directors confirmed that there was no further plans for material capital expenditure as of the Latest Practicable Date.

Contingent Liabilities

During the Track Record Period and up to the Latest Practicable Date, we did not have any contingent liabilities.

Except as disclosed herein and apart from intra-group liabilities, we did not have any outstanding loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans, or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities or any covenant in connection therewith as of December 31, 2019, being the latest date for the purpose of the indebtedness statement. Our Directors have confirmed that there had not been any material change in the indebtedness and contingent liabilities of our Group since December 31, 2019 and up to the Latest Practicable Date.

As of the Latest Practicable Date, we did not have any definitive plan to raise external financing except for the Global Offering.

OFF-BALANCE SHEET ARRANGEMENTS

We had no material off-balance sheet arrangements as of December 31, 2019, being the date of our most recent financial statement, and as of the Latest Practicable Date.

KEY FINANCIAL RATIOS

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

	For the year ended December 31,		
	2017	2018	2019
Return on equity ⁽¹⁾	-3.5%	-18.3%	59.7%
Return on assets ⁽²⁾	-0.3%	-1.3%	15.6%

	As of or for the year ended December 31,		
	2017	2018	2019
Current ratio ⁽³⁾	2.3x	1.7x	1.3x
Gearing ratio ⁽⁴⁾	612.5%	448.5%	—
Gross margin	22.9%	23.2%	32.8%
Net profit margin from continuing operation	8.5%	7.5%	13.3%

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Notes:

- (1) Return on equity during the Track Record Period was calculated based on the net profit for the respective years divided by the total equity as at the respective year (closing balance of the total equity of the respective years) and multiplied by 100%.
- (2) Return on total assets during the Track Record Period was calculated based on the net profit for the respective years/periods divided by the total assets of the respective years (closing balance of the total assets of the respective years) and multiplied by 100%.
- (3) Current ratio as of December 31, 2017, 2018 and 2019 was calculated based on the total current assets as of the respective dates divided by the total current liabilities as of the respective dates.
- (4) Gearing ratio as of December 31, 2017, 2018 and 2019 was calculated based on borrowings as of the respective dates divided by total equity as of the respective dates and multiplied by 100%.

Return on equity

Our return on equity was approximately -3.5%, -18.3% and 59.7% during the Track Record Period, respectively. The negative returns on equity for the years ended December 31, 2017 and 2018 were due to the losses derived from the discontinued operations. The return of equity increased from -3.5% and -18.3% for the years ended December 31, 2017 and 2018, respectively to 59.7% for the year ended December 31, 2019, mainly due to the disposal of the discontinued operations in 2019.

Return on assets

Our return on total assets was approximately -0.3%, -1.3% and 15.6% as of December 31, 2017, 2018 and 2019, respectively. The continuous decrease of return on total assets was mainly attributable to the loss incurred by the discontinued operations. The increase of return on total assets from -1.3% for the year ended December 31, 2018 to 15.6% for the year ended December 31, 2019 was mainly attributable to (i) an increase in revenue; and (ii) the disposal of discontinued operations in 2019.

Current ratio

Our current ratio was 2.3 times, 1.7 times and 1.3 times as of December 31, 2017, 2018 and 2019, respectively.

Our current ratio decreased from 2.3 times as of December 31, 2017 to 1.7 times as of December 31, 2018, primarily attributable to an increase in other payables as a result of i) an increase in accrued payroll following an increase in number of employees we hired during the year and ii) an increase in other tax payables. Our current ratio decreased from 1.7 times as of December 31, 2018 to 1.3 times as of December 31, 2019, mainly owing to (i) a decrease in other receivables following the full settlement of the loans to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang during the period and (ii) an increase in contract liabilities mainly owing to an increase in GFA under our management.

Gearing ratio

Our gearing ratio was approximately 612.5%, 448.5% and nil as of December 31, 2017, 2018 and 2019, respectively. The continuous decrease in our gearing ratio was mainly attributable to the continuous decrease of our borrowings in connection with the ABS as of the respective dates and it was fully settled as of June 30, 2019.

Gross margin

Our gross margin was 22.9%, 23.2% and 32.8% during the Track Record Period, respectively. Such increase throughout the Track Record Period was primarily due to (i) raise in the fee rates

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charged for our existing property management projects and the new projects we successfully pitched for the years 2018 and 2019, and (ii) the growth of our commercial property management and consultation services which had the highest gross profit margin among all the business segments during the Track Record Period.

Net profit margin from continuing operations

Our net profit margin from continuing operations was 8.5%, 7.5% and 13.3% during the Track Record Period, respectively. Our net profit margin decreased from 8.5% for the year ended December 31, 2017 to 7.5% for the year ended December 31, 2018, mainly owing to an increase in both selling and administrative expenses, resulting from an increase in number of employees we hired for catering our business expansion. Our net profit margin increased to 13.3% for the year ended December 31, 2019, mainly owing to an increase in gross profit margin for the same period.

QUANTITATIVE AND QUALITATIVE ANALYSIS ABOUT MARKET RISK

Our major financial instruments include trade and other receivables (excluding prepayments), cash and cash equivalents, financial assets at fair value through profit or loss, restricted cash, borrowings and trade and other payables (excluding accrued payroll and other taxes payables). The risks associated with these financial instruments are primarily interest rate risk, credit risk and liquidity risk. Our directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit Risk

We are exposed to credit risk in relation to its trade and other receivables, cash deposits at banks and financial assets at fair value through profit or loss. The carrying amounts of trade and other receivables, cash and cash equivalents and financial assets at fair value through profit or loss represent our maximum exposure to credit risk in relation to financial assets. We expect that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Our Management does not expect that there will be any significant losses from non-performance by these counterparties.

For trade and other receivables, we have monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, we review the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made according to its expected credit loss. We expect that there is no significant credit risk associated with financial assets at fair value through profit or loss since we furnish investment mandates to commercial banks and trust companies. And these mandates require them to invest in wealth management products with high market credit rating, liquidity and stable return. We do not expect that there will be any significant losses from non-performance by these counterparties.

We consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk we compare the risk of a default occurring on the asset as of the reporting date with the risk of default as of the date of initial recognition. We consider available reasonable and supportive forwarding-looking information.

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Liquidity Risk

The ultimate responsibility for liquidity risk management rests with our Directors. To manage the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities and lease liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of December 31, 2017					
Financial liabilities					
Borrowings	46,447	206,475	457,320	—	710,242
Trade and other payables (excluding accrued payroll and other tax payable)	203,868	—	—	—	203,868
Lease liabilities	58,324	53,320	112,219	21,443	245,306
	<u>308,639</u>	<u>259,795</u>	<u>569,539</u>	<u>21,443</u>	<u>1,159,416</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
As of December 31, 2018					
Financial liabilities					
Borrowings	38,401	206,957	250,363	—	495,721
Trade and other payables (excluding accrued payroll and other tax payable)	261,507	—	—	—	261,507
Lease liabilities	73,521	57,635	87,116	8,553	226,825
	<u>373,429</u>	<u>264,592</u>	<u>337,479</u>	<u>8,553</u>	<u>984,053</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
As of December 31, 2019					
Financial liabilities					
Borrowings	—	—	—	—	—
Trade and other payables (excluding accrued payroll and other tax payable)	474,859	—	—	—	474,859
Lease liabilities	1,943	563	845	—	3,351
	<u>476,802</u>	<u>563</u>	<u>845</u>	<u>—</u>	<u>478,210</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>

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Liquidity management policy

Our Directors confirmed that during the Track Record Period, we had not experienced any material problem in settling our payables in the normal course of business and repaying our debts when they fell due. Our Directors are of the view that we maintained sufficient working capital and did not have any liquidity problems. Our Group has put in place the following measures to strengthen our liquidity management:

- We will regularly and closely monitor and strengthen our liquidity position, both in short run and long run by monitoring level of cash, bank deposits and projected cash flow to finance our operations and mitigate the effects of fluctuations in cash flows.
- We will take steps to manage the collection of trade receivables to reduce the possible liquidity risk that could arise from delay and failure in collection of trade receivables, which comprise primarily property management fees. For details, please refer to the section headed “Risk Factors—We are exposed to credit risks as difficulties in collecting our property management fees may lead to impairment of our trade receivables”. In order to mitigate such risk, we assess and monitor the recoverability of trade receivables from time to time. We also implement measures such as posting overdue fee demand to property owners for collection of overdue management fees. For more information on our collection efforts, please see the section headed “Business—Property Management and Value-Added Services—Traditional Property Management—Property Management Fees—Payment Terms and Credit Terms” in this prospectus.
- Going forward, our Company’s audit committee and the Board are being advised on our Group’s liquidity and sufficiency of working capital during meetings held regularly. We possess a seasoned management team with solid experience in the accounting and finance industry and will play an active role in reviewing our liquidity position. Any material decision including funding proposal will be escalated to the Board level for discussion and approval. Available financial resources of our Group will be used wisely to maximize returns to our shareholders and we are cautious in avoiding unnecessary finance cost burden arising from external financing activities.

In the foreseeable future, we expect working capital will continue to be our principal requirements of liquidity and we will use the proceeds from the Global Offering to finance our expansion plan. As of the Latest Practicable Date, our Directors confirmed that save for the Global Offering, we did not have any material external financing plans.

RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of us are also considered as related parties. For a detailed discussion of related party transactions, please see note 33 to the Accountant’s Report in Appendix I.

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Name and Relationship with Related Parties

<u>Name</u>	<u>Relationship with the Group</u>
Mr. Wu*	Controlling shareholder of the Company (From December 19, 2017 to date)
Mr. Hua Ziyi and Mr. Hua Zhichang*	Former controlling shareholder of Henan Central China New Life Service Co., Ltd. (From January 1, 2017 to December 19, 2017)
Henan Hongdao investment Co., Ltd. 河南省弘道投資有限公司	A company controlled by Mr. Hua Ziyi and Mr. Hua Zhichang
Jianye Holdings Co., Ltd. 建業控股有限公司	A company controlled by Mr. Hua Ziyi and Mr. Hua Zhichang
Henan Central China Football Club	A company controlled by Mr. Hua Ziyi and Mr. Hua Zhichang
CCRE Group	A group controlled by Mr. Wu
Zhengzhou Jianze Real Estate Co., Ltd. 鄭州建澤置業有限公司	A joint venture of CCRE Group
Henan Jianye Live-action Performance Culture Development Co., Ltd. 河南建業實景演出文化發展有限公司	A joint venture of CCRE Group
Gongyi Newtown Real Estate Co., Ltd. 鞏義新城置業有限公司	A joint venture of CCRE Group (Became a subsidiary of CCRE Group since October 25, 2019)
Xinmi Di'an Real Estate Co., Ltd. 新密市帝安置業有限公司	A joint venture of CCRE Group
Luoyang Uni-construction Yutai Real Estate Development Co., Ltd. 洛陽住總宇泰房地產開發有限公司	A joint venture of CCRE Group
Zhengyang Jiandong Real Estate Co., Ltd. 正陽縣建東置業有限公司	An associate of CCRE Group
One Family Network Technology Co., Ltd. 河南一家網絡科技有限公司	An associate of the Group (Became a subsidiary of the Group since January 4, 2019 (note 32(a)(i)))

* On December 19, 2017, Mr. Wu acquired the 100% equity interests of Henan Central China New Life Service Co., Ltd. from its then shareholder, which was controlled by independent third parties, Mr. Hua Ziyi and Mr. Hua Zhichang.

Transactions with Related Parties

During the Track Record Period, the Group had the following significant transactions with related parties. The transactions amounts disclosed represent the transactions with relevant parties during the periods when those parties were related parties of the Group.

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Provision of services to companies controlled by Mr. Wu, joint ventures of companies controlled by Mr. Wu, and associates of companies controlled by Mr. Wu (Note i):

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Property management service	Not applicable	17,404	77,429
Consulting service	Not applicable	49,610	158,893
Commission income	Not applicable	35,853	184,582
Travel service income	Not applicable	14,691	38,738
Commercial property management and consultation income and others ...	Not applicable	11,077	97,945
Construction services	Not applicable	—	116,009
Sales of goods	Not applicable	—	25,692
Membership management services	Not applicable	6,617	47,170
	Not applicable	<u>135,252</u>	<u>746,458</u>

Provision of services to an associate:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Property management service	3,100	4,104	—

Receipt of services from companies controlled by Mr. Wu:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Tourism cost	Not applicable	1,038	9,143

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Interest income on loans to related parties —Controlled by Mr. Hua Ziyi and Mr. Hua Zhichang (Note (i))	<u>56,267</u>	Not applicable	Not applicable

Note:

- (i) Entities controlled by Mr. Wu became the Group's related parties when Mr. Wu acquired 100% interests of Henan Central China New Life Service Co., Ltd. from Mr. Hua Ziyi and Mr. Hua Zhichang as of December 19, 2017 and obtained the control of the Henan Central China New Life Group. Entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang were no longer related parties of the Group since then.

All of the transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

Key Management Compensation

Compensations for key management other than those for directors as disclosed in note 35 to the Accountant's Report in Appendix I is set out below:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Salaries and other short-term employee benefits	<u>5,387</u>	<u>8,211</u>	<u>20,659</u>

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Balances with Related Parties

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Trade			
Trade receivables			
—CCRE Group and its related joint ventures and associates	40,078	81,414	491,741
—An associate of the Group	6,170	10,521	Not applicable ^(Note)
Trade payable			
—CCRE Group and its related joint ventures and associates	—	227	11,953
Contract liability			
—CCRE Group and its related joint ventures and associates	1,097	8,028	19,203
Non-Trade			
Other receivables			
—CCRE Group and its related joint ventures and associates	218	22,346	40,807
Other payables			
—CCRE Group and its related joint ventures and associates	4,750	10,387	22,938

Note: Our Group acquired a 70% equity interest in an associate, namely One Family Network Technology Co., Ltd. (the “One Family Network”) on January 4, 2019. As a result of the acquisition, our Group’s interest in One Family Network increased to 100% and One Family Network had become a wholly-owned subsidiary of our Group since then. Therefore, the intercompany trade receivables from One Family Network were no longer classified under trade receivables from an associate as at December 31, 2019 going forward.

Trade receivables and other payables due from or due to related parties are unsecured and interest-free.

The loans to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang carry interest rate of 9% per annum, and are unsecured and repayable on demand.

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The table below sets forth our balance with related parties by nature for the periods as indicated:

Trade receivables			
For the year ended December 31,			
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Trade	40,078	81,414	491,741
Non-Trade	—	—	—
	<u>40,078</u>	<u>81,414</u>	<u>491,741</u>
Other receivables			
For the year ended December 31,			
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Trade	—	—	—
Non-Trade	218	22,346	40,807
	<u>218</u>	<u>22,346</u>	<u>40,807</u>
Trade payables			
For the year ended December 31,			
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Trade	—	227	11,953
Non-Trade	—	—	—
	—	<u>227</u>	<u>11,953</u>
Other payables			
For the year ended December 31,			
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Trade	—	—	—
Non-Trade	4,750	10,387	22,938
	<u>4,750</u>	<u>10,387</u>	<u>22,938</u>
Contract liabilities			
For the year ended December 31,			
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Trade	1,097	8,028	19,203
Non-Trade	—	—	—
	<u>1,097</u>	<u>8,028</u>	<u>19,203</u>

Our Directors have confirmed that these transactions were conducted on normal commercial terms and were fair and reasonable as a whole and did not distort our financial results during the Track Record Period or cease our financial results during the Track Record Period to be unreflective of our future performance.

DIVIDEND POLICY AND DISTRIBUTABLE RESERVES

During the Track Record Period, we did not declare or pay any dividend. We expect to pay dividend in the amount of at least 30% of our distributable net profit for each year after the Listing,

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with the first dividend to be declared when our Company announces our interim results for the six months ending June 30, 2020. The payment and amounts of dividends, if any, depend on various factors, including our profit for the year, the availability of dividends received from our subsidiaries, our capital and investment requirements and other factors our Board deems relevant.

Under the Articles of Association, our Company in general meeting may declare dividends in any currency to be paid to the Shareholders but no dividend shall be declared in excess of the amount recommended by the Board. The Articles of Association provide dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law. Dividend distribution to our Shareholders is recognized as a liability in the period in which the dividends are approved by our Shareholders and/or Directors, where appropriate.

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will also depend on the availability of dividends received from our subsidiaries. PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including HKFRS. PRC laws also require foreign-invested enterprises to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends.

DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

We confirm that, as of the Latest Practicable Date, we were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

LISTING EXPENSES

The total listing expenses (including underwriting commissions) for the listing of the Shares are estimated to be approximately RMB123.2 million (assuming a mid-point Offer Price of HK\$6.40 per Share), among which, approximately RMB74.1 million is directly attributable to the issuance of Shares and will be charged to equity upon completion of the Listing, and approximately RMB49.1 million will be charged to our consolidated statement of comprehensive income. During the Track Record Period, we incurred listing expenses of approximately RMB41.4 million, of which approximately RMB10.8 million was included in prepayments and will be subsequently charged to equity upon completion of the Listing and approximately RMB30.6 million was charged to consolidated statement of comprehensive income.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules are set out to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to the owners of the Company as of December 31, 2019 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted net tangible assets have been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the consolidated

FINANCIAL INFORMATION

net tangible assets of the Group had the Global Offering been completed as of December 31, 2019 or at any future dates. It is prepared based on the consolidated net assets of the Group as of December 31, 2019 as set out in the Accountant's Report of the Group, the text of which is set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the accountant's report.

	Audited consolidated net tangible assets attributable to equity holders of our Company as at December 31, 2019 ⁽¹⁾	Estimated net proceeds from the Global Offering ⁽²⁾	Unaudited pro forma adjusted net tangible assets attributable to equity holders of our Company	Unaudited pro forma adjusted net tangible assets per Share	
	RMB'000			RMB'000	RMB'000
Based on an Offer Price of HK\$5.04 per Share, after making a Downward Offer Price					
Adjustment of 10%	302,169	1,297,959	1,600,128	1.33	1.46
Based on an Offer Price of HK\$5.60 per Share . . .	302,169	1,446,627	1,748,796	1.46	1.60
Based on an Offer Price of HK\$7.20 per Share . . .	302,169	1,817,394	2,173,563	1.81	1.99

Notes:

- (1) The audited consolidated net tangible assets of our Group attributable to the owners of the Company, excluding intangible assets of RMB67,273,000 attributable to the owners of the Company as at December 31, 2019 has been extracted from the Accountant's Report of the Company as set out in Appendix I to this Prospectus which is based on the audited consolidated net assets of the Group attributable to the owners of the Company as at December 31, 2019 of RMB369,442,000.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price range of HK\$5.60 per Share and HK\$7.20 per Share, respectively, and also based on an Offer Price of HK\$5.04 per Share after making a Downward Offer Price Adjustment of 10%, after deduction of the underwriting fees and other related expenses (excluding listing expenses of approximately RMB30,555,000 which have been accounted for in the consolidated financial information of the Group prior to December 31, 2019) payable by the Company. No account has been taken of the Shares that may be allotted and issued upon the exercise of the Over-allotment Option, any Shares which may be issued under the Pre-IPO Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this prospectus.
- (3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 1,200,000,000 Shares were in issue assuming that the Global Offering and Capitalization Issue had been completed on December 31, 2019 but takes no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, any Shares which may be issued under the Pre-IPO Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this prospectus.
- (4) For the purpose of this unaudited pro forma adjusted net tangible assets, the amount stated in RMB are converted into Hong Kong dollars at a rate of HK\$1.00 to RMB0.9123. No representation is made that RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
- (5) No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to December 31, 2019.

DIRECTORS' CONFIRMATION ON NO MATERIAL ADVERSE CHANGE

Our recent development is set out in the section headed "Summary—Recent Development and No Material Adverse Change" in this prospectus. After due and careful consideration, save as the above mentioned details, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since December 31, 2019 (being the date to which our Company's latest consolidated audited financial results were prepared), and there has been no events since December 31, 2019 which would materially affect the information shown in the Accountant's Report, the text of which is set out in Appendix I to this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please see the section entitled “Business—Business Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

We estimate the net proceeds of the Global Offering we will receive, assuming an Offer Price of HK\$6.40 per Offer Share (being the mid-point of the Offer Price Range stated in this prospectus), will be approximately HK\$1,785 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option, Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme are not exercised.

We intend to use the net proceeds of the Global Offering for the following purposes assuming the Offer Price is fixed at HK\$6.40 per Offer Share (being the mid-point of the indicative Offer Price Range):

Major Categories	Percentage of total proceeds	Amount of total proceeds (HK\$ in million)	Sub-categories	Respective percentage of total proceeds	Respective amount of total proceeds (HK\$ in million)	Specific Explanation / Plans	Expected capital expenditure (HK\$ in million)	Timeframe
Strategic investments, cooperation and acquisition	60.0%	1,071.0				We believe that undertaking strategic acquisition and investments may facilitate rapid expansion of our business scale, geographic presence and/or service offerings. Not only will these result in revenue and net profit growth under our three business segments, but our Directors are of the view that these efforts will also enhance our corporate profile, credibility and competitiveness among prospective customers and suppliers. Within the next one to two years, we plan to acquire 7-11 property management companies that could meet our criteria.	1,071.0	
						In determining the amount of net proceeds to be used for acquisition of potential targets, we have taken into account the following factors: (1) the expected return of the investments and (2) the market valuation multiple, such as the price-to-earnings ratio, of comparable PRC property management companies. Notwithstanding the preliminary market research we have conducted based on our selection criteria, our Directors had not identified any suitable targets as of the Latest Practicable Date. Our Directors believe that there is an abundance of potential targets available in		

FUTURE PLANS AND USE OF PROCEEDS

Major Categories	Percentage of total proceeds	Amount of total proceeds (HK\$ in million)	Sub-categories	Respective percentage of total proceeds	Respective amount of total proceeds (HK\$ in million)	Specific Explanation / Plans	Expected capital expenditure (HK\$ in million)	Timeframe
						<p>the market which can meet our criteria as set out below based on current and expected market conditions. Further, we have already determined the criteria for evaluating potential targets and put in place internal policies and procedures for doing so.</p> <ul style="list-style-type: none"> We have implemented Property Management Company's Guidelines for Mergers and Acquisitions (《物業公司收購工作指引》) which serve as general guidelines for our acquisition activities. It sets out four general principles (including strategy oriented, standardization, risk control and revenue maximization) that we should adhere to and a series of specific internal procedures for acquisitions which include target selection, due diligence, internal approval process, negotiation and signing, settlement and closing and post-acquisition evaluation. We have developed a merger and acquisition decision-making procedure (收購項目決策模型) which would assist us in selecting target companies. It sets out procedures in guiding us on how to evaluate a target company based on three aspects, including operation analysis, market analysis and risk assessment. 		
			1. Acquiring property management service providers	40%	714.0	<p>We plan to target 5-7 property management service providers with:</p> <p>(a) good reputation, high-quality assets and a total GFA under management of not less than 3.0 million sq.m.; or</p> <p>(b) operational efficiency or profit margin improvement potential; or</p> <p>(c) an annual revenue of not less than RMB40 million for the most recent financial year with a price to earnings ratio below 10; and a net profit margin of not less than 8.0% for the most recent financial year.</p>	714.0	Between one year and two years after Listing

FUTURE PLANS AND USE OF PROCEEDS

Major Categories	Percentage of total proceeds	Amount of total proceeds (HK\$ in million)	Sub-categories	Respective percentage of total proceeds	Respective amount of total proceeds (HK\$ in million)	Specific Explanation / Plans	Expected capital expenditure (HK\$ in million)	Timeframe
Enhancement of our Jianye + (建業+) platform to optimize user experience	15%	267.8				<p>We believe the acquisition would further enhance the efficiency of our service which in turn will facilitate the rapid expansion of our business.</p> <p>Benefiting from the brand awareness and influence of “Central China”, we require relatively less investment in the expansion of our user base and Jianye + (建業+) platform marketing. As such, we plan to expend the net proceeds to continue to develop our Jianye + (建業+) platform to better suit the ongoing and diverse needs of our customers.</p> <p>We believe the continued development of our Jianye + (建業+) platform will allow us to strengthen our operational efficiency and effectively control our costs which in turn will enhance profitability.</p>	267.8	
			1. Developing and optimizing software and our cloud system	5%	89.3	<p>We plan to develop our own cloud and we plan to increase the headcount in our current R&D team by 100 to 150. For the expansion of our existing R&D team of 77 personnel as of February 7, 2020, we plan to hire an additional of around 131 personnel of high calibre and diverse experience, including:</p> <ul style="list-style-type: none"> ● two product directors who will formulate and manage overall plans for products, study market and user needs, track competitors, and continuously improve product competitiveness; ● 10 product managers who will manage internal business needs and also needs from our users, conduct requirements analysis, product planning and follow up on the entire process of product development, testing and release; ● four user interface designers who will be responsible for the visual design and interaction design of the web and mobile applications; ● three researchers who will undertake user and demand research work, such as crowd research, competitive product analysis and user demand analysis; 	89.3	Between one to two years after Listing

FUTURE PLANS AND USE OF PROCEEDS

Major Categories	Percentage of total proceeds (HK\$ in million)	Amount of total proceeds (HK\$ in million)	Sub-categories	Respective percentage of total proceeds	Respective amount of total proceeds (HK\$ in million)	Specific Explanation / Plans	Expected capital expenditure (HK\$ in million)	Timeframe
						<ul style="list-style-type: none"> ● six general managers of information technology department who will be responsible for R&D management, make decision such as new technology application and technology selection; ● 10 architects who will be responsible for requirement analysis and architecture design of system and related products; ● 13 front-end developers to undertake the development on iOS, Android and applet platforms, and ensure our customers a reasonable and user-friendly experience; ● 50 back-end developers who will be responsible for the implementation of software system code and code writing, testing, and maintenance according to design documents or requirements descriptions; ● 12 examiners to organize the company's software project and product testing work and participate in the entire testing process, and responsible for product software function testing, interface testing, performance testing and safety testing; ● 3 operation and maintenance personnel who will be responsible for the environment construction and system deployment of the application system, and conduct daily operation and maintenance work, including system inspection, configuration changes, system updates, data backup; and ● 18 implementation personnel who will be responsible for the integration, installation, commissioning and delivery of software and hardware products for smart communities. We believe the expansion of our R&D team will optimize the organization and functionality our Jianye + (建業+) platform through strengthening our data analytical capability which in turn will 		

FUTURE PLANS AND USE OF PROCEEDS

Major Categories	Percentage of total proceeds (HK\$ in million)	Amount of total proceeds (HK\$ in million)	Sub-categories	Respective percentage of total proceeds	Respective amount of total proceeds (HK\$ in million)	Specific Explanation / Plans	Expected capital expenditure (HK\$ in million)	Timeframe
						enhance user experience and increase their satisfaction. We believe developing our own cloud will enhance data security and consumer privacy.		
			2. Improving and expanding our facilities and equipment	4%	71.4	We plan to expend the net proceeds to improve and expand our facilities and equipment such as servers, smart community IoT devices and new retail experiential devices, to support larger-scale user interactions, improve user experience, enhance service network and increase our contact frequency with customers.	71.4	Within six months upon Listing
			3. Expansion of scale and diversity of membership resources	4%	71.4	We plan to continue to cooperate with the existing suppliers while actively explore cooperation opportunities with new suppliers to expand our scale and diversity of products, services and membership resources and provide our members with more benefits and privileges and quality service experience. We plan to expend our net proceeds to widen our sourcing channels by exploring direct cooperation with the local farmers and original equipment manufacturers which will increase our costs in terms of delivery, logistics and procurement but will greatly enrich our product and service selection for our members. As of December 31, 2019, we were cooperating with more than 340 suppliers, some of which were well-known brands that were listed on NASDAQ or the Stock Exchange. With the addition of cooperation with these new suppliers, we can also offer our members other services such as hot spring spas and body check-up services. We have not entered into any preliminary negotiations or arrangements with any suppliers as at the Latest Practicable Date. We believe our continued efforts in expanding our cooperation channels with new suppliers will effectively increase our competitiveness in the e-commerce industry and strengthen our position as a comprehensive service provider.	71.4	Between one to two years after Listing

FUTURE PLANS AND USE OF PROCEEDS

Major Categories	Percentage of total proceeds	Amount of total proceeds (HK\$ in million)	Sub-categories	Respective percentage of total proceeds	Respective amount of total proceeds (HK\$ in million)	Specific Explanation / Plans	Expected capital expenditure (HK\$ in million)	Timeframe
Investing in advanced information technologies system	15%	267.8		2%	35.7	<p>We plan to increase new users and active users and paying users through enriching our forms of marketing activities such as increasing in online promotion during holiday seasons. We plan to also optimize our marketing methods through designing our own mini online electronic games which allow our users to enjoy rewards and benefits through completing the assigned tasks set in different stage of the mini game. Further, we plan to also advertise our Jianye + (建業+) platform on various social media and newspaper to stimulate growth of our user base. In addition, we intend to offer discounts and rebates to new users upon subscription to our platform.</p> <p>As our business scale continues to expand, digitalizing our documentation and cloud computing will greatly enhance our operational efficiency. During the Track Record Period, the amount spent on enhancement of our information technologies system was approximately RMB2.7 million, RMB2.5 million and RMB19.0 million, respectively.</p>	35.7	Between one to three years after Listing
				7%	125.0	<p>We plan to build intelligence communities and upgrade facilities to cover all of our managed properties. We believe that our provision of intelligent communities can provide a safer, healthier, more convenient, more comfortable and greener lifestyle to our customers and increase their satisfaction with our services which will in turn promote high customer retention.</p>	125.0	Within eight to ten months after Listing
				2.5%	44.6	<p>We plan to expand the net proceeds to develop our financial sharing system to share information on income, costs and funds among designated personnel, and our human resource system to monitor the process for recruitment, transition and exit of our employees to facilitate more smooth internal coordination and minimize human errors. The centralization of financial data will enable our Group to track real-time data for better management of our three business segments which will in turn effectively enhance our operational efficiency and internal management.</p>	44.6	Between one to two years after Listing

FUTURE PLANS AND USE OF PROCEEDS

Major Categories	Amount of total proceeds (HK\$ in million)	Sub-categories	Respective percentage of total proceeds	Respective amount of total proceeds (HK\$ in million)	Specific Explanation / Plans	Expected capital expenditure (HK\$ in million)	Timeframe
	10%		4%	71.4	We plan to develop a process control and KPI integration system to monitor our day-to-day operations on a real-time basis to enhance management efficiency and ensure consistent quality of our services for all of our three business segments.	71.4	Between one to three years after Listing
			1.5%	26.8	We plan to digitalize our documentation to organize our customers' data in a more time-efficient manner which in turn will strengthen our analytical capability of our customers' preferences and allow us to anticipate the diverse needs of our customers more accurately.	26.8	Between one to two years after Listing
General working capital	10%	Working capital and other general corporate purposes	10%	178.5	As our business scale continues to expand, we will increasingly recruit management personnel with strategic vision and employees and professionals in the fields of property management, commercial property management and consultation, information technology and internet operations to support our growth plan.	178.5	Between one to three years after Listing

The above allocation of the proceeds will be adjusted on a *pro rata* basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated Offer Price Range or that the Over-allotment Option, Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme are exercised.

If the Offer Price is fixed at HK\$7.20 per Offer Share (being the high end of the Offer Price Range stated in this prospectus) and assuming the Over-allotment Option, Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme are not exercised, we will receive the net proceeds of approximately HK\$2,017.8 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering.

If the Offer Price is fixed at HK\$5.60 per Offer Share (being the low end of the Offer Price Range stated in this prospectus) and assuming the Over-allotment Option, Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme are not exercised, the net proceeds we will receive will be approximately HK\$1,552.2 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering. To the extent our net proceeds are either more or less than expected, we will adjust the allocation of the net proceeds for the above-mentioned purposes on a pro-rata basis. If we make a Downward Offer Price Adjustment to set the final Offer Price at HK\$5.04 per Offer

Share, the estimated net proceeds we will receive from the Global Offering will be further reduced by an additional amount of approximately HK\$162.9 million. To the extent our net proceeds are further reduced we will finance by internal generated financial resources and/or other financing, as and when necessary.

In the event that the Over-allotment Option, Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme are exercised in full, we will receive additional net proceeds of approximately HK\$220.0 million (assuming an Offer Price of HK\$5.04 per Share, being 10% below the bottom end of the indicative Offer Price range), HK\$244.4 million (assuming an Offer Price of HK\$5.60 per Share, being the low end of the proposed Offer Price Range) and HK\$314.3 million (assuming an Offer Price of HK\$7.20 per Share, being the high end of the proposed Offer Price Range), respectively, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes or if we are unable to put into effect any part of our plan as intended, we may hold such funds in short-term deposits so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

SYSTEM ENHANCEMENT PLAN

Bases and assumptions

Our future plans and business strategies are based on the following general assumptions:

- there will be no material change in the funding requirement for each of our future plans described in this prospectus from the amount as estimated by our Directors;
- we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our future plans relate;
- the Global Offering will be completed in accordance with and as described in the section headed “Structure and Conditions of the Global Offering” in this prospectus;
- there will be no material changes in existing accounting policies from those stated in the audited combined financial statements of our Group for the three years ended December 31, 2019;
- we will continue our operation including but not limited to retaining our key employees and maintaining our customers, suppliers and subcontractors in the same manner as we had operated during the Track Record Period; there will be no material change in existing laws and regulations, or other governmental policies relating to our Group, or in the political or market conditions in which we operate;

- we will not be materially affected by the risk factors as set out in the section headed “Risk factors” in this prospectus;
- there will be no material changes in the bases or rates of taxation applicable to our activities;
- our operations including our future plans will not be interrupted by any force majeure, unforeseeable factors, extraordinary items or economic changes in respect of inflation, interest rate and tax rate in the PRC; and
- there will be no disasters, natural, political or otherwise, which would materially disrupt our businesses or operations.

Based on our Group’s business strategies and future plans, we intend to carry out the following implementation plans for the enhancement of our information technologies system as set out below for the period from the Latest Practicable Date to December 31, 2022. The implementation plans are drawn up based on the current economic status and the assumptions as set out in the paragraph headed “Use of Proceeds – Bases and Assumptions” in this section. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors as set out in the section headed “Risk Factors” in this prospectus. 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.

Implementation Plans

<u>Business strategy</u>	<u>From the Latest Practicable Date to June 30, 2020</u>	<u>From July 1, 2020 to December 31, 2020</u>	<u>From January 1, 2021 to December 31, 2021</u>	<u>From January 1, 2022 to December 31, 2022</u>
Establish intelligent community upgrade facilities	Upgrade all the intelligent platforms and facilities we use in the community, including intelligent parking and intelligent access control, and establish the internet of things platform to ensure that facilities and equipment are always available	Establish an intelligent community command center and introduce artificial intelligence, including face recognition access control, robot patrols, smart lockers, and seamless connection with Jianye + (建業+) platform, and upgrade the service scope of One Family Network service points	—	—

FUTURE PLANS AND USE OF PROCEEDS

Business strategy	From the Latest Practicable Date to June 30, 2020	From July 1, 2020 to December 31, 2020	From January 1, 2021 to December 31, 2021	From January 1, 2022 to December 31, 2022
<p>Improve financial efficiency, data timeliness, and operation standardization through financial sharing system</p>	<p>1. Introduce the financial sharing system that can digitalize, among other data, costs, expenses, receivables, payables, budget control and statements; attain efficient and standardized auditing through financial integration of major sectors of our Group</p> <p>2. Quantify financial staff's workload through the construction of financial sharing system</p>	<p>Establish a fund management system in conjunction with the financial sharing system to attain real-time monitoring of capital flow, centralized management of funds, and linked payment of funds of our Group</p>	<p>Attain the integration of finance, operations, taxation and funds in the financial sharing system; achieve automation of financial operations, data standardization, and information transparency</p>	<p>Combine big data platform to achieve big data analysis in the financial field, and provide timely and effective data support for decision-making</p>
<p>Process control and KPI integrated system</p>	<p>Build a human resource sharing system to enhance the standard and efficiency of the daily management of our Company</p>	<p>1. Develop personalized assessment indicators for all staff, and build a performance management system to achieve online performance assessment</p> <p>2. Build a business process management system and formulate business process management standards</p>	<p>Introduce RPA (Robotic Process Automation) to achieve intelligent business process and improve process efficiency</p>	<p>Combine the big data analysis platform to achieve the intelligent and refined management of the business process</p>

FUTURE PLANS AND USE OF PROCEEDS

Business strategy	From the Latest Practicable Date to June 30, 2020	From July 1, 2020 to December 31, 2020	From January 1, 2021 to December 31, 2021	From January 1, 2022 to December 31, 2022
Big data analysis	<p>1. Build a big data platform to provide more intelligent services for enterprise data processing.</p> <p>2. Establish a business centre to facilitate the effective provision of customer data sources for the big data platform</p>	<p>1. Analyze the data in our various business segments and gradually establish a big data management system for production, collection, removal and storage of data</p> <p>2. Transfer the data in our various business segments into a unified data source, and monitor the obtaining, processing and use of data to ensure data security</p>	<p>1. Perform complete data service capabilities, including collection, transmission, storage, processing (including computation, analyzing and visualization), exchange, and destruction of data</p> <p>2. Based on the big data platform, build a user portrait system and a user label system</p>	<p>1. Establish a data cockpit system covering all members of the Group, including senior management, middle management and front-line staff to provide support for the management and operation of our Group</p> <p>2. Establish a big data analysis platform to support portrait construction from both external users and internal employees and to enable precise management of our finance, human resources, marketing, service and production departments</p>
Establish effective training mechanism and recruit talents to build a technical team in information technology, data technology and analysis technology	—	<p>Hire and train technical staff for the enhancement of digitalization of information, development of applications, data analysis</p>	<p>Establish technical training and technology sharing mechanism</p>	<p>Establish a system to systemize training, lecturing and training evaluation</p>

CORNERSTONE INVESTORS

CORNERSTONE PLACING

We have entered into the Cornerstone Investment Agreement with two cornerstone investors (Gaoling Fund, L.P. and YHG Investment, L.P.) (the “**Cornerstone Investors**”), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) at the Offer Price which may be purchased with an aggregate amount of US\$75.0 million (or approximately HK\$581.3 million), excluding brokerage, SFC transaction levy and Stock Exchange trading fee which the Cornerstone Investors are required to pay in respect of the Shares. The number of Shares to be subscribed for by the Cornerstone Investors (rounded down to the nearest whole board lot of 1,000 Shares) is subject to the determination of the Offer Price as illustrated below:

Offer Price	Number of Shares to be subscribed for	Approximate percentage of the International Offer Shares ⁽¹⁾ (assuming that the Over-allotment Option is not exercised)	Approximate percentage of the International Offer Shares ⁽¹⁾ (assuming that the Over-allotment Option is exercised in full)	Approximate percentage of the Shares in issue immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised)	Approximate percentage of the Shares in issue immediately following completion of the Global Offering (assuming that the Over-allotment Option is exercised in full)	Approximate percentage of the Shares in issue immediately following completion of the Global Offering (assuming that the Over-allotment Option is exercised in full and all Pre-IPO Share Options are exercised in full)	Approximate percentage of the Shares in issue immediately following completion of the Global Offering (assuming that the Over-allotment Option is exercised in full and all options which may be granted under the Post-IPO Share Option Scheme are granted and exercised)
HK\$5.04 (being the low-end of the indicative Offer Price range after making a Downward Offer Price Adjustment of 10%)	115,336,000	42.7%	36.6%	9.6%	9.3%	8.9%	8.4%
HK\$5.60 (being the low-end of the indicative Offer Price range)	103,802,000	38.4%	33.0%	8.7%	8.3%	8.0%	7.6%
HK\$6.40 (being the mid-point of the indicative Offer Price range)	90,827,000	33.6%	28.8%	7.6%	7.3%	7.0%	6.7%
HK\$7.20 (being the high-end of the indicative Offer Price range)	80,735,000	29.9%	25.6%	6.7%	6.5%	6.3%	5.9%

Note:

(1) Before any reallocation of the Offer Shares between the Hong Kong Public Offering and the International Offering.

To the best knowledge of our Company, the Cornerstone Investors are independent from our Company, our connected persons (as defined under the Listing Rules) and their respective associates, and they are not our existing Shareholders. The Cornerstone Placing will form part of the International Offering and the Cornerstone Investors will not subscribe for any other Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreement). The Shares to be subscribed for by the Cornerstone Investors will carry the same rights in all respects with the fully paid Shares in issue and will be counted towards the public float of our Company under Rule 8.08 and Rule 8.24 of the Listing Rules.

Immediately upon the completion of the Capitalization Issue and the Global Offering, the Cornerstone Investors will not have any board representation in our Company, nor become our substantial Shareholder. No special rights have been granted to the Cornerstone Investors pursuant to the Cornerstone Placing. The Offer Shares to be subscribed for by the Cornerstone Investors may be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong

CORNERSTONE INVESTORS

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. Details of the allocation to the Cornerstone Investors will be disclosed in the announcement of results of allocation expected to be published on Thursday, May 14, 2020.

CORNERSTONE INVESTORS

The information about our Cornerstone Investors set out below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

Gaoling Fund, L.P. and YHG Investment, L.P.

Gaoling Fund, L.P. and YHG Investment, L.P. are limited partnerships formed under the laws of the Cayman Islands. Hillhouse Capital Advisors, Ltd. (“**Hillhouse Capital**”) serves as the sole investment manager of Gaoling Fund, L.P. and the general partner of YHG Investment, L.P..

Founded in 2005, Hillhouse Capital is a global firm of investment professionals and operating executives who are focused on building and investing in high quality business franchises that achieve sustainable growth. Independent proprietary research and industry expertise, in conjunction with world-class operating and management capabilities, are key to Hillhouse Capital’s investment approach. Hillhouse Capital partners with exceptional entrepreneurs and management teams to create value, often with a focus on enacting innovation and technological transformation. Hillhouse Capital invests in the healthcare, consumer, TMT, advanced manufacturing, financial and business services sectors in companies across all equity stages. Hillhouse Capital and its group members manage assets on behalf of institutional clients such as university endowments, foundations, sovereign wealth funds, and family offices.

CONDITIONS PRECEDENT

The obligation of the Cornerstone Investors to subscribe for certain number of the Offer Shares under the Cornerstone Investment Agreement is subject to, among other things, the following conditions precedent:-

- (1) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become, effective and 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 Hong Kong Underwriting Agreement and the International Underwriting Agreement, and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;
- (2) the Offer Price having been agreed upon in accordance with the manner stipulated in this prospectus;
- (3) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Shares (including the number of Offer Shares subscribed by the Cornerstone Investors under the Cornerstone Placing) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (4) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the Cornerstone Investment Agreement, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

CORNERSTONE INVESTORS

- (5) the respective representations, warranties, undertakings, confirmations, agreement and acknowledgment of the Cornerstone Investors under the Cornerstone Investment Agreement are accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the Cornerstone Investors.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that, among other things, without the prior written consent of each of our Company and the Sole Sponsor, it will not, whether directly or indirectly, at any time during the period of six months from the Listing Date (the “**Lock-Up Period**”): (1) dispose of, in any way, any of the Offer Shares subscribed by it under the Cornerstone Investment Agreement and any Shares or other securities of or interests in our Company which are derived from such Offer Shares subscribed by such Cornerstone Investor pursuant to any rights issue, capitalization issue or other form of capital reorganization (the “**Relevant Shares**”) or any interest in any company or entity holding any of the Relevant Shares; (2) allow itself to undergo a change of control (as defined in the Takeovers Code) at the level of its ultimate beneficial owner; or (3) enter into any transactions directly or indirectly with the same economic effect as any transactions described above.

After expiration of the Lock-Up Period, the Cornerstone Investors shall, subject to requirements under applicable laws and as specified in the Cornerstone Investment Agreement, be free to dispose of any Relevant Shares.

During the Lock-Up Period, any of the Cornerstone Investors may transfer the Relevant Shares in certain limited circumstances as permitted in the Cornerstone Investment Agreement, such as transfer to a wholly-owned subsidiary of such Cornerstone Investor, provided that prior to such transfer, such wholly-owned subsidiary undertakes in writing, and such Cornerstone Investor undertakes to procure, that such wholly-owned subsidiary, to be bound by such Cornerstone Investor’s obligations prescribed under the Cornerstone Investment Agreement and subject to the restrictions on disposals imposed on such Cornerstone Investor.

OTHER INFORMATION

According to the Cornerstone Investment Agreement, there will not be any deferred delivery of the Offer Shares to be subscribed by each of the Cornerstone Investors, nor will there be any deferred settlement of payment for such Offer Shares. The Cornerstone Investors have each confirmed that: (i) apart from the Cornerstone Investment Agreement, our Company has not entered into any other side letter agreements/arrangements with any of the Cornerstone Investors; (ii) each of the Cornerstone Investors is not accustomed to take instructions from our Company, Directors, chief executive, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of our subsidiaries or their respective close associates; (iii) none of the subscriptions of the Offer Shares by the Cornerstone Investors is financed by our Company, Directors, chief executive, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of our subsidiaries or their respective associates; and (iv) their subscription of the Offer Shares will be financed by their own internal resources.

Our Directors consider that the subscription of Shares by the Cornerstone Investors will be able to demonstrate to the public and also the property management industry that our Company has the potentials for future growth and expansion and is generally perceived as a company with good reputation and value.

UNDERWRITING

HONG KONG UNDERWRITERS

BNP Paribas Securities (Asia) Limited
Morgan Stanley Asia Limited
DBS Asia Capital Limited
(in alphabetical order as follows)
ABCI Securities Company Limited
CCB International Capital Limited
China Everbright Securities (HK) Limited
CMB International Capital Limited
CRIC Securities Company Limited
ICBC International Securities 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 30,000,000 Hong Kong Offer Shares (subject to reallocation as described under the section headed “Structure of the Global Offering—The Hong Kong Public Offering”) for subscription by way of a Hong Kong Public Offering at the Offer Price on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to (i) the Listing Committee granting listing on the Main Board of the Stock Exchange of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering as mentioned herein (including any additional Shares to be issued pursuant to any exercise of the Over-allotment Option, the Pre-IPO Share Options or the Post-IPO Share Options), and such listing and permission not having been subsequently revoked prior to the commencement of trading of our Shares on the Main Board of the Stock Exchange and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to subscribe or procure subscriptions for their respective applicable proportions of the Hong Kong Offer Shares now being offered and which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated.

One of the conditions is that the Offer Price must be agreed between us and the Joint Representatives (for themselves and on behalf of the 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 Joint Representatives (for themselves 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 to procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination by

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written notice to us from the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) if prior to 8:00 a.m. on the Listing Date:

- (a) there shall develop, occur, exist or come into effect:
 - (i) any local, national, regional or international event or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting Hong Kong, the PRC, the United States, the Cayman Islands, the British Virgin Islands, the United Kingdom, the European Union (or any member thereof), Singapore or any other jurisdiction relevant to any member of the Group or the Global Offering (each, a “**Relevant Jurisdiction**”); or
 - (ii) any change, or any development involving a prospective change, or any event or circumstance likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any 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, NASDAQ Global Market, the London Stock Exchange, the Singapore Stock Exchange, the Shenzhen Stock Exchange or the Shanghai Stock Exchange; or
 - (iv) the imposition of any general moratorium on commercial banking activities in the Cayman Islands, Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or by other competent authority), New York (imposed at Federal or New York State level or by other competent authority), London, the PRC, the European Union (or any member thereof) or any other Relevant Jurisdictions, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of those places or jurisdictions; or
 - (v) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdictions; or
 - (vi) any new Law (as defined therein), or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in (or in the interpretation or application by any court or other competent authority of) existing Laws, in each case, in or affecting any Relevant Jurisdictions; or
 - (vii) a change or development involving a prospective change in or affecting Taxation (as defined therein) or exchange control, currency exchange rates or foreign

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- investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any Relevant Jurisdictions; or
- (viii) any litigation or claim of any third party being threatened or instigated against any member of the Group; or
 - (ix) a Director or a member of the Group's senior management as named in this prospectus being charged with an indictable offense or prohibited by operation of law or otherwise disqualified from taking part in the management of a company or taking directorship of a company; or
 - (x) the chairman or chief executive officer of our Company vacating his or her office; or
 - (xi) an Authority (as defined therein) or a political body or organization in any Relevant Jurisdictions commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director; or
 - (xii) a prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including Shares to be allotted and issued under the Over-allotment Option) pursuant to the terms of the Global Offering; or
 - (xiii) a contravention by any member of the Group of the Listing Rules or applicable Laws (save as those already disclosed in the section headed "Business—Legal Proceedings and Compliance" of this prospectus); or
 - (xiv) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws, statutes, ordinances, legal codes, regulations or rules; or
 - (xv) the issue or requirement to issue by our 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 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; or
 - (xvi) 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,

which, individually or in the aggregate, in the sole opinion of the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) (1) has or will have or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position

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or condition, financial or otherwise, or performance of the Group as a whole; or (2) 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 (3) makes or will make or may make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or (4) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

- (b) there has come to the notice of the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters):
- (i) that any statement contained in any of this prospectus, the Application Forms and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) (collectively, the “**Offer Related Documents**”) was, when it was issued, or has become, untrue or incorrect in any material respect or misleading, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Offer Related Documents is not 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 the date of this prospectus, constitute a material omission from any of the Offer Related Documents; or
 - (iii) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Hong Kong Underwriters or the International Underwriters); or
 - (iv) any material adverse change, or any development involving a prospective material adverse change, in the assets, liabilities, business, general affairs, management, prospects, shareholders’ equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of any member of the Group; or
 - (v) any event, act or omission which gives or is likely to give rise to any liability of any of our Company, the Controlling Shareholders and executive Directors Mr. Wang Jun and Mr. Cai Bin as the indemnifying parties pursuant to the indemnities given by them under the terms of the Hong Kong Underwriting Agreement; or
 - (vi) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the representations, warranties, agreements and undertakings of the warrantors under Hong Kong Underwriting Agreement as specified therein; or
 - (vii) approval by the Listing Committee of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option, the Pre-IPO Share Options and the Post-IPO Share Options) 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

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- (viii) any expert as named in the section headed “Appendix V — Statutory and General Information — F. Other Information — 8. Qualifications and consents of experts” of this prospectus has withdrawn its consent to being named in this prospectus or to the issue of any of this prospectus or the Application Forms; or
- (ix) the investment commitments made by any cornerstone investors under the agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled; or
- (x) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering.

Undertakings pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by our Company

Pursuant to the Hong Kong Underwriting Agreement, except for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-allotment Option, the Pre-IPO Share Options or the Post-IPO Share Options), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six-month Period**”), we have undertaken to each of the Sole Sponsor, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters not to, and to procure each other member of the Group not to, without the prior written consent of the Sole Sponsor and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, 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 over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any shares or other securities of such other member of the Group, as applicable, 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 Shares or any shares of such other member of the Group, as applicable), or deposit any Shares or other securities of our Company or any shares or other securities of such other member of the Group, as applicable, with a depositary in connection with the issue of depositary receipts; or
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any shares or other securities of such other member of the Group, as applicable, 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 Shares or any shares of such other member of the Group, as applicable); or

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- (c) enter into any transaction with the same economic effect as any transaction specified in paragraphs (a) or (b) above; or
- (d) offer to or agree to or announce any intention to effect any transaction specified in paragraphs (a), (b) or (c) above,

in each case, whether any of the transactions specified in paragraphs (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company or shares or other securities of such other member of the Group, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-month Period). In the event that, during the period of six months commencing on the date on which the First Six-month Period expires (the “**Second Six-Month Period**”), our Company enters into any of the transactions specified in paragraphs (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company. Each of our Controlling Shareholders and our executive Directors Mr. Wang Jun and Mr. Cai Bin has undertaken to each of the Sole Sponsor, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters to procure our Company to comply with the above undertaking.

The Company has agreed and undertaken that it will not effect any purchase of Shares, or agree to do so, which may reduce the holdings of Shares held by the public (as defined in Rule 8.24 of the Listing Rules) below 25% on or before the date falling six months after the Listing Date without first having obtained the prior written consent of the Sole Sponsor and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters).

(B) Undertakings by our Controlling Shareholders

Pursuant to the Hong Kong Underwriting Agreement, each of our Controlling Shareholders has undertaken to each of the Company, the Sole Sponsor, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, without the prior written consent of the Sole Sponsor and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules and/or pursuant to the Stock Borrowing Agreement:

- (a) he or it will not, at any time during the First Six-month Period, (i) sell, offer to sell, contract or agree 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 over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (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 Shares), or deposit any Shares or other securities of our Company 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 of any Shares or other securities of our Company or any interest therein (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 Shares), or (iii) enter into any transaction with the same

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economic effect as any transaction specified in sub-paragraphs (i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in sub-paragraphs (i), (ii) or (iii) above, in each case, whether any of the transactions specified in sub- paragraphs (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-month Period);

- (b) he or it will not, during the Second Six-Month Period, enter into any of the transactions specified in sub-paragraphs (a)(i), (ii) or (iii) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it together with other Controlling Shareholders will cease to be a controlling shareholder (as the term is defined in the Listing Rules) of our Company; and
- (c) until the expiry of the Second Six-Month Period, in the event that he or it enters into any of the transactions specified in sub-paragraphs (a)(i), (ii) or (iii) above or offer to or agrees to or announce any intention to effect any such transaction, he or it will take all reasonable steps to ensure that he or it will not create a disorderly or false market in the securities of our Company,

provided that nothing in the preceding paragraphs shall prevent the Controlling Shareholders from using the Shares or other securities of the Company or any interest therein beneficially owned by them as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a *bona fide* commercial loan.

Each of our Controlling Shareholders has further undertaken to each of our Company, the Sole Sponsor, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that he or it will, at any time within the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is 12 months after the Listing Date, immediately inform the Company and the Joint Representatives in writing of:

- (a) any pledge or charge of any Shares or securities or interests in the Shares or securities of the Company beneficially owned by him or it, together with the number of Shares or securities or interests so pledged or charged and the purpose for which such pledge or charge is to be created; and
- (b) any indication received by him or it, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities or interests in the Shares or securities or interests of the Company will be disposed of.

The Company has agreed and undertaken to the Sole Sponsor, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and each of the Hong Kong Underwriters, that, upon receiving such information in writing from any of the Controlling Shareholders, it shall, as soon as practicable, comply with the relevant requirements of the Listing Rules.

Each of our Controlling Shareholders has agreed and undertaken that he or it will not, and each of them further undertakes to procure that our Company will not, effect any purchase of Shares, or

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agree to do so, which may reduce the holdings of Shares held by the public (as defined in Rule 8.24 of the Listing Rules) below 25% on or before the date falling six months after the Listing Date without first having obtained the prior written consent of the Sole Sponsor and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters).

Indemnity

Each of our Company, our Controlling Shareholders and our executive Directors Mr. Wang Jun and Mr. Cai Bin has agreed to jointly and severally indemnify, among others, the Sole Sponsor, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company, our Controlling Shareholders and the other warrantors of the Hong Kong Underwriting Agreement.

Undertakings to the Stock Exchange pursuant to the Listing Rules

In addition to the above undertakings under the Hong Kong Underwriting Agreement, our Company and our Controlling Shareholders have undertaken to the Stock Exchange pursuant to Rule 10.08 and Rule 10.07 of the Listing Rules, respectively.

By our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further shares or securities convertible into equity securities of a listed issuer (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 certain circumstances prescribed by Rule 10.08 of the Listing Rules.

By our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, our Controlling Shareholders have undertaken to the Stock Exchange that, except pursuant to the Global Offering, they shall not:

- (a) in the period commencing on the date of 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 (save pursuant to a pledge or charge as security in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 to the Laws of Hong Kong) for a *bona fide* commercial loan) any of those securities of our Company in respect of which he is or they are shown by this prospectus to be the beneficial owner(s) (“**Relevant Securities**”); or
- (b) in the period of a further six months commencing from the expiry of the six months from the Listing Date referred to in (a) above, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of (save pursuant to a pledge or charge as security in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a *bona fide* commercial loan) any of the Relevant Securities if, immediately following such disposal

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or upon the exercise or enforcement of such options, rights, interests or encumbrances, that person or group of persons would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company.

In addition, in accordance with Note (3) of Rule 10.07(2) of the Listing Rules, our Controlling Shareholders have undertaken to our Company and the Stock Exchange that, during the period referred to in paragraphs (a) and (b) above:

- (i) when any of the Controlling Shareholders pledges or charges any securities beneficially owned by him/it in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a *bona fide* commercial loan, immediately inform our Company of such pledge or charge together with the number of securities so pledged or charged; and
- (ii) when any of the Controlling Shareholders receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities will be disposed of, immediately inform the Company of such indications.

Our Company will also inform the Stock Exchange as soon as we have been informed of the above matters, if any, by any of our Controlling Shareholders and disclose such matters in accordance with the publication requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed.

International Offering

In connection with the International Offering, we expect to enter into the International Underwriting Agreement with the International Underwriters and other parties thereto. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions set out therein, severally agree to purchase the International Offer Shares or procure subscribers or purchasers for the International Offer Shares. The International Underwriting Agreement is expected to provide that it may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors will be reminded that in the event the International Underwriting Agreement is not entered into, the Global Offering will not proceed. It is expected that pursuant to the International Underwriting Agreement, we will give undertakings similar to those given pursuant to the Hong Kong Underwriting Agreement as described in paragraph headed “Underwriting Arrangements and Expenses—Hong Kong Public Offering—Undertakings pursuant to the Hong Kong Underwriting” in this section.

Under the International Underwriting Agreement, we are expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Representatives (for themselves and on behalf of the International Underwriters) at any time and from time to time from the Listing Date until (and including) 30 days after the last date for lodging of Application Forms under the Hong Kong Public Offering, to issue up to an aggregate of 45,000,000 additional Shares, representing in aggregate of not more than 15% of the number of Offer Shares initially available under the Global Offering to cover over-allocations (if any) in the International Offering. These Shares will be sold at the Offer Price plus brokerage of 1%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%.

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Underwriting Commission and Expenses

The Hong Kong Underwriters will receive an underwriting commission of 2.5% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially under the Hong Kong Public Offering. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the International Underwriters and not the Hong Kong Underwriters.

Assuming an Offer Price of HK\$6.40 per Share (being the mid-point of the indicative Offer Price range), the listing expenses, representing professional and other fees incurred in connection with the Listing, including underwriting commissions but excluding discretionary bonus, (collectively the “**Commissions and Fees**”) are estimated to be approximately RMB123.2 million (assuming the Over-allotment Option is not exercised at all) in total.

The Commissions and Fees were determined after arm’s length negotiation between our Company and the Hong Kong Underwriters or other parties by reference to the current market conditions.

Hong Kong Underwriters’ Interests in the Company

Save as disclosed in this section and save for its obligations under the Hong Kong Underwriting Agreement, the Hong Kong Underwriters do not have any shareholding interests in any member of our Company or any right or options (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Company.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of Shares as a result of fulfilling their obligations under the Underwriting Agreements.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the 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 as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activity 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 Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

UNDERWRITING

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the 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 Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed “Structure of the Global Offering”. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilization 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 stabilizing 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
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the market price of the securities below the offer price. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, BNP Paribas Securities (Asia) Limited, as Stabilization Manager, or its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Such transactions may be effected in compliance with all applicable laws, rules and regulatory requirements in place. However, there is no obligation on the Stabilization Manager, its affiliates or any person acting for it to do this. Such stabilization, if commenced, will be conducted at the absolute discretion of the Stabilization Manager, or its affiliates or any person acting for it and may be discontinued at any time, and must be brought to an end after a limited period.

UNDERWRITING

The Stabilization Manager, its affiliates or any person acting for it may take all or any of the following stabilizing actions in Hong Kong during the stabilization period:

- (a) purchase, or agree to purchase, any of the Offer Shares or offer or attempt to do so for the sole purpose of preventing or minimizing any reduction in the market price of the Offer Shares;
- (b) in connection with any action described in paragraph (a) above:
 - (i) (1) over-allocate the Shares; or (2) sell or agree to sell the Offer Shares so as to establish a short position in them;
 - (ii) purchase or subscribe for or agree to purchase or subscribe for the Offer Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (i) above;
 - (iii) sell or agree to sell any of the Offer Shares to liquidate a long position held as a result of those purchases; or
 - (iv) offer or attempt to do anything as described in paragraphs (b)(i)(2), (b)(ii) or (b)(iii) above.

The Stabilization Manager, its affiliates or any person acting for it may, in connection with the stabilizing action, maintain a long position in the Offer Shares, and there is no certainty regarding the extent to which and the time period for which it will maintain any such position. Investors should be warned of the possible impact of any liquidation of the long position by the Stabilization Manager, its affiliates or any person acting for it and selling in the open market, which may include a decline in the market price of the Offer Shares.

Stabilization cannot be used to support the price of the Offer Shares for longer than the stabilization period, which begins on the Listing Date and ends on June 7, 2020, being the thirtieth day after the last day for lodging of applications under the Hong Kong Public Offering. After this date, when no further stabilization action may be taken, demand for the Shares, and therefore their market price, could fall. Any stabilizing action taken by the Stabilization Manager, its affiliates or any person acting for it may not necessarily result in the market price of the Shares staying at or above the Offer Price either during or after the stabilization period. Stabilizing bids or market purchases effected in the course of the stabilization action may be made at any price at or below the Offer Price and can therefore be done at a price below the price the investor has paid in acquiring the Offer Shares.

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. BNP Paribas Securities (Asia) Limited, Morgan Stanley Asia Limited and DBS Asia Capital Limited are the Joint Global Coordinators of the Global Offering.

The listing of the Shares on the Stock Exchange is sponsored by the Sole Sponsor. The Sole Sponsor has made an application on behalf of the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus.

The Global Offering comprises:

- the Hong Kong Public Offering of initially 30,000,000 Shares (subject to reallocation) in Hong Kong as described in the paragraph headed “The Hong Kong Public Offering” in this section; and
- the International Offering of initially 270,000,000 Shares (subject to reallocation and exclusive of the Over-allotment Option) outside the United States in offshore transactions in reliance on Regulation S, as described in the paragraph headed “The International Offering” in this section.

Investors may either apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent 25% of the issued share capital of the Company immediately following the completion of the Global Offering, without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, the Pre-IPO Share Options and the Post-IPO Share Options. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.71% of the issued share capital of the Company immediately following the completion of the Global Offering, without taking into account any Shares which may be issued pursuant to the exercise of the Pre-IPO Share Options and the Post-IPO Share Options.

References in this prospectus to applications, Application Forms, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

The Hong Kong Public Offering is a fully underwritten public offering (subject to agreement as to pricing and satisfaction or waiver of the other conditions provided in the Hong Kong Underwriting Agreement and described in the paragraph headed “Conditions of the Global Offering” in this section) for the subscription in Hong Kong of, initially, 30,000,000 Offer Shares at the Offer Price (representing 10% of the total number of the Offer Shares initially available under the Global Offering). Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering described below, the Hong Kong Offer Shares will represent 2.5% of our enlarged issued share capital immediately after completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, the Pre-IPO Share Options and the Post-IPO Share Options). The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional

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investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in the paragraph “Conditions of the Global Offering” in this section.

Allocation

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based 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. The allocation of Hong Kong Offer Shares 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 that those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of the Offer Shares available under the Hong Kong Public Offering, after taking into account of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering, is to be divided equally into two pools for allocation purposes:

- Pool A: The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK\$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) or less; and
- Pool B: The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) and up to the value of pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that pool and be allocated accordingly. For the purpose of this subsection only, the “subscription price” for the Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. We will reject multiple applications between the two pools and reject multiple applications within pool A or pool B. In addition, any application for more than 50% of Hong Kong Offer Shares initially included in the Hong Kong Public Offering (that is, 15,000,000 Offer Shares) will be rejected. Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not indicated an interest for or taken up and will not indicate an interest for or take up any Offer Shares under the International Offering, and such applicant’s application will be rejected if the said undertaking and/or confirmation is breached and/or untrue, as the case may be. We and the Hong Kong Underwriters will take reasonable steps to identify and reject applications under the Hong Kong Public Offering from

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investors who have indicated interest in or have received Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have applied for or have received Offer Shares in the Hong Kong Public Offering.

Reallocation and Clawback

The allocation of our Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. Currently, we have allocated 30,000,000 Shares to the Hong Kong Public Offering, representing 10% of our Shares initially available in the Global Offering. Paragraph 4.2 of the Practice Note 18 of the Listing Rules requires that a clawback mechanism to be put in place that would have the effect of increasing the number of Offer Shares offered under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached as further described below:

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, and provided that the International Offering is not undersubscribed, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 90,000,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, and provided that the International Offering is not undersubscribed, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 120,000,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, and provided that the International Offering is not undersubscribed, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 150,000,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

If the Hong Kong Public Offering is not fully subscribed for, the Joint Representatives have the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Representatives deem appropriate.

In addition to any mandatory reallocation required as described above, the Joint Representatives may reallocate Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In particular, if (i) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed (irrespective of the number of times); or (ii) the International

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Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for in the Hong Kong Public Offering representing less than 15 times of the number of Shares initially available for subscription under the Hong Kong Public Offering, the Joint Representatives shall reallocate International Offer Shares originally included in the International Offering to the Hong Kong Public Offering, provided that in accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, (i) the International Offering is undersubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed irrespective of the number of times; or (ii) when the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is oversubscribed by less than 15 times, the total number of Offer Shares available under the Hong Kong Public Offering following such reallocation shall not be more than 60,000,000 Offer Shares (representing two times the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering and 20% of the total number of Offer Shares initially available under the Global Offering) and the final Offer Price shall be fixed at the bottom end of the Offer Price range stated in this prospectus.

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 Joint Representatives deem appropriate.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Global Offering, expected to be published on Thursday, May 14, 2020.

THE INTERNATIONAL OFFERING

The number of the Offer Shares to be initially offered for subscription under the International Offering will be 270,000,000 Offer Shares, representing 90% of the Offer Shares initially available under the Global Offering and 22.5% of our enlarged issued share capital immediately after completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, the Pre-IPO Share Options and the Post-IPO Share Options).

The International Offering is subject to the conditions stated in the paragraph “Conditions of the Global Offering” in this section.

Allocation

Pursuant to the International Offering, the International Offer Shares will be conditionally placed on our behalf by the International Underwriters or through selling agents appointed by them. International Offer Shares will be placed with certain professional, institutional or other investors anticipated to have a sizeable demand for the International Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. 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 the International Offer Shares to investors under the International Offering will be determined by the Joint Representatives (for themselves and on behalf of the International Underwriters) and will be based on a number of factors including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not the relevant investor is likely to buy further, and/or hold or sell its International Offer Shares after the

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listing of our Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the International Offer Shares on a basis which would lead to the establishment of an appropriate shareholder base to our benefit and the benefit of our Shareholders as a whole.

The Joint Representatives (for themselves 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 Joint Representatives so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that such investor is excluded from any application of Hong Kong Offer Shares under the Hong Kong Public Offering. The International Offering is subject to the Hong Kong Public Offering becoming unconditional.

Reallocation and Clawback

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement described in “— The Hong Kong Public Offering — Reallocation and Clawback” in this section, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering. However, if neither the Hong Kong Public Offering nor the International Offering is fully subscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus, the Application Forms and the Underwriting Agreements.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, the Company intends to grant the Over-allotment Option to the International Underwriters and exercisable by the Joint Representatives (for themselves and on behalf of the International Underwriters) at any time and from time to time from the day on which trading of our Shares commences on the Stock Exchange up to (and including) the 30th day after the last day for the lodging applications under the Hong Kong Public Offering, to require the Company to allot and issue up to an aggregate of 45,000,000 additional Shares, representing 15% of the initial size of the Global Offering at the Offer Price to cover over-allocations in the International Offering, if any. In the event that the Over-allotment Option is exercised, we will make an announcement.

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 3.61% of the enlarged total Shares in issue immediately following the completion of the Global Offering and the exercise of the Over-allotment Option but without taking into account any Shares which may be issued upon the exercise of the Pre-IPO Share Options or the Post-IPO Share Options.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public offer price of the securities. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws, rules and regulations in

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place, including those of Hong Kong. In Hong Kong and certain other jurisdictions, the stabilization price is not permitted to exceed the offer price.

BNP Paribas Securities (Asia) Limited has been appointed by us as the Stabilization Manager for the purposes of the Global Offering in accordance with the Securities and Future (Price Stabilizing) Rules of the SFO (Chapter 571W of the Laws of Hong Kong) In connection with the Global Offering, the Stabilization Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect any other transactions with a view to stabilizing or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period which begins on the commencement of trading of the Shares on the Stock Exchange and ends on the 30th day after the last day for lodging applications under the Hong Kong Public Offering. The stabilizing period is expected to expire on Sunday, June 7, 2020. However, there is no obligation on the Stabilization Manager, or its affiliates or any person acting for it to do this. Such stabilizing action, if taken, will be done at the sole and absolute discretion of the Stabilization Manager (or its affiliates or any person acting for it) and may be discontinued at any time, and must be brought to an end after a limited period. The number of Shares which can be over-allocated will not exceed the number of Shares which may be sold under the Over-allotment Option, namely 45,000,000 Shares, which is 15% of the Shares available under the Global Offering.

Stabilizing action is permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules includes (a) primary stabilization, including purchasing, or agreeing to purchase, any of the Shares or offering or attempting to do so for the purpose of preventing or minimizing any reduction in the market price of the Shares, and (b) ancillary stabilization in connection with any primary stabilizing action, including: (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price; (ii) selling or agreeing to sell Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price; (iii) purchasing or agreeing to purchase Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) selling or agreeing to sell Shares to liquidate a long position held as a result of those purchases or subscriptions; (v) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimizing any reduction in the market price of our Shares and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v). The Stabilization Manager, its affiliates or any person acting for it may take any one or more of the stabilizing actions described above.

Prospective applicants for and investors in the Offer Shares should note that:

- the Stabilization Manager, its affiliates or any person acting for it may, in connection with the stabilizing action, maintain a long position in our Shares;
- there is no certainty as to the extent to which and the time or period for which the Stabilization Manager, its affiliates or any person acting for it will maintain such a long position;
- liquidation of any such long position by the Stabilization Manager, its affiliates or any person acting for it and selling in the open market, may have an adverse impact on the market price of our Shares;
- no stabilizing action can be taken to support the price of our Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on the 30th day after the last date for lodging applications under the Hong Kong Public Offering.

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After this date, when no further stabilizing action may be taken, demand for our Shares, and therefore the price of our Shares, could fall;

- the price of our Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

We will ensure to procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

Over-allocation

Following any over-allocation of Shares in connection with the Global Offering, the Stabilization Manager (or its affiliates or any person acting for it) may cover such over-allocations by, among other methods, exercising the Over-allotment Option in full or in part and/or by using Shares purchased by the Stabilization Manager (or its affiliates or any person acting for it) in the secondary market. Any such secondary market purchase will be made in compliance with all applicable laws, rules and regulations in place in Hong Kong, including in relation to stabilization, the Securities and Futures (Price Stabilizing) Rules, as amended, made under the SFO. The number of Shares which can be over-allocated will not exceed the number of Shares which may be sold under the Over-allotment Option, namely 45,000,000 Shares, representing 15% of the Shares available under the Global Offering.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations, if any, in connection with the Global Offering, the Stabilization Manager (or its affiliates or any person acting for it) may choose to borrow up to 45,000,000 Shares (being the maximum number of Shares which may be sold pursuant to the exercise of the Over-allotment Option) from Enjoy Start, one of the Controlling Shareholders, pursuant to the Stock Borrowing Agreement, or acquire Shares from other sources.

The stock borrowing arrangement will only be effected by the Stabilization Manager, its affiliates or any person acting for it for settlement of over-allocations in the International Offering and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set out in Rule 10.07(3) of the Listing Rules are complied with.

The same number of Shares so borrowed must be returned to Enjoy Start or its nominee, as the case may be, on or before the third business day following the earlier of (i) the last day on which the Over-allotment Option may be exercised; (ii) the day on which the Over-allotment Option is exercised in full; and (iii) such earlier time as may be agreed in writing between Enjoy Start and the Stabilization Manager.

The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Enjoy Start by the Stabilization Manager, its affiliates or any person acting for it in relation to such stock borrowing arrangement.

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PRICING

Determination of Offer Price

We expect the Offer Price to be fixed by agreement among us and the Joint Representatives (for themselves and on behalf of the Underwriters) on the Price Determination Date when market demand for the Offer Shares will be determined. We expect the Price Determination Date to be on or around Friday, May 8, 2020 and in any event, no later than Tuesday, May 12, 2020 and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter. The Offer Price will not be more than HK\$7.20 per Offer Share and is expected to be not less than HK\$5.60 per Offer Share. You 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 indicative Offer Price range stated in this prospectus (subject to a Downward Offer Price Adjustment).

The Joint Representatives (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective investors during the book-building process, and with our consent, determine the final Offer Price to be no more than 10% below the bottom end of the indicative Offer Price range, at any time on or prior to the Price Determination Date.

In such situation, our Company will, as soon as practicable following the decision to set the final Offer Price below the bottom end of the indicative Offer Price range, publish on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.ccnewlife.com.cn) an announcement of the final Offer Price after making a Downward Offer Price Adjustment. Such announcement will be issued before and separate from the announcement of the results of allocations expected to be announced on Thursday, May 14, 2020. The Offer Price announced following making of a Downward Offer Price Adjustment shall be the final Offer Price and shall not be subsequently changed.

In the absence of an announcement that a Downward Offer Price Adjustment has been made, the final Offer Price will not be outside the indicative Offer Price range as disclosed in this prospectus unless the Withdrawal Mechanism is utilized.

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional, institutional and other investors will be required to specify the number of the Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up, and cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Joint Representatives (for themselves and on behalf of the Underwriters) may, with our consent, where considered appropriate based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process reduce the number of Offer Shares and/or the indicative Offer Price range below that described in this prospectus prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering publish a notice on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.ccnewlife.com.cn of the reduction in the number of Offer Shares and/or the indicative Offer

STRUCTURE OF THE GLOBAL OFFERING

Price range. If the number of Offer Shares and/or the Offer Price range is so reduced, the Company is required to (i) issue a supplemental prospectus informing potential investors of the updated information in connection with such change; and (ii) extend the offer period to allow potential investors to have sufficient time to consider and require them to positively confirm their applications in accordance with the procedures set out in the supplemental prospectus and all unconfirmed applications will not be valid. Upon the issue of such notice and supplemental prospectus, the revised number of Offer Shares and/or the Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range.

In the abovementioned notice, we will also confirm or revise, as appropriate, the working capital statement as currently disclosed in the section headed “Financial Information”, the offering statistics as currently disclosed in the sections headed “Summary” and “Information about this prospectus and the Global Offering”, the use of proceeds in the section headed “Future Plans and Use of Proceeds” and any other financial information which may change as a result of such reduction. If the number of Offer Shares and/or the Offer Price range is so reduced, all applicants who have already submitted an application will need to confirm their applications in accordance with the procedures set out in the supplemental prospectus and all unconfirmed applications will not be valid. If we do not publish a notice on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.ccnewlife.com.cn of a reduction in the number of Offer Shares and/or the indicative Offer Price range stated in this prospectus on or before the morning of the last day for lodging applications under the Hong Kong Public Offering, the Offer Price, if agreed upon by us, will be within the indicative Offer Price range as stated in this prospectus.

If we are unable to reach an agreement with the Joint Representatives (for themselves and on behalf of the Underwriters) on the Offer Price by Tuesday, May 12, 2020, the Global Offering will not proceed and will lapse immediately.

Irrespective of whether a Downward Offer Price Adjustment is made, the final Offer Price, 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 allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in “How to Apply for Hong Kong Offer Shares—11. Publication of Results”.

Price Payable on Application

The Offer Price will not be more than HK\$7.20 and is expected to be not less than HK\$5.60, unless otherwise announced by no later than the morning of the last day for lodging applications under the Hong Kong Public Offering as further explained below. If you apply for the Offer Shares under the Hong Kong Public Offering, you must pay the maximum Offer Price of HK\$7.20 per Offer Share plus a 1.0% brokerage fee, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy. This means that, for every board lot of 1,000 Offer Shares, you should pay HK\$7,272.55 at the time of your application.

If the Offer Price is lower than HK\$7.20, we will refund the respective difference, including the brokerage fee, Stock Exchange trading fee and SFC transaction levy attributable to the surplus application monies. We will not pay interest on any refunded amounts. You may find further details in the section headed “How to Apply for Hong Kong Offer Shares”.

STRUCTURE OF THE GLOBAL OFFERING

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application has 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 confirmation is breached or untrue (as the case may be) or it has been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares under the International Offering.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters and the International Offering is expected to be fully underwritten by the International Underwriters. The Hong Kong Public Offering and the International Offering are subject to the terms and conditions of the Hong Kong Underwriting Agreement and the International Underwriting Agreement described and summarized in the section headed "Underwriting". In particular, we and the Joint Representatives (for themselves and on behalf of the Underwriters), must agree on the Offer Price for the Global Offering. The Hong Kong Underwriting Agreement was entered into on May 4, 2020 and, is subject to an agreement on the Offer Price between the Joint Representatives (for themselves and on behalf of the Underwriters) and us for purposes of the Hong Kong Public Offering. The International Underwriting Agreement including the agreement on the Offer Price between us and the Joint Representatives (for themselves and on behalf of the International Underwriters for purposes of the International Offering) is expected to be entered into on Friday, May 8, 2020, being the Price Determination Date. The Hong Kong Underwriting Agreement and the International Underwriting Agreement are inter-conditional upon each other.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares will be conditional on, among other things:

- the Listing Committee granting the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering as described in this prospectus (including any additional Shares to be issued pursuant to any exercise of the Over-allotment Option, Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme) on the Main Board of the Stock Exchange, and such listing and permission not having been subsequently revoked or withdrawn prior to the commencement of trading in our Shares on the Stock Exchange;
- the Offer Price having been duly determined between our Company and the Joint Representatives (for themselves and on behalf of the Underwriters) and the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Joint Representatives on behalf of the Underwriters) and such obligations not being terminated in accordance with the terms of the respective agreements,

in each case, on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date that is 30 days after the date of this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

The consummation of each of the International Offering and the Hong Kong Public Offering is conditional upon, among other things, the other 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 not proceed and will lapse immediately and the Stock Exchange will be notified immediately. We will publish a notice of the lapse of the Global Offering on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.ccnewlife.com.cn on the day after such lapse. In such situation, we will return all application monies to the applicants, without interest and on the terms described in the section headed “How to Apply for Hong Kong Offer Shares—13. Refund of application monies”. In the meantime, we will hold all application monies in a separate bank account or separate bank accounts with the receiving bankers or other banks licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

We expect to despatch share certificates for the Offer Shares on Thursday, May 14, 2020. However, these share certificates will only become valid certificates of title at 8:00 a.m. on Friday, May 15, 2020 provided that:

- the Global Offering has become unconditional in all respects; and
- the right of termination as described in the section headed “Underwriting” in this prospectus has not been exercised.

Investors who trade Shares prior to the receipt of share certificates or prior to the share certificates bearing valid certificates of title do so entirely at their own risk.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, May 15, 2020, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, May 15, 2020. The Shares will be traded in board lots of 1,000 Shares each.

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via **White Form eIPO** 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 Joint Representatives, 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 (except those who have complied with all relevant PRC laws and regulations in relation to such application, including but not limited to qualified domestic institutional investors).

If you apply online through **White Form eIPO**, 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 form must be signed by a duly authorized 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 Joint Representatives 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** 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 and/or a substantial shareholder (as defined in the Listing Rules) of the Company and/or any its subsidiaries;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- 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 core connected person (as defined in the Listing Rules) of the Company or will become a core connected person of the Company immediately upon completion of the Global Offering; or
- are a United States person (as defined in Regulation S under the U.S. Securities Act), or a legal or natural person of the PRC (except those who have complied with all relevant PRC laws and regulations in relation to such application, including but not limited to qualified domestic institutional investors);
- are a person within the United States;
- have been allocated or have applied for or indicated an interest in any Offer Shares under the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through 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 copy of this prospectus during normal business hours between 9:00 a.m. on Tuesday, May 5, 2020 to 12:00 noon on Friday, May 8, 2020 from:

- (i) any of the following offices of the Hong Kong Underwriters:

BNP Paribas Securities (Asia) Limited	59/F-63/F Two International Finance Centre 8 Finance Street Central Hong Kong
Morgan Stanley Asia Limited	46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
DBS Asia Capital Limited	73rd Floor, The Center 99 Queen's Road Central Central Hong Kong
	<i>(in alphabetical order as follows)</i>
ABCI Securities Company Limited	10/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
CCB International Capital Limited	12/F, CCB Tower 3 Connaught Road Central Central Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES

China Everbright Securities (HK) Limited	24/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
CMB International Capital Limited	45/F, Champion Tower 3 Garden Road Central Hong Kong
CRIC Securities Company Limited	2007&2403, Great Eagle Centre 23 Harbour Road Wan Chai Hong Kong
ICBC International Securities Limited	37/F, ICBC Tower 3 Garden Road Hong Kong

(ii) any of the branches of Industrial and Commercial Bank of China (Asia) Limited below:

Region	Branch Name	Address
Hong Kong Island	Queen's Road Central Branch	Basement, Ground Floor and First Floor, 122 QRC 122-126 Queen's Road Central Hong Kong
	Causeway Bay Branch	Shop A on G/F, 1/F, Hennessy Apartments 488 & 490 Hennessy Road Hong Kong
Kowloon	Tsim Sha Tsui Branch	Shop 1&2, G/F 35-37 Hankow Road, Tsimshatsui Kowloon
	Mongkok Branch	G/F, Belgian Bank Building 721-725 Nathan Road, Mongkok Kowloon
New Territories	Tsuen Wan Castle Peak Road Branch	G/F, 423-427 Castle Peak Road Tsuen Wan New Territories

You can collect a **YELLOW** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. on Tuesday, May 5, 2020 until 12:00 noon on Friday, May 8, 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 "ICBC (ASIA) NOMINEE LIMITED – CENTRAL CHINA NEW LIFE 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:

Tuesday, May 5, 2020 – 9:00 a.m. to 5:00 p.m.
Wednesday, May 6, 2020 – 9:00 a.m. to 5:00 p.m.
Thursday, May 7, 2020 – 9:00 a.m. to 5:00 p.m.
Friday, May 8, 2020 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, May 8, 2020, the last application day or such later time as described in "10. Effect of Bad Weather on the Opening of the Applications Lists" in this section.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 **White Form eIPO**, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Representatives (or their 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 Cayman Companies Law, 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 Joint Representatives, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participate in the International Offering;
- (viii) agree to disclose to the Company, our Hong Kong Share Registrar, the receiving bank, the Sole Sponsor, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Sole Sponsor, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of 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

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (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) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's 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 share certificate(s) and/or any 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 are eligible to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) 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;
- (xvii) understand that the Company, the Sole Sponsor, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters 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;
- (xviii) (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
- (xix) (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 Instructions for Yellow Application Form

You may refer to the Yellow Application Form for details.

5. APPLYING THROUGH WHITE FORM eIPO

General

Individuals who meet the criteria as described in the "Who can apply" section, may apply through **White Form eIPO** 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 **White Form eIPO** 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 authorize the **White Form eIPO** Service

HOW TO APPLY FOR HONG KONG OFFER SHARES

Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of **White Form eIPO**.

Time for Submitting Applications under the White Form eIPO

You may submit your application to the **White Form eIPO** Service Provider at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Tuesday, May 5, 2020 until 11:30 a.m. on Friday, May 8, 2020 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, May 8, 2020 or such later time under the “10. Effects of Bad Weather on the Opening of the Applications Lists” in this section.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any electronic application instruction given by you or for your benefit through **White Form eIPO** 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** more than once and obtaining different application 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 **White Form eIPO** 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** is to save the use of papers 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 per each “Central China New Life 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling (+852) 2979 7888 or through the CCASS Internet System at <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 Center
1/F, One & Two Exchange Square,
8 Connaught Place, Central, Hong Kong

and complete an input request form.

You can also collect a copy of this 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 authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Representatives and our Hong Kong 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, will not apply for or take up, or indicate an interest for, any Offer Shares under 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 authorized to give those instructions as his agent;
 - confirm that you understand that the Company, the Sole Sponsor, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters will rely on your declarations and

HOW TO APPLY FOR HONG KONG OFFER SHARES

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;

- authorize 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 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 Joint Representatives, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to the Company, our Hong Kong Share Registrar, the receiving bank, the Joint Representatives, the Underwriters and/or their respective advisers 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 a 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;

HOW 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 Cayman Companies Law, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

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 authorized 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 authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized 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:

Tuesday, May 5, 2020 – 9:00 a.m. to 8:30 p.m.

Wednesday, May 6, 2020 – 8:00 a.m. to 8:30 p.m.

Thursday, May 7, 2020 – 8:00 a.m. to 8:30 p.m.

Friday, May 8, 2020 – 8:00 a.m. to 12:00 noon

Note:

(1) These times 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Tuesday, May 5, 2020 until 12:00 noon on Friday, May 8, 2020 (24 hours daily, except on the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Friday, May 8, 2020, the last application day or such later time as described in “10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

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 “Personal Data” applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bank, the Joint Global Coordinators, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through **White Form eIPO** is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Sole Sponsor, the Joint Representatives, the Joint Global Coordinators, 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 **White Form eIPO** 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

HOW TO APPLY FOR HONG KONG OFFER SHARES

WHITE or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Center to complete an input request form for electronic application instructions before 12:00 noon on Friday, May 8, 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**, 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 Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through **White Form eIPO** 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 further details on the Offer Price, please see the section headed “Structure of the Global Offering—Pricing”.

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;
- a “black” rainstorm warning; and/or
- Extreme Conditions,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, May 8, 2020. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have any of those warnings or Extreme Conditions, in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, May 8, 2020 or if there is/are tropical cyclone warning signal number 8 or above, a “black” rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable”, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Thursday, May 14, 2020 on the Company’s website at www.ccnewlife.com.cn 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.ccnewlife.com.cn and the Stock Exchange’s website at www.hkexnews.hk by no later than 9:00 a.m. on Thursday, May 14, 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 Thursday, May 14, 2020 to 12:00 mid-night on Wednesday, May 20, 2020;
- by telephone enquiry line by calling 2862 8555 between 9:00 a.m. to 6:00 p.m. on Thursday, May 14, 2020, Friday, May 15, 2020, Monday, May 18, 2020 and Tuesday, May 19, 2020;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- in the special allocation results booklets which will be available for inspection during opening hours on Thursday, May 14, 2020, Friday, May 15, 2020 and Saturday, May 16, 2020 at all the receiving bank's designated 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. Further details are contained in the section headed "Structure of the Global Offering".

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 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 Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with 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 Joint Representatives, the Hong Kong Share Registrar, 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee does not grant permission to list the 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 **White Form eIPO** 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 dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Representatives believe that by accepting your application, 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\$7.20 per Offer Share (excluding brokerage, SFC transaction levy and the 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 Hong Kong Public Offering" or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Thursday, May 14, 2020.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one 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 share certificates will be deposited into CCASS as described below).

HOW TO APPLY FOR HONG KONG OFFER SHARES

No temporary document of title will be issued in respect of the 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:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favor 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 the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Thursday, May 14, 2020. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, May 15, 2020 provided that the Global Offering has become unconditional and the right of termination described in the “Underwriting” section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the 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 Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong 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 Thursday, May 14, 2020 or such other date as notified by us in an announcement published on the website of the Stock Exchange at www.hkexnews.hk and our website at www.ccnewlife.com.cn.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation’s chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you do not collect your refund cheque(s) and/or 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 share certificate(s) will be sent to the address on the relevant Application Form on or before Thursday, May 14, 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 Thursday, May 14, 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 share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, May 14, 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 Public Offering shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offering shares allotted to you with that CCASS participant.

- **If you are applying as a CCASS investor participant**

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 "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 Thursday, May 14, 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 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong 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 Thursday, May 14, 2020, or such other date as notified by the Company in an announcement published on the website of the Stock Exchange at www.hkexnews.hk and our website at www.cnewlife.com.cn as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Thursday, May 14, 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 Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, May 14, 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 "Publication of Results" above on Thursday, May 14, 2020. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, May 14, 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 Thursday, May 14, 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- 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 the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, May 14, 2020.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the 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 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 adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-2, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CENTRAL CHINA NEW LIFE LIMITED AND BNP PARIBAS SECURITIES (ASIA) LIMITED

Introduction

We report on the historical financial information of Central China New Life Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-77, which comprises the consolidated balance sheets as at December 31, 2017, 2018 and 2019, the company balance sheets as at December 31, 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 three years ended December 31, 2017, 2018 and 2019 (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-3 to I-77 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated May 5, 2020 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

*PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at December 31, 2018 and 2019 and the consolidated financial position of the Group as at December 31, 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 presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 30 to the Historical Financial Information which states that no dividends have been paid by Central China New Life Limited in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
May 5, 2020

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

Consolidated statements of comprehensive income

	Note	Year ended December 31,		
		2017	2018	2019
		RMB'000	RMB'000	RMB'000
Continuing operations				
Revenue	5	460,532	693,988	1,754,402
Cost of sales	9	(355,268)	(533,306)	(1,178,118)
Gross profit		105,264	160,682	576,284
Selling and marketing expenses	9	(5,172)	(11,748)	(46,494)
Administrative expenses	9	(63,681)	(86,360)	(230,311)
Net impairment losses on financial assets	3.1.2	(574)	(1,539)	(182)
Other income	6	56,809	49,405	20,463
Other gains—net	7	8,055	4,730	4,096
Operating profit		100,701	115,170	323,856
Finance income		202	223	933
Finance cost		(49,312)	(43,020)	(17,219)
Finance cost—net	8	(49,110)	(42,797)	(16,286)
Share of net profit/(loss) of an associate accounted for using the equity method	11	1,310	(506)	(29)
Profit before income tax		52,901	71,867	307,541
Income tax expenses	12	(13,775)	(19,897)	(74,702)
Profit from continuing operations		39,126	51,970	232,839
Loss from discontinued operation	13	(42,602)	(69,737)	(5,054)
Profit/(loss) for the year		(3,476)	(17,767)	227,785
Profit/(loss) is attributable to:				
—Owners of the Company		23,411	19,471	233,954
—Non-controlling interests		(26,887)	(37,238)	(6,169)
		(3,476)	(17,767)	227,785

	Note	Year ended December 31,		
		2017	2018	2019
		RMB'000	RMB'000	RMB'000
Profit/(loss) for the year		(3,476)	(17,767)	227,785
Other comprehensive income for the year, net of tax		—	—	—
Total comprehensive income/(loss) for the year		(3,476)	(17,767)	227,785
Total comprehensive income/(loss) for the year is attributable to:				
—Owners of the Company		23,411	19,471	233,954
—Non-controlling interests		(26,887)	(37,238)	(6,169)
		(3,476)	(17,767)	227,785
Total comprehensive income/(loss) for the year attributable to owners of the Company arises from:				
—Continuing operations		39,126	51,293	232,132
—Discontinued operations		(15,715)	(31,822)	1,822
		23,411	19,471	233,954
Earnings per share for profit from continuing operations attributable to the owners of the Company (expressed in RMB per share)				
—Basic and diluted	14	1.03	1.35	6.07
Earnings per share for profit attributable to the owners of the Company (expressed in RMB per share)				
—Basic and diluted	14	0.62	0.51	6.12

Note: The earnings per share presented above has not been taken into account the proposed capitalization issue pursuant to the resolutions in writing of the shareholders passed on April 29, 2020 because the proposed capitalization issue has not become effective on or before the date of the Prospectus.

Consolidated balance sheets

	Note	As of December 31,		
		2017 RMB'000	2018 RMB'000	2019 RMB'000
Assets				
Non-current assets				
Investment in an associate	11	2,943	2,437	971
Property, plant and equipment	15	16,914	21,101	18,082
Intangible assets	16	9,227	8,333	72,950
Investment properties	17	240,927	214,444	—
Other receivables and prepayments	20	649	27,237	2,292
Deferred income tax assets	29	6,848	9,742	6,962
		<u>277,508</u>	<u>283,294</u>	<u>101,257</u>
Current assets				
Inventories		—	—	5,179
Contract assets	5	—	—	3,084
Trade and other receivables and prepayments	20	894,887	870,779	767,287
Financial assets at fair value through profit or loss	19	45,207	35,101	1,530
Restricted cash	22	404	408	312
Cash and cash equivalents	21	121,814	134,260	584,795
		<u>1,062,312</u>	<u>1,040,548</u>	<u>1,362,187</u>
Total assets		<u>1,339,820</u>	<u>1,323,842</u>	<u>1,463,444</u>
Equity				
Equity attributable to owners of the Company				
Share capital	23	—	—	3
Other reserves	24	95,000	82,840	123,297
Retained earnings		14,360	33,831	246,142
		<u>109,360</u>	<u>116,671</u>	<u>369,442</u>
Non-controlling interests		<u>(9,776)</u>	<u>(19,356)</u>	<u>12,207</u>
Total equity		<u>99,584</u>	<u>97,315</u>	<u>381,649</u>
Liabilities				
Non-current liabilities				
Borrowings	28	604,500	430,000	—
Lease liabilities	26	162,597	136,772	1,256
Contract liabilities	5	20,857	33,814	59,155
Deferred income tax liabilities	29	—	—	3,717
		<u>787,954</u>	<u>600,586</u>	<u>64,128</u>
Current liabilities				
Borrowings	28	5,430	6,426	—
Lease liabilities	26	56,409	66,383	1,886
Trade and other payables	27	256,618	353,191	654,265
Contract liabilities	5	110,216	167,481	310,852
Current income tax liabilities		23,609	32,460	50,664
		<u>452,282</u>	<u>625,941</u>	<u>1,017,667</u>
Total liabilities		<u>1,240,236</u>	<u>1,226,527</u>	<u>1,081,795</u>
Total equity and liabilities		<u>1,339,820</u>	<u>1,323,842</u>	<u>1,463,444</u>

Balance sheets—Company

	Note	As of December 31,	
		2018	2019
		RMB'000	RMB'000
Assets			
Non-current assets			
Investment in a subsidiary	36	<u>100,000</u>	<u>109,381</u>
Current assets			
Prepayments	20	730	10,767
Cash and cash equivalents	21	<u>—</u>	<u>6,941</u>
Total assets		<u>100,730</u>	<u>127,089</u>
Equity			
Equity attributable to owners of the Company			
Share capital	23	—	3
Other reserves	24	100,000	118,814
Retained earnings		<u>—</u>	<u>410</u>
Total equity		<u>100,000</u>	<u>119,227</u>
Liabilities			
Current liabilities			
Amounts due to subsidiaries		<u>730</u>	<u>7,862</u>
Total liabilities		<u>730</u>	<u>7,862</u>
Total equity and liabilities		<u>100,730</u>	<u>127,089</u>

Consolidated statements of changes in equity

	Attributable to owners of the Company					
	Share capital	Other reserves	(Accumulated losses)/retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2017	—	95,000	(9,051)	85,949	17,111	103,060
Comprehensive income						
Profit/(loss) for the year	—	—	23,411	23,411	(26,887)	(3,476)
Balance at December 31, 2017	—	95,000	14,360	109,360	(9,776)	99,584
Balance at January 1, 2018	—	95,000	14,360	109,360	(9,776)	99,584
Comprehensive income						
Profit/(loss) for the year	—	—	19,471	19,471	(37,238)	(17,767)
Transactions with owners:						
—Capital contributions from the shareholders of the Company (Note 24 (a))	—	100,000	—	100,000	—	100,000
—Deemed distributions to the then shareholders of the Group (Note 24 (a))	—	(100,000)	—	(100,000)	—	(100,000)
—Capital contribution from non-controlling interests	—	—	—	—	15,498	15,498
—Transaction with non-controlling interests (Note 24 (b))	—	(12,160)	—	(12,160)	12,160	—
Balance at December 31, 2018	—	82,840	33,831	116,671	(19,356)	97,315
Balance at January 1, 2019	—	82,840	33,831	116,671	(19,356)	97,315
Comprehensive income						
Profit/(loss) for the year	—	—	233,954	233,954	(6,169)	227,785
Transactions with owners:						
—Capital contributions from the shareholders of the Company (Note 23)	3	9,432	—	9,435	—	9,435
—Disposal of subsidiaries (Note 13)	—	—	—	—	26,053	26,053
—Share option scheme—value of employee services	—	9,382	—	9,382	—	9,382
—Acquisition of subsidiaries (Note 32)	—	—	—	—	4,231	4,231
—Capital contribution from non-controlling interests	—	—	—	—	7,448	7,448
—Appropriation of statutory reserves	—	21,643	(21,643)	—	—	—
Balance at December 31, 2019	3	123,297	246,142	369,442	12,207	381,649

Consolidated statements of cash flows

	Note	Year ended December 31,		
		2017	2018	2019
		RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Continuing operations				
Cash generated from operations	31	66,250	107,814	316,137
Income tax paid		(231)	(13,940)	(50,882)
		66,019	93,874	265,255
Discontinued operation		17,830	39,588	15,444
Net cash generated from operating activities		83,849	133,462	280,699
Cash flows from investing activities				
Continuing operations				
Purchases of property, plant and equipment		(3,142)	(4,401)	(14,146)
Purchase of intangible assets		(848)	(515)	(568)
Proceeds from disposal of property, plant and equipment		20	1	7
Repayments of loans from other entities		224,576	82,949	564,000
Interest received		14,417	90,056	54,937
Payment for acquisition of subsidiaries, net	32	—	(24,800)	(12,932)
Acquisition of financial assets at fair value through profit or loss	19	(586,839)	(78,554)	(278,430)
Proceeds from disposal of financial assets at fair value through profit or loss	19	614,649	95,095	309,008
Injection to an associate	11	(1,500)	—	(1,000)
		261,333	159,831	620,876
Discontinued operation		(35,174)	(22,324)	23,056
Net cash generated from investing activities		226,159	137,507	643,932
Cash flows from financing activities				
Capital injection from the shareholders of the Company	24	—	100,000	9,435
Distributions to the then shareholders of the Group	24	—	(100,000)	—
Capital injection by non-controlling interests		—	498	7,448
Repayments of borrowings		(198,425)	(173,504)	(436,426)
Cash advances from entities controlled by Mr. Wu		9,159	17,985	21,444
Cash advances from other entities		—	—	5,781
Repayments to entities controlled by Mr. Wu		(32,584)	(12,348)	(8,866)
Repayments to other entities		—	—	(4,300)
Interest paid		(43,236)	(49,710)	(32,391)
Principal elements of lease payments		(446)	(1,581)	(4,647)
Listing expenses paid		—	(973)	(7,952)
		(265,532)	(219,633)	(450,474)
Discontinued operation		(22,207)	(38,890)	(23,813)
Net cash used in financing activities		(287,739)	(258,523)	(474,287)
Net increase in cash and cash equivalents		22,269	12,446	450,344
Cash and cash equivalents at beginning of year		99,545	121,814	134,260
Exchange gain on cash and cash equivalents		—	—	191
Cash and cash equivalents at end of year		121,814	134,260	584,795

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 General information, Reorganization and basis of presentation

1.1 General information

The Company was incorporated in the Cayman Islands on October 16, 2018 as an exempted company with limited liability under the Companies Law CAP.22 of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are principally engaged in (i) provision of property management services and related value-added services (ii) provision of lifestyle services and (iii) provision of commercial property management and consultation services in the People's Republic of China (the "PRC") (the "Listing Business"). The ultimate holding company of the Company is Enjoy Start Limited ("Enjoy Start"), a company incorporated under the laws of British Virgin Islands ("BVI"). The ultimate controlling shareholder of the Group is Mr. Wu Po Sum ("Mr. Wu", or the "Controlling Shareholder").

1.2 Reorganization

On December 19, 2017, Mr. Wu acquired the 100% equity interests of Henan Central China New Life Service Co., Ltd. from independent third parties at a consideration of RMB100,000,000 (the "Acquisition") and became the ultimate controlling shareholder of Henan Central China New Life Service Co., Ltd. and its subsidiaries (together "Henan Central China New Life Group").

Prior to the reorganization as described below (the "Reorganization"), the Listing Business was carried out by Henan Central China New Life Group, which was controlled by Mr. Wu since the Acquisition.

In preparation of the initial public offering and listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing"), the Group underwent the Reorganization to establish the Company as the holding company of the Listing Business. Details of the Reorganization are set out below:

- (a) On October 16, 2018, the Company was incorporated in the Cayman Islands with authorized ordinary shares of 38,000,000 at par value of HK\$0.01 each. Upon incorporation, one share was issue to an Independent Third Party. On the same date, such share was transferred to Enjoy Start and remaining 37,999,999 shares were allotted to Enjoy Start, which was controlled by Mr. Wu.
- (b) On October 26, 2018, Sky Joy Limited ("Sky Joy") was incorporated in BVI. Upon incorporation, 1 ordinary share was allotted to the Company.
- (c) On November 2, 2018, Central China New Life (Hong Kong) Limited ("CCNL(HK)") was incorporated in Hong Kong. Upon incorporation, its entire 10,000 shares were allotted to Sky Joy.
- (d) On November 20, 2018, 100% equity interests of Henan Central China New Life Service Co., Ltd. were transferred to CCNL(HK) at a consideration of RMB100 million. Since then, Henan Central China New Life Service Co., Ltd. became a wholly-owned subsidiary of the Company.

Upon completion of the Reorganization, the Company became the holding company of the companies engaged in the Listing Business.

1.3 Basis of presentation

Immediately prior to and after the Reorganization, the Listing Business is conducted through Henan Central China New Life Group. Pursuant to the Reorganization, the Listing Business hold through Henan Central China New Life Group are transferred to and held by the CCNL (HK), which is an indirectly wholly owned subsidiary of the Company. The Company has not been involved in any other business prior to the Reorganization and do not meet the definition of a business. The steps as described in Note 1.2 above are merely a Reorganization of Henan Central China New Life Group and did not change the business substance and management of the Listing Business conducted through Henan Central China New Life Group.

Accordingly, the Group resulting from the Reorganization is regarded as a continuation of the Listing Business under Henan Central China New Life Group and, for the purpose of this report, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of Henan Central China New Life Group, with the assets and liabilities of the Group recognized and measured at the carrying amounts of the Listing Business as recorded in the consolidated financial statements of Henan Central China New Life Service Co., Ltd. for all periods presented.

2 Summary of significant accounting policies

The principal accounting policies applied in preparation of the Historical Financial Information are set out as below. These policies have been consistently applied to all the years presented, unless otherwise stated. HKFRS 9 “Financial Instruments” and HKFRS 15 “Revenue from contracts with customers” are effective for annual periods beginning on or after January 1, 2018 and HKFRS 16 “Leases” is effective for annual periods beginning on or after January 1, 2019, respectively, and earlier adoption is permitted. The Group has applied HKFRS 9, HKFRS 15 and HKFRS 16 consistently throughout the Track Record Period.

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA. 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 HKICPA has issued the following new standards and amendments to existing standards which are not yet effective and have not been early adopted by the Group during the Track Record Period:

		<u>Effective for annual periods beginning on or after</u>
HKAS 1 and HKAS 8 (Amendment)	Definition of material	January 1, 2020
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework For Financial Reporting	January 1, 2020
HKFRS 3 (Amendment)	Definition of a Business	January 1, 2020
HKAS 39, HKFRS 7 and HKFRS 9	Hedge accounting (amendments)	January 1, 2020
HKFRS 17	Insurance contracts	January 1, 2021
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards and amendments. According to the preliminary assessment made by the Group, no significant impact on the Group's financial statements is expected when they become effective.

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including a structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2.3).

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized 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 profit or loss, 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 Note 2.2 (c) below), after initially being recognized at cost.

(c) Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize 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 recognized as a reduction in the carrying amount of the investment.

When 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 recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized 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 Group.

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 in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in a loss of control as equity 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 recognized in a separate reserve within equity attributable to owners of the Group.

2.3 Business combinations

Except for the Reorganization, the acquisition method of accounting is used to account for all 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
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity,

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized 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 recognized 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 recognized 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 ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Historical Financial Information are presented in RMB, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the combined statements of comprehensive income within finance costs. All other foreign exchange gains and losses are presented in the combined statements of comprehensive income on a net basis within other gains—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 recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

—	Vehicles	5 years
—	Equipment and furniture	3-5 years
—	Machinery and others	5 years

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. These are included in profit or loss.

2.8 Intangible assets*(a) Goodwill*

Goodwill is measured as described in Note 2.3. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to

benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(b) Platform and Know-How

Platform and Know-How acquired in a business combination is recognized at fair value at the acquisition date. The contractual technology has a finite useful life and is carried at cost less accumulated amortization. Considering Platform and Know-How are information technology in nature and subject to technological innovation and technical innovation and technical improvement, the Directors determined the useful life of 10 years with reference to technological advancement in the property management industry, the Group's experience with its residents and its experience in and forecast for the property management industry. Amortization is calculated using the straight-line method over the expected life of 10 years for the technology.

(c) Order Backlog and Customer Relationship

Order Backlog and customer relationship acquired in a business combination is recognized at fair value at the acquisition date. The order backlog and customer relationship have a finite useful life and are carried at cost less accumulated amortization. The Directors determined the useful life of Order Backlog with reference to the term of outstanding contract and the useful life of Customer Relationship with reference to each existing contract based on contract expiring dates, historical trend of termination or renewal rate, experience in the property management industry and to the useful life of customer relationships used by industry peers. Amortization is calculated using the straight-line method over the expected life of 3 ~10 years.

(d) Other intangible assets

Other intangible assets mainly include computer software. They are initially recognized and measured at costs incurred to acquire and bring them to use. Other intangible assets are amortized over their estimated useful lives (generally 3 to 5 years), using the straight-line method which reflects the pattern in which the intangible asset's future economic benefits are expected to be consumed.

2.9 Investment properties

Investment properties, representing commercial properties held under leases, are held for rental yields and are not occupied by the Group. The Group measured its investment properties at cost, including related transaction costs and where applicable borrowing costs. Depreciation is calculated using the straight-line method to allocate their cost over their lease term typically varying from 3 to 8 years.

2.10 Impairment of non-financial assets

Goodwill that has an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 Discontinued operation

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated statement of comprehensive income.

2.12 Investments and other financial assets**(a) Classification**

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

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 way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other gains—net in the consolidated statements of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheets where the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the assets and settle the liabilities simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.13 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and financial assets at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1.2 details how the Group determines whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Impairment on other receivables from third parties, related parties and non-controlling interests are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.14 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or

less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 20 for further information about the Group's accounting for trade receivables and Note 3.1.2 for a description of the Group's impairment policies.

2.16 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions.

2.17 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.

2.18 Trade and other payables

These amounts 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 recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.19 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.20 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

2.21 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. 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 consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

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 realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.22 Employee benefits

(a) Pension obligations

The Group only operate defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organized by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(b) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave 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 recognized 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.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

2.23 Share-based payments

Share-based compensation benefits are provided to employees via the 2019 Employee Share Option Plan. Information relating to the schemes is set out in Note 25.

Employee options

The fair value of options granted under the 2019 Employee Share Option Plan is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity's share price),
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2.24 Provisions

Provisions for legal claims, service warranties and make good obligations are recognized 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 recognized 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 recognized 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 recognized as interest expense.

2.25 Revenue recognition

Revenues are recognized when or as the control of the goods or services is transferred to the customer. Depending the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time.

(a) Property management services and value-added services

The Group provides property management services, onsite sales assistance service, consultancy services, installation service, property inspection service, property agency services and membership service. Revenue from providing services is recognized 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 services, the Group bills a fixed amount for services provided on a monthly basis and recognizes as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

For onsite sales assistance services, the Group bills a fixed amount for services provided on a monthly basis and recognizes as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

Consultancy services, mainly includes consultancy services to property developers, providing designing, cleaning, greening, construction supervision, repair and maintenance services to property developers at the pre-delivery stage. The Group agrees the price for each service with the customers upfront and issues the monthly bill to the customers which varies based on the actual level of service completed in that month.

For installation service, the Group provides installation services for the security system and other establishment of intelligence communities. The Group recognizes revenue over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of the performance obligation, in an amount that reflects the consideration expected to be entitled and, depending on the nature of the contract, is measured mainly by reference to (a) the proportion of contract costs incurred for work performed to date to estimated total contract costs for each contract; or (b) completion of physical proportion of the contract work.

For property inspection service, the Group provide property quality inspection to property developer and the revenue is recognized upon the completion of service.

For property agency service, the Group act as a sales agent for property developer, landlord and tenant and provides property agency services, which charge such property developers, landlord and tenant a commission calculated based on the contract purchase price. Revenue from agency services is recognized at a point in time when the service is rendered and the sales and purchase agreement or leasing agreement are executed and become effective.

For the membership service, the Group provides exclusive customer services to VIP members selected by Central China Real Estate Limited and its subsidiaries (the "CCRE Group"). The Group bills CCRE a management fee based on the number of members and additional fees for organizing special events.

(b) Lifestyle services

Lifestyle services mainly includes travel services, sales of goods and provision of catering services.

For travel services, the Group provides short-term self-operated tour service. Revenue from tours is recognized over time in accounting period in which the control of services are transferred to the customer because the customer simultaneously receives and consumes benefits provided by the Group's performance as it performs. Payment is usually made to the Group before the customers receive the tour services.

The Group determines the presentation of its revenue by assessing whether it acts as the principal of the services that are rendered. The Group presents its revenue on a gross basis (that is, the amount billed to the users) as the Group acts as a principal by pre-purchasing the travel related products from the travel service suppliers. The purchase payments to the travel suppliers are recorded as "cost of revenue" in the consolidated statements of comprehensive income.

The Group procures merchandise from suppliers and sells goods directly to the property owners online and in community. Sales of goods are recognized when the Group delivers the goods to the customers. The Group presents the revenue on a net basis when the Group acts as an agent with no control over the goods and does not assume inventory risk.

The Group operates the food court to provide catering services. Revenue from provision of catering services are recognized at a point in time when the food and beverage are delivered to the customers.

(c) Commercial property management and consultation services

Commercial property management and consultation services includes hotel management and operation services and management for agricultural and cultural tourism projects and commercial real estate operation.

The Group recognizes the fee received or receivable as its revenue over time in the period in which the customer simultaneously receives and consumes the benefits provided by the services performed by the Group and all the related management costs as its cost of services.

If contracts involve the sale of multiple services, the transaction price allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

When either party to a contract has performed, the Group presents the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

2.26 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 amortized cost calculated using the effective interest method is recognized in the consolidated statement of comprehensive income as “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 8 below.

2.27 Leases

The Group as a lessee

The Group leases various properties. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security of borrowing purpose.

Lease are recognized as “Right-of-use Assets” (Note 15) and “Investment Properties” (Note 17) and corresponding liability at the date of which the lease asset for use by the 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 assets are depreciated over the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include:

- (a) the net present value of the fixed payments (including in-substance fixed payments);
- (b) variable lease payments that are based on an index or a rate;
- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of an extension option if the lessee is reasonably certain to exercise that option; and
- (e) payment of penalties for terminating of the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group’s incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date less any lease incentives received;

- (c) any initial direct cost; and
- (d) restoration costs.

Payments associated with short-term leases with lease term of 12 months or less and leases of low-value assets are recognized on a straight-line basis over the lease term as an expense in profit or loss.

Extension and termination options

Extension and termination options are included in a number of property leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable upon fulfillment of certain notice period. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise such options. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

The Group as a sublease lessor

Sub-lease is a transaction for which an underlying asset is re-leased by a lessee ("sublease lessor") to a third party, and the lease ("head lease") between the head lessor and lessee remains in effect. In classifying a sublease, a sublease lessor shall classify the sublease as a finance lease or an operating lease as follows:

- (a) If the head lease is a short-term lease that the entity, as a lessee, has accounted for the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis, the sublease shall be classified as an operating lease.
- (b) Otherwise, the sublease shall be classified by referenced to the right-of-use assets arising from the head lease as finance lease or operating lease.

2.28 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorized 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.

2.29 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

3 Financial risk management

3.1 Financial risk factors

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

3.1.1 Market risk

(i) Foreign exchange risk

The Group's businesses are principally conducted in RMB. As at December 31, 2019, major non-RMB assets were cash and cash equivalents which were denominated in Hong Kong dollar ("HK\$"). As at December 31, 2017 and 2018, there was no non-RMB assets and liabilities. Fluctuation of the exchange rate of RMB against HK\$ could affect the Group's results of operations. The Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

As at December 31, 2019, the balance of foreign currency denominated monetary assets is not significant and accordingly the Group does not anticipate that there is significant exposure of foreign exchange risk.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risks arise from long-term borrowings. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings at variable rates expose the Group to cash flows interest rate risk.

As at December 31, 2017 and 2018, long-term borrowings of the Group were at fixed interest rate (Note 28).

(iii) Price risk

The Group is exposed to price risk in respect of financial assets at fair value through profit or loss held by the Group which are carried at fair value with changes in the fair value recognized in profit or loss.

To manage its price risk arising from investments, the Group diversifies its portfolio. Diversification of the portfolio is achieved in accordance with the limits set by the Group. Each investment is managed by senior management on a case by case basis. The impact of variable price of investments held by the Group is disclosed in Note 19.

3.1.2 Credit risk

The Group is exposed to credit risk in relation to its operating lease and trade receivables, contract assets, other receivables and cash deposits at banks. The carrying amounts of operating lease and trade receivables, contract assets, other receivables and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) Cash deposits at banks

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(ii) Trade receivables and contract assets

The Group assessed that the expected loss rate for trade receivables and contract assets from property developers were low considering the good finance position and credit history of the property developers. The directors believe that there is no material credit risk inherent in trade receivables and contract assets from property developers.

Apart from trade receivables and contract assets due from property developers, the Group has large number of customers and there was no concentration of credit risk.

The Group applies the simplified approach to provide for expected credit losses ("ECL") prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for operating lease, trade receivables and contract assets due from third parties. To measure the ECL, operating lease, trade receivables and contract assets due from third parties have been grouped based on shared credit risk characteristics and the days past due. The ECL also incorporate forward-looking information.

(iii) Other receivables due from certain entities

The Group expects that the credit risk associated with other receivables due from certain entities (including the loans due from the entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang, other loans due from non-controlling shareholders and other receivables due from related parties) is considered to be low, since these entities have a strong capacity to meet its contractual cash flow obligations in the near term. The Group has assessed that the ECL rate for the amounts due from these entities are immaterial under 12 months ECL method and considered them to have low credit risk, and thus the loss allowance is immaterial.

(iv) Other receivables other than those from certain entities

For other receivables other than those from certain entities, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

The Group considers the probability of default whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
 - actual or expected significant changes in the operating results of the borrower
 - significant changes in the expected performance and behavior of the borrowers, including changes in the payment status of borrowers and changes in the operating results of the borrowers.
- (i) A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

<u>Category</u>	<u>Group definition of category</u>	<u>Basis for recognition of expected credit loss provision</u>
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 180 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 365 days past due	Lifetime expected losses

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 contract assets, and adjusts for forward looking macroeconomic data.

As of December 31, 2017, 2018 and 2019, the loss allowance provision for the trade and other receivables excluding trade receivables from property developers and loans to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang and relevant interest receivables was determined as follows. The expected credit losses below also incorporated forward looking information.

The expected credit loss rate for the provision matrix is for trade receivables from non-property developers which are mainly related to our property management service business and other receivables excluding the certain natures of receivables and prepayments. As there is no significant change in the business operation of property management service, actual loss rates for trade receivables and other receivables, customer profile and the 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.

	<u>Up to 180 days</u>	<u>180 days to 1 year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>3 to 4 years</u>	<u>Over 4 years</u>	<u>Total</u>
Trade receivables (excluding trade receivables from property developers)							
At December 31, 2017							
Gross carrying amount (RMB'000)	28,137	23,075	33,106	9,392	4,079	3,985	101,774
Expected loss rate	1%	5%	10%	20%	50%	100%	
Loss allowance provision (RMB'000)	<u>(281)</u>	<u>(1,154)</u>	<u>(3,311)</u>	<u>(1,878)</u>	<u>(2,040)</u>	<u>(3,985)</u>	<u>(12,649)</u>
At December 31, 2018							
Gross carrying amount (RMB'000)	29,697	27,002	29,231	22,331	4,568	2,486	115,315
Expected loss rate	1%	5%	10%	20%	50%	100%	
Loss allowance provision (RMB'000)	<u>(297)</u>	<u>(1,350)</u>	<u>(2,923)</u>	<u>(4,466)</u>	<u>(2,284)</u>	<u>(2,486)</u>	<u>(13,806)</u>
At December 31, 2019							
Gross carrying amount (RMB'000)	34,519	33,948	16,881	13,956	6,394	3,609	109,307
Expected loss rate	1%	5%	10%	20%	50%	100%	
Loss allowance provision (RMB'000)	<u>(345)</u>	<u>(1,698)</u>	<u>(1,688)</u>	<u>(2,791)</u>	<u>(3,197)</u>	<u>(3,609)</u>	<u>(13,328)</u>
		<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>3 to 4 years</u>	<u>Over 4 years</u>	<u>Total</u>
Other receivables (excluding certain nature receivables (Note (a)) and prepayments)							
At December 31, 2017							
Gross carrying amount (RMB'000)		5,136	15,109	—	—	—	20,245
Expected loss rate		5%	10%	20%	50%	100%	
Loss allowance provision (RMB'000)		<u>(257)</u>	<u>(1,511)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,768)</u>
At December 31, 2018							
Gross carrying amount (RMB'000)		7,945	4,899	14,617	—	—	27,461
Expected loss rate		5%	10%	20%	50%	100%	
Loss allowance provision (RMB'000)		<u>(353)</u>	<u>(303)</u>	<u>(85)</u>	<u>—</u>	<u>—</u>	<u>(741)</u>
Individually impaired receivables (RMB'000)		<u>(874)</u>	<u>(1,873)</u>	<u>(14,190)</u>	<u>—</u>	<u>—</u>	<u>(16,937)</u>
Total allowance provision		<u>(1,227)</u>	<u>(2,176)</u>	<u>(14,275)</u>	<u>—</u>	<u>—</u>	<u>(17,678)</u>
At December 31, 2019							
Gross carrying amount (RMB'000)		11,846	2,432	744	321	—	15,343
Expected loss rate		5%	10%	20%	50%	100%	
Loss allowance provision (RMB'000)		<u>(592)</u>	<u>(243)</u>	<u>(149)</u>	<u>(161)</u>	<u>—</u>	<u>(1,145)</u>

- (a) Loans due from the entities controlled by Mr Hua Ziyi and Mr. Hua Zhichang, other loans due from non-controlling shareholders, other receivables due from related parties and other receivables from the disposal group are excluded from this credit risk assessment.

As of December 31, 2017, 2018 and 2019, the loss allowance provision for trade and other receivables (excluding certain nature receivables and prepayments) reconciles to the opening loss allowance for that provision as follows:

	Trade receivables (excluding trade receivables from property developers)	Other Receivables (excluding certain nature receivables and prepayments)	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2017	12,050	885	12,935
Net impairment losses on financial assets			
—Continuing operations	599	(25)	574
—Discontinued operations	—	908	908
At December 31, 2017	<u>12,649</u>	<u>1,768</u>	<u>14,417</u>
At January 1, 2018	12,649	1,768	14,417
Net impairment losses on financial assets			
—Continuing operations	1,157	382	1,539
—Discontinued operations	—	15,528	15,528
At December 31, 2018	<u>13,806</u>	<u>17,678</u>	<u>31,484</u>
At January 1, 2019	13,806	17,678	31,484
Net impairment losses/(reversal) on financial assets			
—Continuing operations	(478)	660	182
Divestment of subsidiaries			
—Discontinued operations	—	(17,193)	(17,193)
At December 31, 2019	<u>13,328</u>	<u>1,145</u>	<u>14,473</u>

As of December 31, 2017, 2018 and 2019, the gross carrying amount of trade and other receivables (excluding prepayments) was RMB904,296,000, RMB896,631,000 and RMB763,677,000 respectively, and thus the maximum exposure to loss was RMB889,879,000, RMB865,147,000 and RMB749,204,000 respectively.

3.1.3 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyzes the Group's financial liabilities and lease liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of December 31, 2017					
Financial liabilities					
Borrowings	46,447	206,475	457,320	—	710,242
Trade and other payables (excluding accrued payroll and other tax payable)	203,868	—	—	—	203,868
Lease liabilities	58,324	53,320	112,219	21,443	245,306
	<u>308,639</u>	<u>259,795</u>	<u>569,539</u>	<u>21,443</u>	<u>1,159,416</u>

	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of December 31, 2018					
Financial liabilities					
Borrowings	38,401	206,957	250,363	—	495,721
Trade and other payables (excluding accrued payroll and other tax payable)	261,507	—	—	—	261,507
Lease liabilities	73,521	57,635	87,116	8,553	226,825
	<u>373,429</u>	<u>264,592</u>	<u>337,479</u>	<u>8,553</u>	<u>984,053</u>

	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of December 31, 2019					
Financial liabilities					
Borrowings	—	—	—	—	—
Trade and other payables (excluding accrued payroll and other tax payable)	474,859	—	—	—	474,859
Lease liabilities	1,943	563	845	—	3,351
	<u>476,802</u>	<u>563</u>	<u>845</u>	<u>—</u>	<u>478,210</u>

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the asset-liability ratio. This ratio is calculated as total liabilities divided by total assets.

As of December 31, 2017, 2018 and 2019, asset-liability ratio of the Group is as follows:

	<u>As of December 31,</u>		
	<u>2017</u>	<u>2018</u>	<u>2019</u>
Asset-liability ratio	93%	93%	74%

The asset-liability ratio decreased greatly in 2019 as the result of the disposal of the discontinued operation which was principally engaged in the provision of sub-leasing services.

4 Critical accounting estimates and judgments

The preparation of Historical Financial Information requires the use of certain critical accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies.

Estimates and judgments 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) Allowance on doubtful receivables and contract assets

The Group makes allowances on receivables and contract assets based on assumptions about risk of default and expected loss rates. The Group used judgment in making these assumptions and selecting the inputs to the impairment calculation, based on past collection history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and contract assets, as well as doubtful debt expenses in the periods in which such estimate has been changed. For details of the key assumptions and inputs used, see Note 3.1.2 above.

(b) Current and deferred income tax

The Group is subject to corporate income taxes in the PRC. Judgment is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognized when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The outcome of their actual utilization may be different.

(c) Share-based payment

As mentioned in Note 25, the Group has granted share options to its employees. The directors have used the Binomial option-pricing model to determine the total fair value of the options granted to

employees, which is to be expensed over the vesting period. Significant estimate on assumptions, such as the underlying equity valued, risk-free interest rate, expected volatility and dividend yield, is required to be made by the directors in applying the Binomial option-pricing model.

(d) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. Goodwill is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining whether goodwill is impaired requires an estimation of the recoverable amount of CGU to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The calculation requires the Group to estimate the future cash flows expected to arise from CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash, a material impairment loss/further impairment loss may arise.

5 Segment information

Management has determined the operating segments based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

The CODM examines the Group's performance from service line perspective and has identified three reportable segments of its business:

- Property management and value-added services: this part of business provides property management services of residential properties and commercial properties, and related value-added services, including consultancy services to property developers, community value-added services, intelligent community services, Central China Consumer Club and real estate marketing services.
- Lifestyle services: this part of business primarily comprises tourism services, sales of goods and provision of catering services.
- Commercial property management and consultation services: this part of business primarily comprises provision of hotel management services and management for agricultural and cultural tourism projects and commercial real-estate operation.

Information about the discontinued segment is provided in Note 13.

During the Track Record Period, the Group mainly operates its businesses in the PRC and earns substantially all of the revenues from external customers attributed to the PRC. As of December 31, 2017, 2018 and 2019, substantially all of the non-current assets of the Group were located in the PRC. Therefore, no geographical segments are presented.

The CODM assesses the performance of the operating segments mainly based on the measure of operating profit excluding other income, other gains, finance cost and interest from loans to other entities which are not directly related to the segment performance ("segment results").

(a) Segment results

Segment results also excludes discontinued operations and the effects of significant items of expenditure which may have an impact on the quality of earnings such as central administration costs and listing expenses.

Interest income and finance cost are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

The segment results and the reconciliation with profit before income tax for the years ended December 31, 2017, 2018 and 2019 are as follows:

For the year ended December 31, 2017

	<u>Property management and value-added services</u>	<u>Lifestyle services</u>	<u>Commercial property management and consultation services</u>	<u>Group</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Gross segment revenue	421,397	23,877	15,258	460,532
Revenue	421,397	23,877	15,258	460,532
Revenue from contracts with customers				
—at a point in time	17,719	—	—	17,719
—over time	403,678	23,877	15,258	442,813
Segment results	42,360	(4,586)	4,256	42,030
Other income				56,809
Other gains—net				8,055
Unallocated operating costs				(4,883)
Finance cost—net				(49,110)
Profit before income tax from continuing operations				52,901
Income tax expenses				(13,775)
Profit for the year				39,126
Depreciation	3,474	394	41	3,909
Amortization	1,014	10	—	1,024

For the year ended December 31, 2018

	Property management and value-added services	Lifestyle services	Commercial property management and consultation services	Group
	RMB'000	RMB'000	RMB'000	RMB'000
Gross segment revenue	620,712	62,179	11,097	693,988
Revenue	620,712	62,179	11,097	693,988
Revenue from contracts with customers				
—at a point in time	89,578	—	—	89,578
—over time	531,134	62,179	11,097	604,410
Segment results	78,947	(5,569)	(3,486)	69,892
Other income				49,405
Other gains—net				4,730
Unallocated operating costs				(9,363)
Finance cost—net				(42,797)
Profit before income tax from continuing operations				71,867
Income tax expenses				(19,897)
Profit for the year				51,970
Depreciation	5,480	587	476	6,543
Amortization	438	20	—	458

For the year ended December 31, 2019

	Property management and value-added services	Lifestyle services	Commercial property management and consultation services	Group
	RMB'000	RMB'000	RMB'000	RMB'000
Gross segment revenue	1,341,092	308,575	104,735	1,754,402
Revenue	1,341,092	308,575	104,735	1,754,402
Revenue from contracts with customers				
—at a point in time	453,143	159,988	47,074	660,205
—over time	887,949	148,587	57,661	1,094,197
Segment results	286,527	55,151	19,464	361,142
Other income				20,463
Other gains—net				4,096
Unallocated operating costs				(61,874)
Finance cost—net				(16,286)
Profit before income tax from continuing operations				307,541
Income tax expenses				(74,702)
Profit for the year				232,839
Depreciation	7,945	881	1,546	10,372
Amortization	2,185	1,495	—	3,680

(b) Segment assets and liabilities

Segment assets and liabilities are measured in the same way as in the financial statements. These assets and liabilities are allocated based on the operations of the segment.

Investments in financial assets that are managed by the treasury function are not considered to be segment assets. These are investments in wealth management products and fund products that are classified as at fair value through profit or loss.

The Group's borrowings are not considered to be segment liabilities, but are managed by the treasury function.

The following is the analysis of the Group's segment assets and liabilities for the year ended:

As at December 31, 2017

	Property management and value-added services	Lifestyle services	Commercial property management and consultation services	Intersegment eliminations	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	250,298	12,110	13,356	(2,102)	273,662
Discontinued operation					285,187
Loans to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang and the relevant interest receivables					725,973
Deferred tax assets					6,848
Financial assets at fair value through profit or loss					45,207
Investments in an associate					2,943
Total assets					<u>1,339,820</u>
Segment liabilities	(367,853)	(5,407)	(2,385)	2,102	(373,543)
Discontinued operation					(233,154)
Borrowings					(609,930)
Current tax liabilities					(23,609)
Total liabilities					<u>(1,240,236)</u>

As at December 31, 2018

	Property management and value-added services	Lifestyle services	Commercial property management and consultation services	Intersegment eliminations	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	400,433	25,835	16,014	(9,497)	432,785
Discontinued operation					241,706
Loans to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang and the relevant interest receivables					602,071
Deferred tax assets					9,742
Financial assets at fair value through profit or loss					35,101
Investments in an associate					2,437
Total assets					<u>1,323,842</u>
Segment liabilities	(518,454)	(17,059)	(14,847)	9,497	(540,863)
Discontinued operation					(216,778)
Borrowings					(436,426)
Current tax liabilities					(32,460)
Total liabilities					<u>(1,226,527)</u>

As at December 31, 2019

	Property management and value-added services	Lifestyle services	Commercial property management and consultation services	Intersegment eliminations	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	1,294,565	166,692	86,119	(93,395)	1,453,981
Deferred tax assets					6,962
Financial assets at fair value through profit or loss					1,530
Investments in an associate					971
Total assets					<u>1,463,444</u>
Segment liabilities	(955,570)	(96,638)	(68,601)	93,395	(1,027,414)
Deferred tax liabilities					(3,717)
Current tax liabilities					(50,664)
Total liabilities					<u>(1,081,795)</u>

(c) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major service lines:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Property management and related service	368,414	467,897	728,014
Consulting service	38,919	99,552	212,736
Commission income	696	40,089	195,925
Travel service income	23,877	62,179	138,789
Commercial property management and consultation services income	15,258	11,097	103,980
Installation services	7,737	—	144,190
Sales of goods	—	—	161,470
Membership management income	443	6,829	47,170
Others	5,188	6,345	22,128
	<u>460,532</u>	<u>693,988</u>	<u>1,754,402</u>
—at a point in time	17,719	89,578	660,205
—over time	<u>442,813</u>	<u>604,410</u>	<u>1,094,197</u>
Total revenue	<u>460,532</u>	<u>693,988</u>	<u>1,754,402</u>

For the years ended December 31, 2017, 2018 and 2019, revenues from CCRE Group contributed 15%, 17%, and 37% of the Group's revenue, respectively. Other than the CCRE Group, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the Track Record Period.

(d) Assets and liabilities related to contracts with customers

The Group has recognized the following assets and liabilities related to contracts with customers:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Contract assets			
Current contract assets	—	—	3,084
Loss allowance	—	—	—
Total contract assets	<u>—</u>	<u>—</u>	<u>3,084</u>
Contract liabilities			
Property management and value-added services	(128,439)	(195,473)	(358,426)
Lifestyle services	(2,634)	(5,114)	(10,998)
Commercial property management and consultation services	—	(708)	(583)
Total contract liabilities	<u>(131,073)</u>	<u>(201,295)</u>	<u>(370,007)</u>

(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.

(ii) Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities.

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Revenue recognized that was included in the balance of contract liabilities at the beginning of the year			
Property management and value-added services	99,124	107,582	161,659
Lifestyle services	229	2,634	5,114
Commercial property management and consultation services	—	—	708
	<u>99,353</u>	<u>110,216</u>	<u>167,481</u>

(iii) Unsatisfied performance obligations

For property management services, membership service provided to CCRE Group, and commercial property management and consultation services, the Group recognizes 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 or settlement cycle. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts. The majority of the property management services contracts do not have a fixed term. The consultancy services is generally set to expire when the counterparties notify the Group that the services are no longer required.

For other property management related value-added services and lifestyle services, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts.

6 Other income

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Interests income from loans to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang	56,267	48,880	13,164
Interests income from loans to third parties	—	—	2,769
Value-added tax deductible	—	—	3,858
Government grants (a)	<u>542</u>	<u>525</u>	<u>672</u>
	<u>56,809</u>	<u>49,405</u>	<u>20,463</u>

(a) Government grants mainly consisted of financial subsidies granted by the local governments.

7 Other gains—net

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Net fair value gains on financial assets at fair value through profit or loss	8,042	4,735	407
Net gains/(losses) on disposal of equipment	13	(5)	(65)
Remeasurement gains on investment in an associate (Note 32(a)(i))	—	—	3,563
Net foreign exchange gains	—	—	191
	<u>8,055</u>	<u>4,730</u>	<u>4,096</u>

8 Finance cost—net

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Finance income			
Interests income from bank deposits	202	223	933
Finance cost			
Interest expenses of borrowings	(49,268)	(42,907)	(16,992)
Interest expenses of lease liabilities	(44)	(113)	(227)
	<u>(49,312)</u>	<u>(43,020)</u>	<u>(17,219)</u>
Finance cost—net	<u>(49,110)</u>	<u>(42,797)</u>	<u>(16,286)</u>

9 Expenses by nature

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Employee benefit expenses (Note 10)	144,903	225,609	546,042
Outsourcing labor costs	125,343	124,849	51,743
Greening and cleaning expenses	32,682	78,395	140,197
Cost of goods sold	—	—	77,542
Outsourcing tourism services costs	21,479	56,555	126,870
Utilities	23,916	37,246	67,070
Maintenance costs	18,005	31,364	42,926
Construction costs	2,488	—	97,721
Professional service fees	5,372	9,810	32,369
Security charges	8,454	11,558	129,883
Depreciation and amortization charges	4,933	7,001	14,052
Traveling and entertainment expenses	7,288	9,036	21,021
Office expenses	9,969	13,283	21,293
Taxes and other levies	5,929	5,846	7,759
Listing expenses	—	4,256	26,299
Promotion expenses	1,065	954	6,925
Community service fees	1,090	1,592	11,025
Others	11,205	14,060	34,186
	<u>424,121</u>	<u>631,414</u>	<u>1,454,923</u>

10 Employee benefit expenses

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses	116,305	181,840	444,950
Social insurance expenses and housing benefits (Note (a))	18,352	30,977	70,924
Share-based payment (Note 25)	—	—	9,382
Other employee benefits (Note (b))	10,246	12,792	20,786
	<u>144,903</u>	<u>225,609</u>	<u>546,042</u>

- (a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the employee salary to the scheme to fund the retirement benefits of the employees.
- (b) Other employee benefits mainly include team building expenses, meal and traveling allowances.
- (c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included nil, nil and 1 director for the years ended December 31, 2017, 2018 and 2019 respectively. The emoluments payable to the 5 individuals during the Track Record Period are as follows:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses	3,966	5,235	11,377
Pension costs, housing funds, medical insurance and other social insurances	173	225	336
Share-based payment	—	—	3,254
	<u>4,139</u>	<u>5,460</u>	<u>14,967</u>

The number of non-director emoluments fell within the following bands:

Emolument bands (in Hong Kong dollars ("HK\$"))	Number of individuals		
	Year ended December 31,		
	2017	2018	2019
Nil—HK\$1,000,000	4	3	—
HK\$1,000,001—HK\$2,000,000	1	2	—
HK\$2,000,001—HK\$3,000,000	—	—	2
HK\$3,000,001—HK\$4,000,000	—	—	2
	<u>5</u>	<u>5</u>	<u>4</u>

11 Investment in an associate

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Opening carrying amount	133	2,943	2,437
Capital injection	1,500	—	1,000
Share of profit/(loss)	1,310	(506)	(29)
Deemed disposal of an associate (Note 32)	—	—	(2,437)
Closing carrying amount	<u>2,943</u>	<u>2,437</u>	<u>971</u>

12 Income tax expenses

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and accordingly, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the BVI was incorporated under the International Business Companies Act of the BVI and, accordingly, is exempted from British Virgin Islands income tax.

Hong Kong profits tax rate is 16.5%. No provision for Hong Kong profits tax was provided as the Group did not have assessable profit in Hong Kong for the years ended December 31, 2018 and 2019.

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year/period, based on the existing legislation, interpretations and practices in respect thereof.

The general corporate income tax rate in PRC is 25%. Henan Aiou Electronic Technology Co., Ltd. ("Aiou Electronic"), one of the subsidiaries of the Group in the PRC, was qualified as "High and New Technology Enterprises" ("HNTes") under the EIT Law. Aiou Electronic was qualified since the year of 2018. Accordingly, it was entitled to a preferential income tax rate of 15% for a 3-year period.

Pursuant to the Detailed Implementation Regulations for Implementation of the Corporate Income Tax Law issued on December 6, 2007, dividends distributed from the profits generated by the PRC companies after January 1, 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding income tax rate may be applied when the immediate holding companies of the subsidiaries in Mainland China are incorporated in Hong Kong and fulfill the requirements to the tax treaty arrangements between Mainland China and Hong Kong. The Group has not accrued any withholding income tax for these undistributed earnings of its subsidiaries in Mainland China as the Group does not have a plan to distribute these earnings from its subsidiaries in Mainland China.

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Current income tax	15,535	22,791	69,086
Deferred income tax (Note 29)	(1,760)	(2,894)	5,616
	<u>13,775</u>	<u>19,897</u>	<u>74,702</u>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group entities as follows:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Profit from continuing operations before income tax	52,901	71,867	307,541
Tax calculated at applicable income tax rate	13,225	17,967	77,214
Tax effects of:			
—Preferential income tax rates applicable to certain companies comprising the Group	—	—	(4,313)
—An associate's results reported net of tax	(327)	127	7
—Expenses not deductible for tax purposes	400	431	890
—The interest income arising from loans due from discontinued operations (Note a)	477	1,372	377
—Share-based compensation	—	—	2,346
—Tax losses and deductible temporary differences for which no deferred income tax asset was recognized	—	—	838
—Utilization of previously unrecognized tax losses	—	—	(1,766)
—Remeasurement gains on investment in an associate	—	—	(891)
Income tax expenses for continuing operations	<u>13,775</u>	<u>19,897</u>	<u>74,702</u>

The effective income tax rate was 26%, 28% and 24% for the years ended December 31, 2017, 2018 and 2019, respectively.

- (a) During the Track Record Period, the continuing operations provided loans to discontinued operations with annual interest rate of 10%. The intra-group interest income/cost were eliminated in the consolidated statement of comprehensive income, while the relevant income tax expenses for continuing operations were not eliminated in the consolidated statement of comprehensive income.

13 Discontinued operations

- (a) The Group disposed Henan Central China OP New Life Services Co., Ltd. (the “OP New Life”) and its subsidiary Henan Yunwu Changxiang Network Technology Co., Ltd. (together, the “OP Group”), which is principally engaged in the provision of sub-leasing services, to an independent third party on March 15, 2019 (the “Disposal Date”).

The financial information of OP Group for the years ended December 31, 2017, 2018 and the period from January 1, 2019 to Disposal Date are set out below.

	Year ended December 31,		
	2017	2018	From January 1, 2019 to March 15, 2019
	RMB'000	RMB'000	RMB'000
Revenue	39,562	65,726	16,222
Cost of sales (Note b)	(47,378)	(85,252)	(23,310)
Gross loss	(7,816)	(19,526)	(7,088)
Selling and marketing expenses (Note b)	(15,519)	(12,657)	(1,768)
Administrative expenses (Note b)	(11,459)	(10,051)	(683)
Net impairment losses on financial assets	(908)	(15,526)	—
Other income	744	—	—
Other gains/(loss)—net	100	87	(55)
Operating profit	(34,858)	(57,673)	(9,594)
Finance income	8	17	—
Finance cost	(7,752)	(12,081)	(3,903)
Finance cost—net	(7,744)	(12,064)	(3,903)
Loss before income tax	(42,602)	(69,737)	(13,497)
Income tax expenses	—	—	—
Loss after income tax	(42,602)	(69,737)	(13,497)
Disposal gain on divestment of subsidiaries (Note c)	—	—	8,443
Loss and total comprehensive loss from discontinued operation	(42,602)	(69,737)	(5,054)
Loss and total comprehensive loss for discontinued operations attributable to:			
—owners of the Company	(15,715)	(31,822)	1,821
—Non-controlling interest	(26,887)	(37,915)	(6,875)

(b) Expenses by nature

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Employee benefit expenses	11,482	21,102	6,498
Depreciation and amortization charges	43,401	69,616	18,990
Others	19,473	17,242	273
	<u>74,356</u>	<u>107,960</u>	<u>25,761</u>

(c) The Group disposed OP Group with nil consideration. The disposal gain of RMB8,443,000 was recognized for year ended December 31, 2019, and the financial information of the OP Group on disposal date was listed as follows:

	RMB'000
Consideration:	—
Carrying amounts of assets and liabilities of the OP Group	
Cash and cash equivalents	8,961
Property, plant and equipment	10,954
Intangible assets	7,294
Investment properties	201,503
Trade and other receivables and prepayments	68,899
Trade and other payables	(147,921)
Lease liabilities	(184,186)
Total carrying amount of net assets of the OP Group	(34,496)
Less: non-controlling interests	(26,053)
Gains on disposal of the OP Group	<u>8,443</u>
Cash received	
—Cash and cash equivalents disposed	(8,961)
—Cash receipt of loans receivable (Note (i))	<u>29,998</u>
Net cash inflow for the disposal of subsidiaries for the year ended December 31, 2019	<u>21,037</u>

Note:

- (i) Prior to the disposal of OP Group, the loans granted by the Group to the OP Group, which have been eliminated in the consolidated balance sheet of the Group, amounted to RMB59,350,000. The loans should be settled by the OP Group after the disposal. As at December 31, 2019, the Group has received the repayments of RMB29,998,000, the remaining balance of RMB29,352,000 was recognized as other receivables (Note 20).

14 Earnings per share**(a) Basic earnings per share**

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended December 31, 2017, 2018 and 2019. In determining the weighted average number of ordinary shares in issue, the 38,000,000 shares issued on October 16, 2018 were deemed to have been in issue since January 1, 2017.

	<u>Year ended December 31,</u>		
	<u>2017</u>	<u>2018</u>	<u>2019</u>
Profit/(loss) attributable to owners of the Company (RMB'000)			
—From continuing operations	39,126	51,293	232,132
—From discontinued operation	(15,715)	(31,822)	1,822
	<u>23,411</u>	<u>19,471</u>	<u>233,954</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>38,000</u>	<u>38,000</u>	<u>38,270</u>
Basic earnings/(losses) per share attributable to the owners of the Company during the year (expressed in RMB per share)			
—From continuing operations	1.03	1.35	6.07
—From discontinued operation	(0.41)	(0.84)	0.05
	<u>0.62</u>	<u>0.51</u>	<u>6.12</u>

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the year ended December 31, 2019, the Company's dilutive potential ordinary shares only include share options granted to employees under Share Option Scheme. As the share options under the Share Option Scheme are issuable upon the satisfaction of specified performance condition, as of December 31, 2019, the condition was not met, and thus the contingent issuable shares were not included in the diluted earnings per share during the year reported. Accordingly, diluted earnings per share is equal to basic earnings per share.

15 Property, plant and equipment

	Equipment and furniture	Machinery	Vehicles	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2017					
Cost	7,434	1,047	1,542	849	10,872
Accumulated depreciation	(2,805)	(364)	(348)	(171)	(3,688)
Net book amount	<u>4,629</u>	<u>683</u>	<u>1,194</u>	<u>678</u>	<u>7,184</u>
Year ended December 31, 2017					
Opening net book amount	4,629	683	1,194	678	7,184
Additions	13,634	635	110	919	15,298
Disposals	(8)	—	—	—	(8)
Depreciation charge	(4,365)	(333)	(404)	(458)	(5,560)
Closing net book amount	<u>13,890</u>	<u>985</u>	<u>900</u>	<u>1,139</u>	<u>16,914</u>
As of December 31, 2017					
Cost	20,980	1,682	1,652	1,768	26,082
Accumulated depreciation	(7,090)	(697)	(752)	(629)	(9,168)
Net book amount	<u>13,890</u>	<u>985</u>	<u>900</u>	<u>1,139</u>	<u>16,914</u>
Year ended December 31, 2018					
Opening net book amount	13,890	985	900	1,139	16,914
Additions	12,299	469	237	3,580	16,585
Disposals	(5)	—	—	—	(5)
Depreciation charge	(9,859)	(561)	(367)	(1,606)	(12,393)
Closing net book amount	<u>16,325</u>	<u>893</u>	<u>770</u>	<u>3,113</u>	<u>21,101</u>
As of December 31, 2018					
Cost	33,136	2,145	1,881	5,348	42,510
Accumulated depreciation	(16,811)	(1,252)	(1,111)	(2,235)	(21,409)
Net book amount	<u>16,325</u>	<u>893</u>	<u>770</u>	<u>3,113</u>	<u>21,101</u>
Year ended December 31, 2019					
Opening net book amount	16,325	893	770	3,113	21,101
Additions	8,707	4,180	1,259	3,470	17,616
Business combination (Note 32)	831	552	807	—	2,190
Disposals	(25)	(47)	—	—	(72)
Disposals of subsidiaries (Note 13(c))	(10,954)	—	—	—	(10,954)
Depreciation charge	(7,238)	(611)	(819)	(3,131)	(11,799)
Closing net book amount	<u>7,646</u>	<u>4,967</u>	<u>2,017</u>	<u>3,452</u>	<u>18,082</u>
As of December 31, 2019					
Cost	22,646	6,804	3,947	8,818	42,215
Accumulated depreciation	(15,000)	(1,837)	(1,930)	(5,366)	(24,133)
Net book amount	<u>7,646</u>	<u>4,967</u>	<u>2,017</u>	<u>3,452</u>	<u>18,082</u>

Depreciation expenses were charged to the following categories in the consolidated statements of comprehensive income:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Cost of sales	2,153	3,477	5,545
Administrative expenses	1,756	3,066	4,827
Discontinued operation	1,651	5,850	1,427
	<u>5,560</u>	<u>12,393</u>	<u>11,799</u>

- (a) No property, plant and equipment is restricted or pledged as security for borrowings as of December 31, 2017, 2018 and 2019.

16 Intangible assets

	Goodwill	Platform and Know-How	Order- Backlog and customer relationship	Software and others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2017					
Cost	—	—	—	11,408	11,408
Accumulated amortization	—	—	—	(1,067)	(1,067)
Net book amount	<u>—</u>	<u>—</u>	<u>—</u>	<u>10,341</u>	<u>10,341</u>
Year ended December 31, 2017					
Opening net book amount	—	—	—	10,341	10,341
Additions	—	—	—	861	861
Amortization	—	—	—	(1,975)	(1,975)
Closing net book amount	<u>—</u>	<u>—</u>	<u>—</u>	<u>9,227</u>	<u>9,227</u>
As of December 31, 2017					
Cost	—	—	—	12,269	12,269
Accumulated amortization	—	—	—	(3,042)	(3,042)
Net book amount	<u>—</u>	<u>—</u>	<u>—</u>	<u>9,227</u>	<u>9,227</u>
Year ended December 31, 2018					
Opening net book amount	—	—	—	9,227	9,227
Additions	—	—	—	515	515
Amortization	—	—	—	(1,409)	(1,409)
Closing net book amount	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,333</u>	<u>8,333</u>
As of December 31, 2018					
Cost	—	—	—	12,784	12,784
Accumulated amortization	—	—	—	(4,451)	(4,451)
Net book amount	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,333</u>	<u>8,333</u>
Year ended December 31, 2019					
Opening net book amount	—	—	—	8,333	8,333
Additions	—	—	—	568	568
Business combination (note 32)	42,319	19,549	13,394	—	75,262
Disposals of subsidiaries (note 13(c))	—	—	—	(7,294)	(7,294)
Amortization	—	(1,623)	(1,499)	(797)	(3,919)
Closing net book amount	<u>42,319</u>	<u>17,926</u>	<u>11,895</u>	<u>810</u>	<u>72,950</u>
As of December 31, 2019					
Cost	42,319	19,549	13,394	3,839	79,101
Accumulated amortization	—	(1,623)	(1,499)	(3,029)	(6,151)
Net book amount	<u>42,319</u>	<u>17,926</u>	<u>11,895</u>	<u>810</u>	<u>72,950</u>

Amortization of intangible assets has been charged to the consolidated statements of comprehensive income as below:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Administrative expenses	1,024	458	2,210
Cost of sales	—	—	1,470
Discontinued operation	951	951	239
	<u>1,975</u>	<u>1,409</u>	<u>3,919</u>

(a) No intangible asset is restricted or pledged as security for borrowings as of December 31, 2017, 2018 and 2019.

(b) Goodwill arose from acquisition of subsidiaries (Note 32):

	As at
	December 31, 2019
	RMB'000
Acquisition A	25,640
Acquisition B	3,314
Acquisition C	1,868
Acquisition D	3,629
Acquisition E	7,868
	<u>42,319</u>

Impairment test for goodwill

Goodwill arises from the Group's acquisition of subsidiaries (Note 32) and was determined at the acquisition date respectively, being the difference between the purchase consideration and the fair value of net identifiable assets of acquirees. Goodwill has been assessed based on the related acquiree's CGU for impairment testing.

The recoverable amount of the CGUs are determined based on value-in-use calculations. These calculation use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Management determined a projection period of five years based on expected development trend of the acquiree and industry experiences. Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rates stated below. The growth rate does not exceed the long-term average growth rate for the related industry in which the CGUs operates. The discount rate used is pre-tax and reflects specific risks relating to the relevant industry.

The key assumptions used for value-in-use calculations as at December 31, 2019 are as follows:

	Acquisition A	Acquisition B	Acquisition C	Acquisition D	Acquisition E
Expected growth rate of revenue	6.2%-30%	2.5%-31.3%	1.3%-8.8%	5.0%-20.0%	8.0%-10.0%
Terminal growth rate after 5 years	3.0%	3.0%	3.0%	3.0%	3.0%
Pre-tax discount rate	23.70%	20.82%	21.8%	21.68%	21.91%

According to the result of the impairment testing, the estimated recoverable amounts of CGUs exceed their carrying amount (i.e. the headroom (note (a))) as below:

	As at December 31, 2019
	<u>RMB'000</u>
Acquisition A CGU	43,118
Acquisition B CGU	55,133
Acquisition C CGU	3,841
Acquisition D CGU	5,198
Acquisition E CGU	5,608

Note (a) The headroom of each CGU is calculated based on its recoverable amount deducting its carrying amount and goodwill allocated.

Our Directors performed sensitivity analysis based on the assumptions that expected growth rate of revenue or pre-tax discount rate would be changed by taking into accounts the volatility of the business and industry in which the acquirees are engaged. Had the following estimated key assumption for the forecast period been changed as below, the headroom would decrease to the amounts:

	As at December 31, 2019
	<u>RMB'000</u>
Acquisition A CGU	
—Expected growth rate of revenue decrease by 15%	16,776
—Pre-tax discount rate increase by 1%	37,078
Acquisition B CGU	
—Expected growth rate of revenue decrease by 15%	28,667
—Pre-tax discount rate increase by 1%	48,005
Acquisition C CGU	
—Expected growth rate of revenue decrease by 1%	3,315
—Pre-tax discount rate increase by 1%	3,352
Acquisition D CGU	
—Expected growth rate of revenue decrease by 1%	4,917
—Pre-tax discount rate increase by 1%	3,884
Acquisition E CGU	
—Expected growth rate of revenue decrease by 1%	4,119
—Pre-tax discount rate increase by 1%	3,607

Based on the above assessment and the historical result, our Directors have not identified any reasonably possible change in the key assumptions on which the recoverable amount is based that would cause the carrying amounts of the CGUs to exceed their respective recoverable amounts as of December 31, 2019.

17 Investment properties

	<u>Leased properties</u> RMB'000	<u>Leasehold improvements</u> RMB'000	<u>Total</u> RMB'000
As at January 1, 2017			
Cost	115,901	11,401	127,302
Accumulated depreciation	(3,573)	(205)	(3,778)
Net book amount	<u>112,328</u>	<u>11,196</u>	<u>123,524</u>
Year ended December 31, 2017			
Opening net book amount	112,328	11,196	123,524
Additions	133,029	24,754	157,783
Depreciation charge	(33,339)	(7,041)	(40,380)
Closing net book amount	<u>212,018</u>	<u>28,909</u>	<u>240,927</u>
As at December 31, 2017			
Cost	248,930	36,155	285,085
Accumulated depreciation	(36,912)	(7,246)	(44,158)
Net book amount	<u>212,018</u>	<u>28,909</u>	<u>240,927</u>
Year ended December 31, 2018			
Opening net book amount	212,018	28,909	240,927
Additions	24,579	11,939	36,518
Depreciation charge	(49,736)	(13,265)	(63,001)
Closing net book amount	<u>186,861</u>	<u>27,583</u>	<u>214,444</u>
As at December 31, 2018			
Cost	273,509	48,094	321,603
Accumulated depreciation	(86,648)	(20,511)	(107,159)
Net book amount	<u>186,861</u>	<u>27,583</u>	<u>214,444</u>
Year ended December 31, 2019			
Opening net book amount	186,861	27,583	214,444
Additions	2,994	1,389	4,383
Disposals of subsidiaries (note 13(c))	(176,921)	(24,582)	(201,503)
Depreciation charge	(12,934)	(4,390)	(17,324)
Closing net book amount	<u>—</u>	<u>—</u>	<u>—</u>
As at December 31, 2019			
Cost	—	—	—
Accumulated depreciation	—	—	—
Net book amount	<u>—</u>	<u>—</u>	<u>—</u>

- (a) As at December 31, 2017 and 2018, the Group holds no investment properties pledged as security for the Group's borrowings.

As at December 31, 2017 and 2018, the fair value of investment properties was approximately the same as their net book amount since the accumulated depreciation reflected the value decline for the investment properties.

18 Financial instruments by category

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Financial assets at amortized cost			
Trade and other receivables (excluding prepayments) (Note 20) . . .	889,879	865,147	748,105
Cash and cash equivalents (Note 21)	121,814	134,260	577,601
Restricted cash (Note 22)	404	408	312
Financial assets at fair value through profit or loss	45,207	35,101	1,530
	<u>1,057,304</u>	<u>1,034,916</u>	<u>1,327,548</u>
Financial liabilities at amortized cost			
Borrowings (Note 28)	609,930	436,426	—
Trade and other payables (excluding accrued payroll and other taxes payables) (Note 27)	203,868	261,507	474,859
Lease liabilities	219,006	203,155	3,142
	<u>1,032,804</u>	<u>901,088</u>	<u>478,001</u>

19 Financial assets at fair value through profit or loss

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Assets:			
Financial assets at fair value through profit or loss			
Short-term investments			
—Wealth management products	5,174	4,402	1,530
—Fund products	40,033	30,699	—
	<u>45,207</u>	<u>35,101</u>	<u>1,530</u>

Fair value estimation

The Group's financial instruments recognized in the consolidated balance sheets are mainly trade and other receivables, financial assets at fair value through profit or loss, and financial liabilities carried at amortized cost. The carrying value less impairment provision of trade and other receivables and payables are a reasonable approximation of their fair values.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses estimated discounted cash flows to make assumptions.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group's financial assets at fair values through profit or loss included wealth management products and fund products, fair value of which are estimated based on unobservable inputs (level 3).

- (a) The following table presents the changes in level 3 instruments for the year ended December 31, 2017.

	Financial assets at fair value through profit or loss		
	Wealth management products	Fund products	Total
	RMB'000	RMB'000	RMB'000
Opening balances	17,042	50,246	67,288
Additions			
—From continuing operations	500,839	86,000	586,839
—From discontinued operation	33,200	—	33,200
Gains for the year recognized in profit or loss			
—From continuing operations	1,368	6,674	8,042
—From discontinued operation	101	—	101
Disposals			
—From continuing operations	(511,762)	(102,887)	(614,649)
—From discontinued operation	(35,614)	—	(35,614)
Closing balance	5,174	40,033	45,207
Includes unrealized gains recognized in profit or loss attributable to balances held at the end of the reporting period			
—From continuing operations	5	32	37
—From discontinued operation	—	—	—

- (b) The following table presents the changes in level 3 instruments for the year ended December 31, 2018.

	Financial assets at fair value through profit or loss		
	Wealth management products	Fund products	Total
	RMB'000	RMB'000	RMB'000
Opening balances	5,175	40,032	45,207
Additions			
—From continuing operations	13,554	65,000	78,554
—From discontinued operation	35,570	—	35,570
Gains for the year recognized in profit or loss			
—From continuing operations	129	4,606	4,735
—From discontinued operation	80	—	80
Disposals			
—From continuing operations	(16,156)	(78,939)	(95,095)
—From discontinued operation	(33,950)	—	(33,950)
Closing balance	4,402	30,699	35,101
Includes unrealized gains/(losses) recognized in profit or loss attributable to balances held at the end of the reporting period			
—From continuing operations	1	2,700	2,701
—From discontinued operation	—	—	—

- (c) The following table presents the changes in level 3 instruments for the year ended December 31, 2019.

	Financial assets at fair value through profit or loss		
	Wealth management products	Fund products	Total
	RMB'000	RMB'000	RMB'000
Opening balances	4,402	30,699	35,101
Additions			
—From continuing operations	278,430	—	278,430
—From discontinued operation	—	—	—
Gains for the period recognized in profit or loss			
—From continuing operations	407	—	407
—From discontinued operation	8	—	8
Disposals			
—From continuing operations	(278,309)	(30,699)	(309,008)
—From discontinued operation	(3,408)	—	(3,408)
Closing balance	1,530	—	1,530
Includes unrealized gains recognized in profit or loss attributable to balances held at the end of the reporting period			
—From continuing operations	—	—	—

Quantitative information about fair value measurements using significant unobservable inputs (Level 3) is as follow:

Unobservable input	Valuation technique(s)	Financial assets at fair value through profit or loss	Range of unobservable inputs		
			As at December 31,		
			2017	2018	2019
Expected interest rate per annum	Discounted cash flow	—Wealth management products	2%-4%	2%-4%	2%-4%
		—Fund products	8%-9%	8%-9%	8%-9%

Relationship of unobservable inputs to fair value: the higher of expected rate of return, the higher the fair value.

The Group manages the valuation of level 3 instruments for financial reporting purpose on a case by case basis. At least once every reporting year, the Group would assess the fair value of the Group's level 3 instruments by using valuation techniques.

If the fair values of the financial assets at fair value through profit or loss held by the Group had been 5% higher/lower, the profit before income tax for the years ended December 31, 2017, 2018 and 2019 would have been approximately RMB2,260,000 higher/lower, RMB1,755,000 higher/lower, and RMB77,000 higher/lower, respectively.

There were no changes in level 3 instruments for the year ended December 31, 2017, 2018 and 2019.

20 Trade and other receivables and prepayments**The Group**

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Trade receivables (Note(a))			
—Non-property developers	101,774	115,315	109,307
—Property developers	54,756	132,405	568,868
	156,530	247,720	678,175
Note receivables	600	500	—
Less: allowance for impairment of trade receivables	(12,649)	(13,806)	(13,328)
	144,481	234,414	664,847
Other receivables			
—Loans to entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang	646,949	564,000	—
—Interests receivable from entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang	79,024	38,071	—
—Amounts due from non-controlling shareholders of a former subsidiary	15,124	15,285	—
—Amounts due from entities controlled by Mr. Wu (Note 33)	218	22,346	40,807
—Receivables from the disposal group (Note 13(c)(i))	—	—	29,352
—Others	5,851	8,709	15,343
	747,166	648,411	85,502
Less: allowance for impairment of other receivables	(1,768)	(17,678)	(1,145)
	745,398	630,733	84,357
Prepayments for listing expenses	—	730	10,767
Other prepayments	5,657	32,139	9,608
Total	895,536	898,016	769,579
Less: non-current portion of other receivables and prepayments	(649)	(27,237)	(2,292)
Current portion of trade and other receivables and prepayments	894,887	870,779	767,287
The Company			
Prepayments for listing expenses	—	730	10,767

(a) Trade receivables mainly arise from property management services income related value added services.

Property management services income are received in accordance with the terms of the relevant services agreements. Service income from property management service is due for payment by the residents upon the issuance of demand note.

The related value-added services to property developers are usually due for payment upon the issuance of document of settlement.

As of December 31, 2017, 2018 and 2019, the aging analysis of the trade receivables based on recognition date of trade receivables were as follows:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
0-180 days	69,071	126,978	473,562
181-365 days	30,910	51,373	162,567
1 to 2 years	38,024	34,811	17,687
2 to 3 years	10,034	26,918	14,126
3 to 4 years	4,373	5,082	6,545
Over 4 years	4,118	2,558	3,688
	<u>156,530</u>	<u>247,720</u>	<u>678,175</u>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As of December 31, 2017, 2018 and 2019, a provision of RMB12,649,000, RMB13,806,000 and RMB13,328,000 was made against the gross amounts of trade receivables (Note 3.1.2).

21 Cash and cash equivalents

The Group

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Denominated in RMB			
Cash at bank	121,684	134,259	577,533
Cash on hand	130	1	68
	<u>121,814</u>	<u>134,260</u>	<u>577,601</u>
Denominated in HKD			
Cash at bank	—	—	7,194
	<u>121,814</u>	<u>134,260</u>	<u>584,795</u>

The Company

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Denominated in HKD			
Cash at bank	—	—	6,941
	<u>—</u>	<u>—</u>	<u>6,941</u>

Cash and cash equivalents held in China are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from China, other than through normal dividends.

22 Restricted cash

Restricted cash represents a subsidiary's cash deposits in the bank as performance security for tourism services according to the requirements of local government authority.

23 Share capital

The Group and the Company

	Number of ordinary shares	Share capital	Equivalent share capital
		HK\$'000	RMB'000
Authorized			
As at October 16, 2018 (date of incorporation of the Company) and December 31, 2018	38,000,000	380	335
Increase of authorized shares	<u>339,000</u>	<u>3</u>	<u>3</u>
As at December 31, 2019	<u>38,339,000</u>	<u>383</u>	<u>338</u>
Issued			
At October 16, 2018 (date of incorporation) and December 31, 2018	38,000,000	—	—
Issue of new ordinary shares to new investor	<u>339,000</u>	<u>3</u>	<u>3</u>
Balance at December 31, 2019	<u>38,339,000</u>	<u>3</u>	<u>3</u>

The Company was incorporated on October 16, 2018 with an authorized share capital of HK\$380,000 divided into 38,000,000 ordinary shares with a par value of HK\$0.01 each. On the same date, 38,000,000 ordinary shares of HK\$0.01 each were issued, totaling HK\$380,000 (equivalent to approximately RMB335,000), to Enjoy Start Limited, which had not been paid yet.

On March 15, 2019, the Company issued 339,000 shares with a cash consideration of HK\$11,000,000 (equivalent to approximately RMB9,435,000) to OP Financial Limited and the authorized number of ordinary shares of the Company was increased to 38,339,000 with a par value of HK\$0.01 each.

On April 29, 2020, the authorized share capital of the Company increased to 5,000,000,000 shares with par value of HK\$0.01 each.

Pursuant to the shareholder's written resolutions on April 29, 2020, conditional upon the share premium account of the Company being credited as a result of the Global Offering, the Directors were authorized to allot and issue on the Listing Date a total of 861,661,000 Shares credited as fully-paid at par to the Shareholders whose names appear on the register of members of the Company at close of business on May 14, 2020 in proportion to their respective shareholdings by way of capitalization of the sum of HK\$8,616,610 standing to the credit of the share premium account of the Company, and the Shares to be allotted and issued pursuant to the Capitalization Issue shall rank *pari passu* in all respects with the existing issued Shares.

24 Other reserves

The Group

	Capital reserves	Share premium	Employee share-based compensation reserves	Statutory reserves	Total other reserves
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2017 and December 31, 2017	95,000	—	—	—	95,000
Balance at January 1, 2018	95,000	—	—	—	95,000
Capital contribution from the shareholders of the Company (Note (a))	100,000	—	—	—	100,000
Deemed distributions to the then owners of a group company (Note (a))	(100,000)	—	—	—	(100,000)
Transaction with non-controlling interests (Note (b))	(12,160)	—	—	—	(12,160)
Balance at December 31, 2018	82,840	—	—	—	82,840
Balance at January 1, 2019	82,840	—	—	—	82,840
Issue of new ordinary shares to new investor (Note 23)	—	9,432	—	—	9,432
Share option scheme-value of employee services (Note 25)	—	—	9,382	—	9,382
Appropriation of statutory reserves (Note (c))	—	—	—	21,643	21,643
Balance at December 31, 2019	82,840	9,432	9,382	21,643	123,297

The Company

	Capital reserves	Share premium	Employee share-based compensation reserves	Total other reserves
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at October 16, 2018 (date of incorporation) . . .	—	—	—	—
Capital contribution from the shareholders of the Company (Note (b))	100,000	—	—	100,000
Balance at December 31, 2018	100,000	—	—	100,000
Balance at January 1, 2019	100,000	—	—	100,000
Issue of new ordinary shares to new investor (Note 23) . . .	—	9,432	—	9,432
Share option scheme-value of employee services (Note 25)	—	—	9,382	9,382
Balance at December 31, 2019	100,000	9,432	9,382	118,814

(a) Capital contributions from the shareholders of the Company

During the year ended December 31, 2018, the shareholders of the Company contributed cash of RMB100,000,000 in aggregate to the Company to finance its acquisition of Henan Central China New Life Service Co., Ltd. and cash consideration of RMB100,000,000 paid to the then owners of Henan Central China New Life Service Co., Ltd. for the acquisition of Henan Central China New Life Service Co., Ltd. was treated as deemed distributions (Note 1.2(d)).

(b) Transaction with non-controlling interests

On April 2, 2018, Henan Central China OP New Life Services Co., Ltd. injected RMB10,000,000 to its subsidiary, Henan Yunwu Changxiang Network Technology Co., Ltd., while the non-controlling shareholders did not make proportioned injection.

After the completion of the capital injection, the Group's equity interest in Henan Yunwu Changxiang Network Technology Co., Ltd. increased from 55% to 77.5%. As Henan Yunwu Changxiang Network Technology Co., Ltd. recorded a deficit in equity as at the date of

capital injection, the Group recognized a decrease in capital reserve of RMB12,160,000 and an increase in non-controlling interest of RMB12,160,000.

(c) Appropriation of statutory reserves

In accordance with relevant rules and regulations in the PRC, the PRC Group entities are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective Group entities.

25 Share-based payments

The Company approved and adopted the option scheme on January 3, 2019. Share options under the Pre-IPO Share Option Scheme (the "Option") are granted to eligible participants (the "Eligibles") including directors and certain key employees. Options are conditional on the Eligibles have served the Group for certain period (the vesting period). Share Options are granted for no consideration and carry no dividend or voting right. When exercised, each Option is convertible into one ordinary share. The Group has no legal or constructive obligation to repurchase or settle the Option in cash.

Share options granted to employees under the Option

On January 3, 2019 and January 10, 2019, approximately 31,680,000 and 13,320,000 Options were granted to eligibles with an exercise price of RMB0.55 and RMB0.55 per share respectively. None of the outstanding Options as of December 31, 2019 was exercisable or expired. Particular of Options are as follows:

For vesting schedule of the Share Options granted to directors and certain key employees, the share option will be vested within 24 months immediately following the Listing Date.

Movement in the number of share options granted to employees and their related weighted average exercise prices are as follows:

	<u>Exercise price</u>	<u>Year ended December 31, 2019</u>
At the beginning of the year		—
Granted	RMB0.55	<u>45,000,000</u>
At the end of the year		<u>45,000,000</u>

Fair value of share options granted under the Option

The directors have used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted equity allocation model to determine the fair value of the underlying ordinary share. Key assumptions, such as discount rate and projections of future performance, are required to be determined by the directors with best estimate.

Based on fair value of the underlying ordinary share, the directors have used Binomial option-pricing model to determine the fair value of the share option as at the grant date. Key assumptions are set out as below:

Discount rate	16.5%-20.5%
Risk-free interest rate	2.29%-2.39%
Volatility	48.96%-49.2%

The directors estimated the risk-free interest rate based on the yield of HK Government Bonds with a maturity life close to the option life of the share option. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share option. Dividend yield is based on management estimation at the grant date. The total expense recognized in the consolidated statements of the comprehensive income for share options granted to employees is RMB9,382,000 for the year ended December 31, 2019.

26 Leases

(a) Amounts recognized in the consolidated balance sheets

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Leased in properties for sub-lease to tenants			
—Leased properties (Note 17)	212,018	186,861	—
Right-of-use assets			
—Leased properties and equipment (Note 15)	1,139	3,113	3,452
	<u>213,157</u>	<u>189,974</u>	<u>3,452</u>
Lease liabilities			
Current	56,409	66,383	1,886
Non-current	162,597	136,772	1,256
	<u>219,006</u>	<u>203,155</u>	<u>3,142</u>

(b) Amounts recognized in the consolidated statements of comprehensive income

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Depreciation charge			
—Leased properties (Note 17)	33,339	49,736	12,934
—Leased properties and equipment (Note 15)	458	1,606	3,131
	<u>33,797</u>	<u>51,342</u>	<u>16,065</u>
Interest expense (included in finance costs—net)			
—Continuing operations (Note 8)	44	113	227
—Discontinued operations	7,752	11,462	3,903
	<u>7,796</u>	<u>11,575</u>	<u>4,130</u>
Cash outflows for lease payments			
—Continuing operations	490	1,694	4,874
—Discontinued operations	37,207	53,890	23,813
	<u>37,697</u>	<u>55,584</u>	<u>28,687</u>

- (c) A maturity analysis of lease liabilities is shown in the table below during the Track Record Period

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
The present value of lease liabilities is as follows:			
Within one year	58,324	73,521	1,943
Later than one year but no later than two years	53,320	57,635	563
Later than two years but not later than five years	112,219	87,116	845
Later than five years	21,443	8,553	—
	<u>245,306</u>	<u>226,825</u>	<u>3,351</u>
Future finance charge	(26,300)	(23,670)	(209)
	<u>219,006</u>	<u>203,155</u>	<u>3,142</u>

27 Trade and other payables

The Group

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Trade payables (Note(a))			
—Related parties (Note 33)	—	227	11,953
—Third parties	32,560	53,231	165,466
	<u>32,560</u>	<u>53,458</u>	<u>177,419</u>
Other payables			
—Amounts due to entities controlled by Mr. Wu (Note(b))	4,750	10,387	22,938
—Deposits	60,408	71,938	111,118
—Maintenance funds	46,243	71,999	99,831
—Payables for acquisitions of subsidiaries	—	—	5,256
—Listing expenses	—	2,059	7,367
—Payables due to the then shareholders of newly-acquired subsidiaries	—	—	20,602
—Others	38,045	36,494	30,328
	<u>149,446</u>	<u>192,877</u>	<u>297,440</u>
Accrued payroll	40,469	72,318	151,793
Other taxes payables	12,281	19,366	27,613
Interests payable	21,862	15,172	—
	<u>256,618</u>	<u>353,191</u>	<u>654,265</u>

As of December 31, 2017, 2018 and 2019, the carrying amounts of trade and other payables approximated its fair values.

- (a) As of December 31, 2017, 2018 and 2019, the aging analysis of the trade payables based on invoice date were as follows:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
0-180 days	26,082	45,968	170,413
181-365 days	392	4,607	5,011
1 to 2 years	1,755	723	462
2 to 3 years	1,917	1,139	537
Over 3 years	2,414	1,021	996
	<u>32,560</u>	<u>53,458</u>	<u>177,419</u>

- (b) The amounts due to entities controlled by Mr. Wu were unsecured, interest-free and repayable on demand.

28 Borrowings

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Asset backed securities—secured			
—Non-current portion	604,500	430,000	—
—Current portion	<u>5,430</u>	<u>6,426</u>	<u>—</u>
	<u>609,930</u>	<u>436,426</u>	<u>—</u>

As of December 31, 2017, 2018 and 2019, the Group's borrowings were repayable as follows:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Within 1 year	5,430	6,426	—
1 to 2 years	174,500	185,000	—
2 to 5 years	<u>430,000</u>	<u>245,000</u>	<u>—</u>
	<u>609,930</u>	<u>436,426</u>	<u>—</u>

In April 2016, Henan Central China Property Management Co., Ltd., a PRC subsidiary of the Group, has issued asset-backed securities (“ABS”) with an aggregate nominal value of RMB900 million amongst which RMB40 million was subordinated securities subscribed by the then parent company of Henan Central China Property Management Co., Ltd. The ABS is repayable, by installments, in one to five years, carried interest ranging from 5.0% to 5.9% per annum, was secured by pledge of the Group's right of receipt of management fee of certain properties managed by the Group in future five years and guaranteed by the parent company of Henan Central China Property Management Co., Ltd.

During the years ended December 31, 2017, 2018 and 2019, Henan Central China Property Management Co., Ltd. has repaid, by installments, the ABS of RMB128.5 million, RMB167 million and RMB604.5 million, respectively.

On March 28, 2019 (the “Redemption Date”), the Company redeemed the remaining ABS in full at a redemption price equaling to 100% of the principal amount of the ABS and the accrued and unpaid interests as at the Redemption Date.

The fair value of borrowings approximated their carrying amount, as the impact of discounting is not significant.

29 Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Deferred tax assets:			
—Deferred tax assets to be recovered after more than 12 months	3,188	3,573	2,957
—Deferred tax assets to be recovered within 12 months	3,660	6,169	4,005
	<u>6,848</u>	<u>9,742</u>	<u>6,962</u>
Deferred tax liabilities:			
—Deferred tax liabilities to be recovered after more than 12 months	—	—	(2,944)
—Deferred tax liabilities to be recovered within 12 months	—	—	(773)
	<u>—</u>	<u>—</u>	<u>(3,717)</u>
	<u>6,848</u>	<u>9,742</u>	<u>3,245</u>

The movement in deferred income tax assets and liabilities during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Deferred tax assets—allowance on doubtful debts	Deferred tax assets—tax losses	Deferred tax liabilities—excess of carrying amount of other intangible assets over the tax bases	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2017	3,045	2,043	—	5,088
Credited to the consolidated statements of comprehensive income	146	1,614	—	1,760
At December 31, 2017	<u>3,191</u>	<u>3,657</u>	<u>—</u>	<u>6,848</u>
As of January 1, 2018	3,191	3,657	—	6,848
Credited/(charged) to the consolidated statements of comprehensive income	385	2,509	—	2,894
At December 31, 2018	<u>3,576</u>	<u>6,166</u>	<u>—</u>	<u>9,742</u>
As of January 1, 2019	3,576	6,166	—	9,742
Credited/(charged) to the consolidated statements of comprehensive income	45	(6,427)	766	(5,616)
Acquisition of subsidiaries (Note 32)	—	3,602	(4,483)	(881)
At December 31, 2019	<u>3,621</u>	<u>3,341</u>	<u>(3,717)</u>	<u>3,245</u>

As of December 31, 2017, 2018 and 2019, the Group has not recognized deferred tax assets in respect of cumulative tax losses and temporary differences totaling of RMB12,129,000, RMB30,862,000 and RMB21,593,000 for the group as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction. The tax losses shall expire in five years from year of occurrence under current tax legislation.

30 Dividends

No dividends have been paid or declared by the Company during each of the years ended December 31, 2017, 2018 and 2019.

31 Cash generated from operations

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Profit before income tax			
—Continuing operations	52,901	71,867	307,541
Adjustments for continuing operations:			
—Depreciation of property, plant and equipment	3,909	6,543	10,372
—Amortization of other intangible assets (Note 16)	1,024	458	3,680
—Allowance for impairment of trade and other receivables	574	1,540	182
—(Gains)/losses from disposal of property, plant and equipment (Note 7)	(13)	5	65
—Net exchange gain (Note 7)	—	—	(191)
—Net fair value gains on financial assets at fair value through profit or loss (Note 7)	(8,042)	(4,735)	(407)
—Share of loss/(profit) of an associate (Note 11)	(1,310)	506	29
—Finance cost (Note 8)	49,312	43,020	17,219
—Interest income from loans to entities controlled by Mr. Hua and third parties (Note 6)	(56,267)	(48,880)	(15,933)
—Share option scheme—value of employee services	—	—	9,382
—Remeasurement gains on investment in an associate (Note 32)	—	—	(3,563)
	<u>42,088</u>	<u>70,324</u>	<u>328,376</u>
Changes in working capital from continuing operations:			
—Trade and other receivables and prepayments	(36,534)	(133,827)	(450,042)
—Contract liabilities	12,084	70,222	161,264
—Inventories	—	—	(4,210)
—Contract assets	—	—	(2,899)
—Trade and other payables	48,816	101,099	283,552
—Restricted Cash	(204)	(4)	96
	<u>66,250</u>	<u>107,814</u>	<u>316,137</u>

(a) The reconciliation of liabilities arising from financial activities is as follow:

	<u>Borrowings and interests payables</u>	<u>Lease liabilities</u>	<u>Other payables —Amounts due to entities controlled by Mr. Wu</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
As of January 1, 2017	824,141	114,959	28,175
Cash flows			
Financing cash inflow			
—Continuing operations	—	—	9,159
Financing cash outflow			
—Continuing operations	(241,661)	(490)	(32,584)
—Discontinued operations	—	(37,207)	—
Non-cash changes			
Acquisition—leases			
—Continuing operations	—	919	—
—Discontinued operations	—	133,029	—
Finance expense recognized			
—Continuing operations	49,312	44	—
—Discontinued operations	—	7,752	—
As of December 31, 2017	<u>631,792</u>	<u>219,006</u>	<u>4,750</u>
As of January 1, 2018	631,792	219,006	4,750
Cash flows			
Financing cash inflow			
—Continuing operations	—	—	17,985
—Discontinued operations	17,155	—	—
Financing cash outflow			
—Continuing operations	(223,214)	(1,694)	(12,348)
—Discontinued operations	(17,155)	(53,890)	—
Non-cash changes			
Acquisition—leases			
—Continuing operations	—	3,579	—
—Discontinued operations	—	24,579	—
Finance expense recognized			
—Continuing operations	43,020	113	—
—Discontinued operations	—	11,462	—
As of December 31, 2018	<u>451,598</u>	<u>203,155</u>	<u>10,387</u>

	Borrowings and interests payables	Lease liabilities	Other payables —Amounts due to entities controlled by Mr. Wu
	RMB'000	RMB'000	RMB'000
As of January 1, 2019	451,598	203,155	10,387
Cash flows			
Financing cash inflow			
—Continuing operations	—	—	21,444
Financing cash outflow			
—Continuing operations	(468,590)	(4,874)	(8,866)
—Discontinued operations	—	(23,813)	—
Non-cash changes			
Acquisition—leases			
—Continuing operations	—	3,470	—
—Discontinued operations	—	2,994	—
Disposals of subsidiaries			
—Discontinued operations	—	(184,186)	—
Finance expense recognized			
—Continuing operations	16,992	227	—
—Discontinued operations	—	6,169	—
As of December 31, 2019	<u>—</u>	<u>3,142</u>	<u>22,965</u>

32 Business combination

(a) Summary of acquisition

(i) Acquisition of One Family Network Technology Co., Ltd. (“Acquisition A”)

On January 4, 2019, the Group acquired additional 70% equity interest in an associate, One Family Network Technology Co., Ltd. (the “One Family Network”), at cash consideration of RMB14,000,000. The associate is mainly engaged in providing e-commerce service through self-operated platform. As a result, the Group’s interest in the entity increased to 100% and the associate became a wholly owned subsidiary of the Group.

The Group’s existing 30% equity interest in the One Family Network was remeasured to RMB6,000,000 and the fair value gains of RMB3,563,000 has been recognized in “other gains—net” in the consolidated statements of comprehensive income.

On the same date, the Group also acquired 80% of Song Yun (Beijing) Information Service Co., Ltd (the “Song Yun Beijing Information”) at cash consideration of RMB8,000,000, which is a related party of One Family Network and providing the technology development and support for the e-commerce platform.

Accordingly, the Group completed the acquisition of the e-commerce business with total cash consideration of RMB22,000,000 and entitled the benefit from the synergies of the combination of the above two acquisition.

(ii) Acquisition of Aiou Electronic (“Acquisition B”)

On January 4, 2019, the Group acquired 93.33% equity interest in Henan Aiou Electronic Technology Co., Ltd. (“Aiou Electronic”) from an independent third party at cash consideration of RMB2,800,000. Aiou Electronic is mainly engaged in sales of smart home product and providing

related design and installation service. The acquisition has increased the Group's market share in this industry and complements the Group's existing property management services and related value-added services segment.

(iii) Acquisition of Xinyang Nanhong Property Services Co., Ltd. ("Acquisition C")

On January 4, 2019, the Group acquired 100% equity interest in Xinyang Nanhong Property Service Co., Ltd. ("Xinyang Nanhong") from independent third parties at cash consideration of RMB2,000,000. Xinyang Nanhong is engaged in property management service. The acquisition has increased the Group's market share in this industry and complements the Group's existing property management services and related value-added services segment.

(iv) Acquisition of Linzhou Liuhe Property Service Co., Ltd. ("Acquisition D")

On April 25, 2019, the Group acquired 51% equity interest in Linzhou Liuhe Property Service Co., Ltd. ("Linzhou Liuhe") from independent third parties at cash consideration of RMB6,600,000. Linzhou Liuhe is engaged in property management service. The acquisition has increased the Group's market share in this industry and complements the Group's existing property management services and related value-added services segment.

(v) Acquisition of Zhengzhou Jiaxiang Property Service Co., Ltd. ("Acquisition E")

On May 16, 2019, the Group acquired 51% equity interest in Zhengzhou Jiaxiang Property Service Co., Ltd. ("Zhengzhou Jiaxiang") from independent third parties at cash consideration of RMB11,820,000. Zhengzhou Jiaxiang is engaged in property management service. The acquisition has increased the Group's market share in this industry and complements the Group's existing property management services and related value-added services segment.

Details of the purchase considerations, the net assets acquired and goodwill are as follows:

	Acquisition A	Acquisition B	Acquisition C	Acquisition D	Acquisition E	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Consideration						
—Cash paid	22,000	2,800	2,000	4,620	8,544	39,964
—Payable	—	—	—	1,980	3,276	5,256
—Fair value of interests in the associate	6,000	—	—	—	—	6,000
	<u>28,000</u>	<u>2,800</u>	<u>2,000</u>	<u>6,600</u>	<u>11,820</u>	<u>51,220</u>

The assets and liabilities recognized as a result of the acquisition on the acquisition dates are as follows:

	Acquisition A	Acquisition B	Acquisition C	Acquisition D	Acquisition E	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Property and equipment	60	52	64	377	1,637	2,190
Intangible assets						
—Platform	14,339	—	—	—	—	14,339
—Know-How	3,720	1,490	—	—	—	5,210
—Order backlog	—	2,160	—	—	—	2,160
—Customer relationship	—	—	898	4,004	6,332	11,234
Contract assets	—	185	—	—	—	185
Trade and other receivables and prepayments	9,851	2,153	1,050	2,772	5,575	21,401
Inventories	—	901	—	68	—	969
Deferred income tax assets . . .	3,602	—	—	—	—	3,602
Cash and cash equivalents . . .	322	367	1,158	281	104	2,232
Trade and other payables	(25,820)	(7,436)	(2,813)	(259)	(2,131)	(38,459)
Contract liabilities	(4,846)	—	—	(417)	(2,185)	(7,448)
Deferred tax liabilities	(1,251)	(423)	(225)	(1,001)	(1,583)	(4,483)
Net identifiable assets/ (liabilities) acquired	(23)	(551)	132	5,825	7,749	13,132
Less: Equity interest held by non-controlling interests . . .	2,383	37	—	(2,854)	(3,797)	(4,231)
Add: Goodwill	25,640	3,314	1,868	3,629	7,868	42,319
Net assets acquired	28,000	2,800	2,000	6,600	11,820	51,220

Net cash outflow arising on acquisition during the year ended December 31, 2019:

Cash paid	RMB'000
Cash consideration paid	39,964
Less: cash considerations paid in prior year	(24,800)
Cash considerations paid in the period	15,164
Less: Cash and cash equivalents acquired	(2,232)
Cash outflow in the period	12,932

The goodwill is attributable to the workforce and the high profitability of the acquired business. It will not be deductible for tax purposes.

(i) Acquired receivables

The fair value of acquired trade and other receivables and prepayments was RMB21,401,000, which was equal to its gross contractual amount receivables. At the acquisition date, none of such balance was expected to be uncollectible.

(ii) Accounting policy choice for non-controlling interests

The Group recognizes non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Acquisition A, B, D and E, the Group elected to recognize the non-controlling interests in at its proportionate share

of the acquired net identifiable assets. See note 2.3 for the Group's accounting policies for business combinations.

(iii) Revenue and profit contribution

The acquired business of the entities from Acquisition A contributed revenues of RMB157,006,000 and net profit of RMB44,671,000 to the Group for the period from the acquisition date to December 31, 2019.

The revenue and the results contributed by the other acquired entities for the period since respective acquisition dates were insignificant to the Group. The Group's revenue and results for the period would not be materially different if these acquisitions had occurred on January 1, 2019.

33 Related party transactions

(a) Name and relationship with related parties

Name	Relationship with the Group
Mr. Wu*	Controlling shareholder of the Company (From December 19, 2017 to date)
Mr. Hua Ziyi and Mr Hua Zhichang*	Former controlling shareholder of Henan Central China New Life Service Co., Ltd. (From January 1, 2017 to December 19, 2017)
Henan Hongdao investment Co., Ltd. 河南省弘道投資有限公司	A company controlled by Mr. Hua Ziyi and Mr. Hua Zhichang
Jianye Holding Co., Ltd. 建業控股有限公司	A company controlled by Mr. Hua Ziyi and Mr. Hua Zhichang
Henan Central China football club Co., Ltd. 河南建業足球俱樂部股份有限公司	A company controlled by Mr. Hua Ziyi and Mr. Hua Zhichang
CCRE Group	A group controlled by Mr. Wu
Zhengzhou Jianze Real Estate Ltd 鄭州建澤置業有限公司	A joint venture of CCRE Group
Henan Jianye Live-action Performance Culture Development Co., Ltd. 河南建業實景演出文化發展有限公司	A joint venture of CCRE Group
Gongyi Newtown Real Estate Co., Ltd. 鞏義新城置業有限公司	A joint venture of CCRE Group (Became a subsidiary of CCRE Group since October 25, 2019)
Xinmi Di'an Real Estate Co., Ltd. 新密市帝安置業有限公司	A joint venture of CCRE Group
Luoyang Uni-construction Yutai Real Estate Development Co., Ltd. 洛陽住總宇泰房地產開發有限公司	A joint venture of CCRE Group
Zhengyang Jiandong Real Estate Co., Ltd. 正陽縣建東置業有限公司	An associate of CCRE Group
One Family Network Technology Co., Ltd. 河南一家網絡科技有限公司	An associate of the Group (Became a subsidiary of the Group since January 4, 2019 (note 32(a)(i)))

* On December 19, 2017, Mr. Wu acquired the 100% equity interests of Henan Central China New Life Service Co., Ltd. from its then shareholder, which was controlled by independent third parties, Mr. Hua Ziyi and Mr. Hua Zhichang. Accordingly, entities controlled by Mr. Hua Ziyi and Mr. Hua Zhichang were no longer related parties of the Group since December 19, 2017 and entities controlled by Mr. Wu became the Group's related parties since then.

(b) Transactions with related parties

During the years ended December 31, 2017, 2018 and 2019, the Group had the following significant transactions with related parties. The transactions amounts disclosed represent the transactions with relevant parties during the periods when those parties were related parties of the Group.

Provision of services to companies controlled by Mr. Wu, joint ventures and associates of CCRE Group:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Property management and related service	Not applicable	17,404	77,429
Consulting service	Not applicable	49,610	158,893
Commission income	Not applicable	35,853	184,582
Travel service income	Not applicable	14,691	38,738
Commercial property management and consultation services income and others	Not applicable	11,077	97,945
Installation services	Not applicable	—	116,009
Sales of goods	Not applicable	—	25,692
Membership management services	Not applicable	6,617	47,170
	Not applicable	135,252	746,458

Provision of services to an associate:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Property management service	3,100	4,104	—

Receipt of services from companies controlled by Mr. Wu:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Tourism cost	Not applicable	1,038	9,143

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Interest income on loans to related parties —Controlled by Mr. Hua Ziyi and Mr. Hua Zhichang	56,267	Not applicable	Not applicable

All of the transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

(c) Key management compensation

Compensations for key management other than those for directors as disclosed in Note 35 is set out below:

	Year ended December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Salaries and other short-term employee benefits	<u>5,387</u>	<u>8,211</u>	<u>20,659</u>

(d) Balances with related parties

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Trade			
Trade receivables			
—CCRE Group and its related joint ventures and associates	40,078	81,414	491,741
—An associate of the Group	<u>6,170</u>	<u>10,521</u>	<u>Not applicable</u>
Trade payable			
—CCRE Group and its related joint ventures and associates	<u>—</u>	<u>227</u>	<u>11,953</u>
Contract liability			
—CCRE Group and its related joint ventures and associates	<u>1,097</u>	<u>8,028</u>	<u>19,203</u>
Non-Trade			
Other receivables			
—CCRE Group and its related joint ventures and associates	<u>218</u>	<u>22,346</u>	<u>40,807</u>
Other payables			
—CCRE Group and its related joint ventures and associates	<u>4,750</u>	<u>10,387</u>	<u>22,938</u>

Amounts due from/to related parties set out above are unsecured and interest free. Other receivables primarily represent payments received by the CCRE Group on behalf of the Group for sales of goods and services on the Jianye + (建業+) platform, which are ongoing and occurred in the ordinary course of business. Other payables primarily represent water, electricity, heating and other utility fees the Group collected on behalf for CCRE Group and its related joint ventures and associate from tenants, which are ongoing and occurred in the ordinary course of our business, and cash advances from the entities controlled by Mr. Wu, which amounted to RMB8,596,000 as of December 31, 2019 and will be settled before the Listing.

34 Commitments and contingent liabilities**(a) Capital commitments**

During the Track Record Period, the Group's capital commitments mainly related to the development of the intelligent platform and financial sharing system. The details is set as below.

	As of December 31,		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Intangible assets	Nil	Nil	5,616

(b) Contingencies

Save as disclosed elsewhere in the Accountant's Report, the Group did not have any material contingent liabilities as at December 31, 2017, 2018 and 2019.

35 Directors' benefits and interests*(a) Directors emoluments*

The directors received emoluments from the Group (in their role as senior management and employee before their appointment as directors) for the year ended December 31, 2017 as follows:

<u>Name</u>	<u>Salaries (i)</u> RMB'000	<u>Housing allowance and contributions to a retirement benefit scheme</u> RMB'000	<u>Other allowance and benefits in kind</u> RMB'000	<u>Total</u> RMB'000
Executive directors				
Wang Jun (i)	—	—	—	—
Cai Bin (ii)	1,608	47	—	1,655
Non-executive Directors				
Wu Lam Li (ii)	—	—	—	—
Min Huidong (ii)	—	—	—	—
	<u>1,608</u>	<u>47</u>	<u>—</u>	<u>1,655</u>

The directors received emoluments from the Group (in their role as senior management and employee before their appointment as directors) for the year ended December 31, 2018 as follows:

<u>Name</u>	<u>Salaries (i)</u> RMB'000	<u>Housing allowance and contributions to a retirement benefit scheme</u> RMB'000	<u>Other allowance and benefits in kind</u> RMB'000	<u>Total</u> RMB'000
Executive directors				
Wang Jun (i)	—	—	—	—
Cai Bin (ii)	2,332	47	—	2,379
Non-executive Directors				
Wu Lam Li (ii)	—	—	—	—
Min Huidong (ii)	—	—	—	—
	<u>2,332</u>	<u>47</u>	<u>—</u>	<u>2,379</u>

The directors received emoluments from the Group (in their role as senior management and employee before their appointment as directors) for the year ended December 31, 2019 as follows:

Name	Salaries (i)	Housing allowance and contributions to a retirement benefit scheme	Other allowance and benefits in kind	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors				
Wang Jun (i)	1,558	8	—	1,566
Cai Bin (ii)	3,165	81	—	3,246
Non-executive Directors				
Min Huidong (ii)	—	—	—	—
	<u>4,723</u>	<u>89</u>	<u>—</u>	<u>4,812</u>

- (i) Wang Jun was appointed as executive director since October 2018.
- (ii) The directors, Cai Bin and Wu Lam Li were appointed as directors in October 2019. Min Huidong joined the Group and was appointed as director in October 2019.

(b) Directors' retirement benefits and termination benefits

There were no retirement benefits paid to or receivable by directors during the Track Record Period by defined benefit pension plans operated by the Group and there were no director's termination benefits subsisted during the Track Record Period.

(c) Consideration provided to third parties for making available directors' services

During the Track Record Period, the Group did not pay consideration to any third parties for making available directors' services.

(d) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

During the Track Record Period, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favor of directors.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted as at December 31, 2017, 2018 and 2019 or at any time during the Track Record Period.

36 Investment in a subsidiary—Company

Particulars of the principal subsidiaries of the Group as at December 31, 2017, 2018 and 2019 are set out as below.

Company name	Country/place and date of incorporation/establishment	Registered/issued and paid-up capital	Attributable equity interest of the Group			Principal activities/ place of operation	Note
			2017	December 31, 2018	2019		
Directly owned:							
Sky Joy Limited	BVI, October 26, 2018	US\$1/ US\$1	Not applicable	100%	100%	Investment holding in BVI	(ii)
Indirectly owned:							
Central China New Life (Hong Kong) Limited							
Henan Central China New Life Service Co., Ltd. 河南建業新生活服務有限公司	Hong Kong, November 2, 2018 The PRC, April 21, 2016	HK\$10,000/ HK\$Nil RMB200,000,000/ RMB90,000,000	Not applicable	100%	100%	Investment holding in Hong Kong Consultancy Services in Henan Province	(ii) (ii)
Henan Central China Property Management Co., Ltd.*							
河南建業物業管理有限公司	The PRC, January 12, 1999	RMB5,000,000/ RMB5,000,000	100%	100%	100%	Property management services in Henan Province	(ii)
Henan Zhizun Housing Agency Co., Ltd.*							
河南建業物業代理有限公司	The PRC, March 25, 2010	RMB10,000,000/ RMB5,200,000	100%	100%	100%	Real estate marketing services in Henan Province	(i)
Henan Central China New Life Travel Service Co., Ltd.*							
河南至尊房屋中介有限公司	The PRC, May 18, 2016	RMB100,000,000/ RMB16,050,000	100%	100%	100%	Tourism services in Henan Province	(ii)
Henan Central China New Life Hotel Management Co., Ltd.*							
河南建業新生活旅遊服務有限公司	The PRC, May 18, 2016	RMB10,000,000/ RMB10,000,000	100%	100%	100%	Hotel management services in Henan Province	(ii)

Company name	Country/place and date of incorporation/establishment	Registered/issued and paid-up capital	Attributable equity interest of the Group			Principal activities/ place of operation	Note	
			December 31,		As at this report date			
			2017	2018				2019
Indirectly owned:								
Henan Central China OP New Life Services Co., Ltd.* 河南建業東英新生活服務有限公司	The PRC, May 18, 2016	RMB200,000,000/ RMB100,000,000	70%	70%	Not applicable	Investment holding in Henan Province	(i)	
Henan Yunwu Changxiang Network Technology Co., Ltd.* 河南雲屋暢享網絡科技有限公司	The PRC, November 9, 2016	RMB10,000,000/ RMB20,000,000	38.5%	54.25%	Not applicable	Rental services in Henan Province	(i)(iii)	
Henan Central New Life Agricultural Development Co., Ltd.* (formerly known as Henan Songyan Agricultural Development Co., Ltd.*) 河南建業新生活農業發展有限公司(formerly known as 河南高炎農業發展有限公司)	The PRC, November 6, 2018	RMB50,000,000/ RMB1,000,000	Not applicable	94%	94%	Management consulting services in Henan Province	(ii)	
Henan Aiou Electronic Technology Co., Ltd.* (“Aiou Electronic”) 河南艾歐電子科技有限公司	The PRC, March 25, 2014	RMB8,000,000/ RMB3,000,000	Not applicable	Not applicable	93.33%	93.33%	Technology services in Henan Province	(ii)
Henan One Family Network Technology Co., Ltd.* (“One Family Network”) 河南一家網絡科技有限公司	The PRC, February 5, 2015	RMB30,000,000/ RMB20,000,000	Not applicable	Not applicable	100%	100%	Technology services in Henan Province	(ii)

Company name	Country/place and date of incorporation/ establishment	Registered/ issued and paid-up capital	Attributable equity interest of the Group			Principal activities/ place of operation	Note	
			December 31,		As at this report date			
			2017	2018				2019
Song Yun (Beijing) Information Service Co., Ltd.* (“Song Yun Beijing Information”) 嵩雲(北京)信息服務有限公司	The PRC, August 24, 2015	RMB10,000,000/ RMB10,000,000	Not applicable	Not applicable	80%	80%	Technology services in Beijing	(ii)
Xinyang Nanhong Property Service Co., Ltd.* (“Xinyang Nanhong”) 信陽市南虹物業服務有限公司	The PRC, July 17, 2015	RMB3,000,000/ Nil	Not applicable	Not applicable	100%	100%	Property management services in Henan Province	(ii)
Henan Central China Jing Yuecheng Commercial Management Co., Ltd.* 河南建業晶悅城商業管理有限公司	The PRC, January 24, 2019	RMB10,000,000/ RMB6,000,000	Not applicable	Not applicable	51%	51%	Management consulting services in Henan Province	(ii)
Linzhou Liuhe Property Management Co., Ltd.* 林州市六合物業服務有限公司	The PRC, November 4, 2013	RMB3,000,000/ RMB3,000,000	Not applicable	Not applicable	51%	51%	Property management services in Henan Province	(ii)
Zhezhou Jiaxiang Property Management Co., Ltd.* 鄭州佳祥物業服務有限公司	The PRC, March 16, 2009	RMB3,000,000/ RMB3,000,000	Not applicable	Not applicable	51%	51%	Property management services in Henan Province	(ii)

* The English name of the subsidiaries represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

- (i) The statutory financial statements of these companies for the year ended December 31, 2017 were prepared in accordance with Chinese accounting standards and audited by various certified public accountants firm.
- (ii) No audited financial statements were issued for these companies as they are either newly incorporated or not required to issue audited financial statements under the statutory requirements of their respective places of incorporation.
- (iii) In FY2017, Henan Yunwu Changxiang Network Technology Co., Ltd (the “Henan Yunwu”) was held by Central China OP New Life Services Co., Ltd (the “OP New Life”) by 55%, the intermediate holding company, which was held by the Group by 70%. Accordingly, the percentage indirectly owned by the Group was 38.5% in FY2017. Based on the control assessment, the Group believes that the Group controls Henan Yunwu as the Group is exposed to and has rights to variable returns from our involvement with the Henan Yunwu and has the liability to affect Henan Yunwu’s returns through our power over the Henan Yunwu.

37 Event after the balance sheet date

Saved as disclosed in this report, subsequent to December 31, 2019, the following subsequent event took place:

Since January 2020, the PRC has encountered an outbreak of novel coronavirus (“2019-nCov”), as a result of which, certain measures were undertaken by the PRC central government and various provincial or municipal governments including but not limited to implementation of travel restrictions and extension of national holidays. Pending development of such subsequent non-adjusting event, the Group’s financial results may be affected, the extent of which could not be estimated as at the date of this report.

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 December 31, 2019 and up to the date of this report. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2019.

The information set forth in this appendix does not form part of the Accountant's Report from the reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, as set out in Appendix I, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountant's Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules are set out below for the purpose of illustrating the effect of the Global Offering and Capitalization Issue on the net tangible assets of our Group as at December 31, 2019 as if the Global Offering and Capitalization Issue had taken place on that date.

The 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 our net tangible assets of our Group as at December 31, 2019 or at any future dates following the completion of the Global Offering and Capitalization Issue. The unaudited pro forma adjusted net tangible assets is based on the audited consolidated net tangible assets of our Group attributable to our equity holders as at December 31, 2019, as shown in the Accountant's Report of the Company, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

	Audited consolidated net tangible assets attributable to equity holders of our Company as at December 31, 2019 ⁽¹⁾	Estimated net proceeds from the Global Offering ⁽²⁾	Unaudited pro forma adjusted net tangible assets attributable to equity holders of our Company	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\$5.04 per Share, after making a Downward Offer Price Adjustment of 10%	302,169	1,297,959	1,600,128	1.33	1.46
Based on an Offer Price of HK\$5.60 per Share	302,169	1,446,627	1,748,796	1.46	1.60
Based on an Offer Price of HK\$7.20 per Share	302,169	1,871,394	2,173,563	1.81	1.99

Notes:

- (1) The audited consolidated net tangible assets of our Group attributable to the owners of the Company, excluding intangible assets of RMB67,273,000 attributable to the owners of the Company as at December 31, 2019 has been extracted from the Accountant's Report of the Company as set out in Appendix I to this Prospectus which is based on the audited consolidated net assets of the Group attributable to the owners of the Company as at December 31, 2019 of RMB369,442,000.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price range of HK\$5.60 per Share and HK\$7.20 per Share, respectively, and also based on an Offer Price of HK\$5.04 per Share after making a Downward Offer Price Adjustment of 10%, after deduction of the underwriting fees and other related expenses (excluding listing expenses of approximately RMB30,555,000 which have been accounted for in the consolidated financial information of the Group prior to December 31, 2019) payable by the Company. No account has been taken of the Shares that may be allotted and issued upon the exercise of the Over-allotment Option, any Shares which may be issued under the Pre-IPO Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this prospectus.
- (3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 1,200,000,000 Shares were in issue assuming that the Global Offering and Capitalization Issue had been completed on December 31, 2019 but takes no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option,

any Shares which may be issued under the Pre-IPO Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this prospectus.

- (4) For the purpose of this unaudited pro forma adjusted net tangible assets, the amount stated in RMB are converted into Hong Kong dollars at a rate of HK\$1.00 to RMB0.9123. No representation is made that RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
- (5) No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to December 31, 2019.

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.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**To the Directors of Central China New Life Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Central China New Life Limited (the "Company") and its subsidiaries (collectively the "Group") by 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 December 31, 2019, and related notes (the "Unaudited Pro Forma Financial Information") as set out on page II-1 of the Company's prospectus dated May 5, 2020, in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on page II-1.

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 December 31, 2019 as if the proposed initial public offering had taken place at December 31, 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 year ended December 31, 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").

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 behavior.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at December 31, 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 judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company 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, May 5, 2020

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on October 16, 2018 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “Companies Law”). The Company’s constitutional documents consist of its Amended and Restated Memorandum of Association (the “Memorandum”) and its Amended and Restated Articles of Association (the “Articles”).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on April 29, 2020 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned or postponed meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned or postponed meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) **Alteration of capital**

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so canceled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) **Transfer of shares**

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange (the “**Listing Rules**”) that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Law in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the Listing Rules that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognize any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by announcement or by electronic communication or by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year. The period of thirty (30) days may be extended in respect of any year if approved by the Members by ordinary resolution.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favor of the Company.

(v) **Power of the Company to purchase its own shares**

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The board may accept the surrender for no consideration of any fully paid share.

(vi) **Power of any subsidiary of the Company to own shares in the Company**

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) **Calls on shares and forfeiture of shares**

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or

installment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to

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fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the Listing Rules and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) **Power to dispose of the assets of the Company or any of its subsidiaries**

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) **Borrowing powers**

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) **Remuneration**

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all traveling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of

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any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or past Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalize all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) **Compensation or payments for loss of office**

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) **Loans and provision of security for loans to Directors**

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) **Disclosure of interests in contracts with the Company or any of its subsidiaries**

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favor of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realized by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close

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associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) **Proceedings of the Board**

The board may meet for the despatch of business, adjourn or postpone and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) **Alterations to constitutional documents and the Company's name**

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) **Meetings of members**

(i) **Special and ordinary resolutions**

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) **Voting rights and right to demand a poll**

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that in the case of a physical meeting, the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. Votes (whether on a show of hands or by way of poll) may be cast by such means, electronic or otherwise, as the Directors or the chairman of the meeting may determine.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or

its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the Listing Rules.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may convene a physical meeting at only one location which will be the Principal Meeting Place (as defined below), and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify (a) the time and date of the meeting, (b) save for an electronic meeting, the place of the meeting and if there is more than one meeting location as determined by the Board pursuant to the Articles, the principal place of the meeting (the “**Principal Meeting Place**”), (c) if the general meeting is to be a hybrid meeting or an electronic meeting, the notice shall include a statement to that effect and with details of the electronic facilities for attendance and participation by electronic means at the meeting or where such details will be made available by the Company prior to the meeting, and (d) particulars of resolutions to be considered at the meeting.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be given or issued by the following means:

- (aa) by serving it personally on the relevant person;
- (bb) by sending it through the post to such member's registered address;
- (cc) by delivering or leaving it at such member's registered address;
- (dd) by placing an advertisement in newspapers or other publication and where applicable, in accordance with the requirements of the Stock Exchange;
- (ee) by sending or transmitting it as an electronic communication to the relevant person at such electronic address as he may provide under the Articles, subject to the Company complying with the Cayman Islands laws and any other applicable laws, rules and regulations from time to time in force with regard to any requirements for the obtaining of consent (or deemed consent) from such person;
- (ff) by publishing it on the Company's website to which the relevant person may have access, subject to the Company complying with the Cayman Islands law and any other applicable laws, rules and regulations from time to time in force with regard to any requirements for the obtaining of consent (or deemed consent) from such person and/or for giving notification to any such person stating that the notice, document or publication is available on the Company's computer network website; or
- (gg) by sending or otherwise making it available to such person through such other means to the extent permitted by and in accordance with the Cayman Islands law and other applicable laws, rules and regulations.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aaa) the declaration and sanctioning of dividends;
- (bbb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (ccc) the election of directors in place of those retiring;
- (ddd) the appointment of auditors and other officers; and
- (eee) the fixing of the remuneration of the directors and of the auditors.

(v) **Quorum for meetings and separate class meetings**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy

and entitled to vote. In respect of a separate class meeting (other than an adjourned or postponed meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) **Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

(f) **Accounts and audit**

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorized by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the Listing Rules, the Company may send to such persons summarized financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarized financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the

Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari*

passu amongst such members in proportion to the amount paid up on the shares held by them respectively; and

- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) **Subscription rights reserve**

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) **Company operations**

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) **Share capital**

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those

shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancelation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “**Court**”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

(c) **Financial assistance to purchase shares of a company or its holding company**

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s-length basis.

(d) **Purchase of shares and warrants by a company and its subsidiaries**

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company’s articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorize the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorized by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as canceled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's

affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorizing civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from October 22, 2018.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

The notice of registered office is a matter of public record. A list of the names of the current directors and alternate directors (if applicable) is made available by the Registrar of Companies for inspection by any person on payment of a fee. The register of mortgages is open to inspection by creditors and members.

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. The register of members shall contain such particulars as required by Section 40 of the Companies Law. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) **Register of Directors and Officers**

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(p) **Beneficial Ownership Register**

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) **Winding up**

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorizing civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of

such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorized by the company's articles of association and published in the Gazette.

(r) **Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) **Take-overs**

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) **Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

(u) **Economic Substance Requirements**

Pursuant to the International Tax Cooperation (Economic Substance) Law, 2018 of the Cayman Islands ("ES Law") that came into force on January 1, 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Law. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Law.

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarizing certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix III to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on October 16, 2018. Our Company has established its principal place of business in Hong Kong at Room 7706, 77/F, International Commerce Center, No. 1 Austin Road West, Kowloon, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on November 14, 2019. Mr. Wang Jun and Ms. To Yee Man have been appointed as the authorized representatives of our Company for the acceptance of service of process and notices in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our registered place of business in Hong Kong as set out above.

As our Company was incorporated in the Cayman Islands, our operations are subject to the Cayman Companies Law and to our constitution, which comprises the Memorandum and the Articles. A summary of certain provisions of the Memorandum and Articles and relevant aspects of the Cayman Companies Law is set out in “Summary of the Constitution of the Company and Cayman Islands Company Law” in Appendix III to this prospectus.

2. Changes in the share capital of our Company

As of the date of incorporation of our Company, the authorized share capital of our Company was HK\$380,000 divided into 38,000,000 Shares. Upon its incorporation, one fully-paid Share was allotted and issued to an Independent Third Party on October 16, 2018, which was then transferred to Enjoy Start on the same date. Further on the same date, 37,999,999 Shares were issued to Enjoy Start.

On March 15, 2019, the authorized share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$383,390 divided into 38,339,000 Shares. On April 26, 2019, 1,900,000 Shares were transferred from Enjoy Start to Leap United pursuant to a share transfer agreement dated January 25, 2019 entered into between Enjoy Start and Leap United. On April 29, 2019, 339,000 Shares were allotted and issued to OP Financial pursuant to a share subscription agreement dated March 15, 2019 entered into between our Company and OP Financial.

On April 29, 2020, the authorized share capital of our Company was increased from HK\$383,390 divided into 38,339,000 Shares to HK\$50,000,000 divided into 5,000,000,000 Shares.

Immediately following completion of the Global Offering and Capitalization Issue (assuming that the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of the Pre-IPO Share Options or the Post-IPO Share Options, the issued share capital of our Company will be HK\$12,000,000 divided into 1,200,000,000 Shares, all fully paid or credited as fully paid, and 3,800,000,000 Shares will remain unissued.

Save as disclosed above, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this prospectus.

3. Changes in the share capital of our subsidiaries

Our material operating subsidiaries are listed in the section headed “History, Development and Reorganisation” in this prospectus and all of our subsidiaries are listed in “II. Notes to the Historical Financial Information—1. General information, reorganization and basis of presentation” in Appendix I to this prospectus.

Save as disclosed below, there have been no changes in the share capital or registered capital of our subsidiaries during the two years preceding the date of this prospectus:

Aiou Electronic

On December 21, 2018, the registered capital of Aiou Electronic was increased from RMB3,000,000 to RMB8,000,000.

CCNL (HK)

CCNL (HK) was incorporated in Hong Kong on November 2, 2018. Upon incorporation, 10,000 shares, representing the entire issued shares of CCNL (HK), were allotted to Sky Joy.

Central China City

On January 10, 2020, Central China City was established with a registered capital of RMB5,000,000.

Central China Dashitang

On January 24, 2019, Central China Dashitang was established with a registered capital of RMB5,000,000.

Central China Jiancheng

On March 27, 2020, Central China Jiancheng was established with a registered capital of RMB1,000,000.

Central China Football Town

On August 2, 2019, Central China Football Town was established with a registered capital of RMB20,000,000.

Central China Garden Complex

On January 15, 2019, Central China Garden Complex was established with a registered capital of RMB5,000,000.

Central China Gardening and Seedling Development

On January 11, 2019, Central China Gardening and Seedling Development was established with a registered capital of RMB5,000,000. On September 3, 2019, the registered capital of Central China Gardening and Seedling Development was increased to RMB10,000,000.

Central China Jingyuecheng

On January 24, 2019, Central China Jingyuecheng was established with a registered capital of RMB10,000,000.

Central China Property Management

On March 24, 2020, the registered capital of Central China Property Management was increased from RMB5,000,000 to RMB100,000,000.

Central China Rural Garden Planning

On January 18, 2019, Central China Rural Garden Planning was established with a registered capital of RMB5,000,000.

Central China Smart Gardening Technology

On January 29, 2019, Central China Smart Gardening Technology was established with a registered capital of RMB5,000,000.

Central China Wansheng

On September 26, 2018, Central China Wansheng was established with a registered capital of RMB5,000,000.

Central China Zhongan

On March 27, 2020, Central China Zhongan was established with a registered capital of RMB1,000,000.

Kaifeng Central China Business Management

On March 21, 2019, Kaifeng Central China Business Management was established with a registered capital of RMB1,000,000.

Luohe Central China

On March 26, 2020, Luohe Central China was established with a registered capital of RMB500,000.

Luohe Jiancheng

On July 12, 2019, Luohe Jiancheng was established with a registered capital of RMB500,000.

Luoyang Central China

On December 28, 2018, Luoyang Central China was established with a registered capital of RMB1,000,000.

Luoyang Central China Business Operation Management

On March 22, 2019, Luoyang Central China Business Operation Management was established with a registered capital of RMB1,000,000.

Nanyang Central China

On March 18, 2019, Nanyang Central China was established with a registered capital of RMB1,000,000.

Nanyang Central China Business Management

On March 26, 2019, Nanyang Central China Business Management was established with a registered capital of RMB1,000,000.

New Life Agricultural Development

On November 6, 2018, New Life Agricultural Development was established with a registered capital of RMB50,000,000.

Sky Joy

Sky Joy was incorporated in the BVI on October 26, 2018. Upon incorporation, one share, representing the entire issued share capital of Sky Joy, was allotted to our Company.

Songyang Real Estate

On September 28, 2018, Songyang Real Estate was established with a registered capital of RMB10,000,000.

Xincai Central China

On March 27, 2019, Xincai Central China was established with a registered capital of RMB1,000,000.

Xinglang Real Estate

On April 12, 2019, Xianglang Real Estate was established with a registered capital of RMB3,000,000.

Zhengzhou One Family Electronic

On April 12, 2019, Zhengzhou One Family Network was established with a registered capital of RMB1,000,000.

Zhengzhou Shangtaohang

On November 6, 2018, Zhengzhou Shangtaohang was established with a registered capital of RMB5,000,000.

Zhizun Housing Agency

On January 25, 2019, the registered capital of Zhizun Housing Agency was increased from RMB1,000,000 to RMB10,000,000.

4. Written resolutions of our Shareholders passed on April 29, 2020

Our Shareholders passed written resolutions on April 29, 2020 to resolve that, amongst other things:

- (a) the Memorandum was approved and conditionally adopted in substitution for and to the exclusion of the then existing memorandum of association of the Company and the

Articles were approved and conditionally adopted in substitution for and to the exclusion of the then existing articles of association of our Company, in each case with effect from the Listing Date;

- (b) the authorized share capital of our Company was increased by HK\$49,616,610 to HK\$50,000,000 by the creation of an additional 4,961,661,000 Shares with par value of HK\$0.01 each;
- (c) conditional upon the share premium account of our Company being credited as a result of the issue of Offer Shares pursuant to the Global Offering, our Directors were authorized to allot and issue a total of 861,661,000 Shares (or any other number of Shares as any one Director may determine), credited as fully-paid at par, to our Shareholders whose names appear on the register of members of our Company at close of business on May 14, 2020 (or such other date as our Directors may direct) in proportion (as nearly as possible without involving fractions so that no fraction of a Share shall be allotted) to their then respective shareholdings by way of capitalization of the sum of HK\$8,616,610 (or any other amount as any one Director may determine) standing to the credit of the share premium account of our Company, and such Shares to be allotted and issued pursuant to the Capitalization Issue shall rank *pari passu* in all respects with the then existing issued Shares and the Directors were authorized to give effect to such capitalization;
- (d) conditional on (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; (ii) the Offer Price having been determined; (iii) the execution and delivery of the Underwriting Agreements on or around the respective dates as mentioned in this prospectus; (iv) the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional and not being terminated in accordance with the terms of the Underwriting Agreement or otherwise, in each case on or before the day falling 30 days after the date of this prospectus:
 - (1) the Global Offering and the Over-allotment Option were approved and our Directors were authorized to allot and issue the Offer Shares pursuant to the Global Offering and such number of Shares as may be allotted and issued upon the exercise of the Over-allotment Option;
 - (2) the Listing was approved;
 - (3) the Post-IPO Share Option Scheme, the principal terms of which are set out in “—E. Post-IPO Share Option Scheme” in this appendix below, were approved and adopted and our Directors or any committee established by our Board were authorized, at their sole discretion, to (aa) administer the Post-IPO Share Option Scheme; (bb) modify/amend the Post-IPO Share Option Scheme from time to time as required by the Stock Exchange; (cc) grant Post-IPO Share Options to subscribe for Shares under the Post-IPO Share Option Scheme before up to the limits referred to in the Post-IPO Share Option Scheme; (dd) allot, issue and deal with the Shares pursuant to the exercise of any of the Post-IPO Share Options which may be granted under the Post-IPO Share Option Scheme; (ee) make application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of the Post-IPO Share Options granted under the Post-IPO Share Option Scheme; and (ff) take all such actions as they consider necessary,

desirable or expedient to implement or give effect to the Post-IPO Share Option Scheme;

- (4) the Pre-IPO Share Option Scheme, the principal terms of which are set out in “—D. Pre-IPO Share Option Scheme” in this appendix below, were approved and adopted and our Directors or any committee established by our Board were authorized, at their sole discretion, to (aa) administer the Pre-IPO Share Option Scheme; (bb) grant Pre-IPO Share Options to subscribe for Shares under the Pre-IPO Share Option Scheme before up to the limits referred to in the Pre-IPO Share Option Scheme; (cc) allot, issue and deal with the Shares pursuant to the exercise of any Pre-IPO Share Options which may be granted under the Pre-IPO Share Option Scheme; and (dd) take all such actions as they consider necessary, desirable or expedient to implement or give effect to the Pre-IPO Share Option Scheme;
- (5) a general unconditional mandate (the “**Issuing Mandate**”) was given to the Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any dividend in accordance with the Articles, or pursuant to the exercise of any Post-IPO Share Options or other arrangements regulated by Chapter 17 of the Listing Rules or any specific authority granted by the Shareholders in general meetings, Shares with an aggregate number not exceeding the sum of 20% of the aggregate number of Shares in issue immediately following completion of the Global Offering and the Capitalization Issue (but excluding any shares that may be issued upon exercise of the Over-allotment Option), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to the Directors, whichever is the earliest;
- (6) a general unconditional mandate (the “**Repurchase Mandate**”) was given to the Directors to exercise all powers of our Company to purchase Shares with total number not exceeding 10% of the total number of Shares in issue and to be issued immediately following the completion of the Global Offering and the Capitalization Issue (but excluding any shares that may be issued upon exercise of the Over-allotment Option), until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to the Directors, whichever is the earliest; and
- (7) the extension of the general mandate to allot, issue and deal with the Shares as mentioned in sub-paragraph (5) above by the addition to the aggregate number of Shares of our Company which may be allotted and issued or agreed (conditionally or unconditionally) to be allotted or issued by our Directors pursuant to such general mandate of an amount representing the aggregate number of Shares of our Company repurchased by our Company pursuant to sub-paragraph (6) above.

5. Reorganization

In preparation for the listing of our Shares on the Stock Exchange, the companies comprising our Group underwent the Reorganization and our Company became the holding company of our Group. For further details with regard to the Reorganization, please see the section headed “History, Reorganization and Corporate Structure” in this prospectus.

6. Repurchases by our Company of its own securities

This section sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of our own securities.

(a) *Provisions of the Listing Rules*

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(i) *Shareholders’ approval*

All proposed repurchase of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval.

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association of our Company and the Listing Rules and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, under the Companies Law any repurchases by our Company may be made out of our Company’s profits, out of our Company’s share premium account, out of the proceeds of a new issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital. Any amount of premium payable on the purchase over the par value of the Shares to be repurchased must be out of profits or from sums standing to the credit of our Company’s share premium account or, if authorised by the Articles, and subject to the Companies Law, out of capital.

(iii) *Trading Restrictions*

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue and to be issued immediately following the completion of the Global Offering and the Capitalization Issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase, whether on the Stock Exchange or otherwise (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring our Company to

issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities which would result in the number of the listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may request.

(iv) *Status of repurchased shares*

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(v) *Suspension of repurchase*

A listed company shall not make any repurchase of securities on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) *Reporting requirements*

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(vii) *Core connected persons*

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or

Substantial Shareholder of our Company or any of its subsidiaries or their close associates and a core connected person is prohibited from knowingly selling his securities to our Company.

(b) *Reasons for repurchases*

Our Directors believe that it is in the interests of our Company and our Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and its assets and/or its earnings per Share.

(c) *Funding of repurchases and impact on working capital or gearing position*

In repurchasing securities, our Company may only apply funds lawfully available for such purpose in accordance with its Memorandum and Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

There could be a material adverse impact on the working capital or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the Repurchase Mandate were to be carried out in full at any time during the share repurchase period.

However, our Directors do not propose to exercise the general mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(d) *General*

The exercise in full of the Repurchase Mandate, on the basis of 1,200,000,000 Shares in issue immediately following the completion of the Global Offering and the Capitalization Issue, could accordingly result in up to approximately 120,000,000 Shares being repurchased by our Company during the period prior to the earliest occurrence of any of the following:

- (i) the conclusion of our next annual general meeting; or
- (ii) the end of the period within which we are required by any applicable law or the Articles of Association to hold our next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of our Shareholders in general meeting.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands and the Articles.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code.

Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate. Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

- (a) an equity transfer agreement dated November 2, 2018 entered into between Jianye Holdings and CCNL (HK), pursuant to which CCNL (HK) acquired the entire equity interest of Central China New Life from Jianye Holdings at a consideration of RMB 100.0 million;
- (b) an equity transfer agreement dated December 25, 2018 entered into between Central China New Life and Songyun Network, pursuant to which Central China New Life acquired 70% equity interest of One Family Network from Songyun Network at a consideration of RMB14.0 million;
- (c) an equity transfer agreement dated December 25, 2018 entered into between Central China New Life and Central China Property Management, pursuant to which Central China New Life acquired 30% equity interest of One Family Network from Central China Property Management at a consideration of RMB6.0 million;
- (d) an equity transfer agreement dated December 25, 2018 entered into between Central China New Life and Songyun Network, pursuant to which Central China New Life acquired 80% equity interest of Songyun Beijing Information from Songyun Network at a consideration of RMB8.0 million;
- (e) an equity transfer agreement dated December 25, 2018 entered between Central China New Life and Songyun Network, pursuant to which Central China New Life acquired 93.33% equity interest of Aiou Electronic from Songyun Network at a consideration of RMB2.8 million;

- (f) an equity transfer agreement dated March 15, 2019 entered into between Central China New Life and Shenzhen Xinboda, pursuant to which Central China New Life disposed of its 70% equity interest of Central China OP at a nominal consideration of RMB1.0;
- (g) a share subscription agreement dated March 15, 2019 entered into between our Company and OP Financial, pursuant to which OP Financial agreed to subscribe for 339,000 Shares at a consideration of HK\$11.0 million;
- (h) the Deed of Indemnity;
- (i) the Cornerstone Investment Agreement; and
- (j) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

(a) Patent

As of the Latest Practicable Date, we registered the following utility model patent in the PRC which is material to our business:



No.	Patent Name	Place of Registration	Name of Patentee	Patent Certificate No.	Registration Date
1	Smart household host and video intercom system	PRC	Aiou Electronic	ZL201720457208.5	April 27, 2017














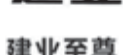




(b) Trademarks

As of the Latest Practicable Date, we were the registered proprietor of the following trademarks which are material to our business:


No.	Trademark	Place of Registration	Class	Name of Registered Proprietor	Registration Number	Date of Registration	Expiry Date
1.	JIANYE TRIUMPH	PRC	35	New Life Hotel Management	22020399	January 14, 2018	January 13, 2028
2.	JIANYE TRIUMPH	PRC	43	New Life Hotel Management	22020689	January 14, 2018	January 13, 2028
3.	建业凯旋	PRC	35	New Life Hotel Management	22020461	January 14, 2018	January 13, 2028
4.	建业凯旋	PRC	43	New Life Hotel Management	22020653	January 14, 2018	January 13, 2028

As of the Latest Practicable Date, we have obtained the license to use the following trademarks which are material to our business:








No.	Trademark	Place of Registration	Class	Name of Registered Proprietor	Registration Number	Date of Registration	Expiry Date
1.		PRC	41	CCRE China	20504881	August 21, 2017	August 20, 2027
2.		PRC	36	CCRE China	20505612	August 21, 2017	August 20, 2027

No.	Trademark	Place of Registration	Class	Name of Registered Proprietor	Registration Number	Date of Registration	Expiry Date
3.		PRC	45	CCRE China	20505043	August 21, 2017	August 20, 2027
4.		PRC	36	CCRE China	35109005	July 28, 2019	July 27, 2029
5.		PRC	36	CCRE China	20805059	September 21, 2017	September 20, 2027
6.		PRC	36	CCRE China	5346722	October 21, 2019	October 20, 2029
7.		PRC	36	CCRE China	4329151	April 21, 2018	April 20, 2028
8.		PRC	37	CCRE China	20805234	September 21, 2017	September 20, 2027
9.		PRC	37	CCRE China	5346721	October 21, 2019	October 20, 2029
10.		PRC	39	CCRE China	20805477	September 21, 2017	September 20, 2027
11.		PRC	43	CCRE China	20806021	September 21, 2017	September 20, 2027
12.		PRC	44	CCRE China	20806105	September 21, 2017	September 20, 2027
13.		PRC	44	CCRE China	4329146	April 21, 2018	April 20, 2028
14.		PRC	45	CCRE China	20806257	September 21, 2017	September 20, 2027
15.		PRC	45	CCRE China	4329145	April 21, 2018	April 20, 2028
16.		PRC	35	Central China Premier Hotel Management (Henan) Co. Ltd.	18180697	December 7, 2016	December 6, 2026
17.		PRC	43	Central China Premier Hotel Management (Henan) Co. Ltd.	18180680	December 7, 2016	December 6, 2026
18.		PRC	35	Central China Premier Hotel Management (Henan) Co. Ltd.	18180063	December 7, 2016	December 6, 2026
19.		PRC	43	Central China Premier Hotel Management (Henan) Co. Ltd.	18179163	December 7, 2016	December 6, 2026
20.		PRC	44	Central China Premier Hotel Management (Henan) Co. Ltd.	18738622	February 7, 2017	February 6, 2027

APPENDIX IV
STATUTORY AND GENERAL INFORMATION

No.	Trademark	Place of Registration	Class	Name of Registered Proprietor	Registration Number	Date of Registration	Expiry Date
21.	朧月	PRC	35	Central China Premier Hotel Management (Henan) Co. Ltd.	18738714	May 21, 2017	May 20, 2027
22.		Hong Kong	19, 36, 37, 42	CCRE China	301100294	April 23, 2008	April 22, 2028

As of the Latest Practicable Date, we have obtained the license to use the following trademarks which are under application and material to our business:

No.	Trademark	Place of Application	Class	Name of Applying Proprietor	Application Number	Date of Application
1.	 建业新生活	PRC	30	CCRE China	41077119	September 17, 2019
2.	 建业新生活	PRC	32	CCRE China	41084783	September 17, 2019
3.	 建业新生活	PRC	35	CCRE China	41092823	September 17, 2019
4.	 建业新生活	PRC	41	CCRE China	41084851	September 17, 2019
5.	 建业新生活	PRC	42	CCRE China	41088001	September 17, 2019
6.	 建业新生活	PRC	43	CCRE China	41096635	September 17, 2019
7.	 建业新生活	PRC	44	CCRE China	41089038	September 17, 2019

(c) Copyrights

As of the Latest Practicable Date, we were the registered owner of the following material software copyrights:

No.	Software Copyright	Place of Registration	Name of Registered Owner	Registration Number	Date of Registration
1.	Smart community sports and health service platform V2.6 (智慧社區運動健康系統服務平臺V2.6)	PRC	Aiou Electronic	2018SR02763	January 2, 2018
2.	Smart community property questionnaire system service platform V2.0 (智慧社區物業問卷系統服務平臺V2.0)	PRC	Aiou Electronic	2018SR000937	January 2, 2018
3.	Smart community fingerprint passcode service platform V1.2 (智慧社區指紋密碼鎖服務系統V1.2)	PRC	Aiou Electronic	2018SR028358	January 12, 2018
4.	Smart community electric vehicle charging service platform V5.0 (智慧社區智能電動車充電服務系統V5.0)	PRC	Aiou Electronic	2018SR534576	July 10, 2018
5.	Smart community household security system V2.0 (智慧社區智能家庭安防系統V2.0)	PRC	Aiou Electronic	2018SR534559	July 10, 2018
6.	Smart community courier counter service platform V1.2 (智慧社區智能快遞櫃服務系統平臺V1.2)	PRC	Aiou Electronic	2018SR028453	January 12, 2018
7.	Smart community carpark service system V1.0 (智慧社區智能停車場服務系統V1.0)	PRC	Aiou Electronic	2018SR317281	May 9, 2018

No.	Software Copyright	Place of Registration	Name of Registered Owner	Registration Number	Date of Registration
8.	Smart community household control system V3.0 (智慧社區智能家居控制系統V3.0)	PRC	Aiou Electronic	2018SR501811	June 29, 2018

(d) Domain names

As of the Latest Practicable Date, we registered the following domain names which are material to our business:

No.	Domain name	Name of Registered Proprietor	Date of Registration	Expiry Date
1.	ccnewlife.cn	Our Company	December 9, 2016	December 9, 2021
2.	ccnewlife.com.cn	Our Company	December 9, 2016	December 9, 2021
3.	centralchinahotels.com	New Life Hotel Management	June 5, 2017	June 5, 2020 ⁽¹⁾
4.	misthotels.com	New Life Hotel Management	June 5, 2017	June 5, 2020 ⁽¹⁾
5.	skymansionapartment.com	New Life Hotel Management	June 5, 2017	June 5, 2020 ⁽¹⁾
6.	yijiahn.cn	One Family Network	September 21, 2015	September 21, 2020 ⁽²⁾
7.	yijiahn.com	One Family Network	September 21, 2015	September 21, 2020 ⁽²⁾
8.	jianyejia.cn	One Family Network	April 17, 2019	April 17, 2024
9.	jianyezuqiu.cn	Songyun Beijing Information	December 8, 2015	December 8, 2023

Notes:

- (1) The domain name holders are in the process of applying for the renewal of these domain names. Our Directors believe that there will be no material legal impediment to renew these domain names.
- (2) Our Directors believe that there will be no material legal impediment to renew these domain names.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**1. Particulars of Directors' service contracts and letters of appointment**

Our executive Directors' service contracts have a term of three years commencing from the Listing Date (subject to termination in certain circumstances as stipulated in the relevant service agreement). In certain other circumstances, the service contract can also be terminated by us, including but not limited to certain breaches of our Directors' obligations under the contract or certain misconducts. The appointments of our executive Directors are also subject to the provisions of retirement and rotation of Directors under the Articles. The salary of each executive Director after each financial year is subject to adjustment as determined by our Company's remuneration committee and approved by a majority of the members of the Board (excluding our Director whose salary is under review).

The annual remuneration payable to our executive Director by our Group (excluding any discretionary bonus) is as follows:

<u>Executive Director</u>	<u>Remuneration (per annum)</u>
Mr. Wang Jun	RMB3.0 million
Mr. Cai Bin	RMB1.5 million

Each of our non-executive Directors and independent non-executive Directors has entered into a letter of appointment with our Company for a period of three years commencing from the Listing Date (subject to termination in certain circumstances as stipulated in the relevant service agreement). The appointments of the non-executive Directors and independent non-executive Directors are also subject to the provisions of retirement and rotation of Directors under the Articles.

The annual remuneration payable to each of our non-executive Directors and independent non-executive Directors under the relevant letters of appointment is as follows:

<u>Non-executive Director</u>	<u>Remuneration (per annum)</u>
Ms. Min Huidong	RMB90,000
Ms. Wu Lam Li	RMB90,000
<u>Independent non-executive Director</u>	<u>Remuneration (per annum)</u>
Ms. Luo Laura Ying	RMB200,000
Mr. Leong Chong	RMB200,000
Ms. Xin Zhu	RMB200,000

Save for the above director's fee, none of our independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Save as disclosed above, none of our Directors has or is proposed to have a service contract with any member of our Group, other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

2. Directors' remuneration

- (i) For the years ended December 31, 2017, 2018 and 2019, the aggregate amount of emoluments, salaries, allowances, discretionary bonus, defined contribution retirement plans and other benefits in kind (if applicable) paid by us to our Directors (in their role as senior management and employee before their appointment as Directors) were approximately RMB1.7 million, RMB2.4 million and RMB4.8 million respectively.
- (ii) For the years ended December 31, 2017, 2018 and 2019, no emoluments had been paid and no benefits in kind had been granted by our Group to our Directors at the time.
- (iii) Under the arrangements currently in force, the aggregate emoluments (excluding any discretionary bonus and share-based expenses) payable by our Group to and benefits in kind receivable by our Directors for the year ended December 31, 2020 are expected to be approximately RMB5.1 million.
- (iv) For the years ended December 31, 2017, 2018 and 2019, none of our Directors at the time or any past directors of any member of our Group has been paid any sum of money (i) as an inducement to join or upon joining our Group; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (v) There has been no arrangement under which a Director at the time has waived or agreed to waive any emoluments for the three years ended December 31, 2017, 2018 and 2019.

3. Interests and short position of our Directors and the chief executive in the shares, underlying shares or debentures of our Company and the associated corporations

Immediately following the completion of the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, the Pre-IPO Share Options and the Post-IPO Share Options), the interests and/or short positions (as applicable) of our Directors and the chief executive of our Company in our Shares or underlying

Shares or debentures of our Company and any interests and/or short positions (as applicable) in the shares or underlying shares or debentures of any of our Company's associated corporations (within the meaning of Part XV of the SFO) (i) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, in each case once our Shares are listed, will be as follows:

(i) Long position in our Shares

<u>Name of Director</u>	<u>Nature of Interest/ Capacity</u>	<u>Relevant company (including associated corporations)</u>	<u>Class and number of shares held (Note 1)</u>	<u>Approximate percentage of shareholding (%)</u>
Wang Jun	Interest in a controlled corporation	Our Company	44,640,000 (L)	3.72
Cai Bin	Beneficial owner	Our Company	4,950,000 (L) (Note 3)	0.41
Min Huidong	Beneficial owner	Our Company	6,300,000 (L) (Note 4)	0.38
Wu Lam Li	Interest of a spouse	Our Company	847,439,944 (L) (Note 5)	70.62

Notes:

1. The letter "L" denotes the person's long position in the shares.
2. Leap United is wholly-owned by Wang Jun. Therefore, Leap United is a controlled corporation of Wang Jun and Wang Jun is deemed to be interested in the same number of Shares that Leap United is interested in under the SFO.
3. Mr. Cai Bin is interested in 4,950,000 Shares which may be allotted and issued to him upon full exercise of all Pre-IPO Share Options granted to him.
4. Ms. Min Huidong is interested in 6,300,000 Shares which may be allotted and issued to her upon full exercise of all Pre-IPO Share Options granted to her.
5. Ms. Wu Lam Li is the spouse of Mr. Wu and is therefore deemed to be interested in the same number of Shares that Mr. Wu is interested in under the SFO.

(ii) Long position in the shares of our associated corporation

<u>Name of Director</u>	<u>Name of associated corporation</u>	<u>Nature of interest</u>	<u>Class and number of securities held</u>	<u>Percentage of interests in the associated corporation immediately upon completion of the Global Offering</u>
Wu Lam Li	Enjoy Start	Interest of a spouse	1 ordinary share	100%

4. Substantial shareholders

Save as disclosed in "Substantial Shareholders—(a) Interest in our Company" and "Substantial Shareholders—(b) Interest in our subsidiaries", so far as our Directors are aware, immediately following the completion of the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, the Pre-IPO Share Options and the Post-IPO Share Options), no person will have an interest or short position in the Shares or the underlying Shares which would fall 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 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 other member of our Group.

5. Disclaimers

- (a) save as disclosed in the paragraph headed “C. Further Information above Our Directors and Substantial Shareholders—3. Interests and short position of our Directors and the chief executive in the shares, underlying shares or debentures of our Company and the associated corporations” in this section, none of our Directors or chief executive of our Company has any interests and short positions in the Shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange;
- (b) so far as is known to any of our Directors or chief executive of our Company, no person has an interest or short position in the Shares and underlying shares of our Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 10% or more of the number of shares carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (c) none of our Directors nor any of the persons listed in the sub-section headed “Qualifications and consents of experts” below is interested, directly or indirectly, in the promotion of, or in any assets which have been, within the two years immediately preceding the issue 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;
- (d) none of our Directors or the persons listed in the sub-section headed “Qualifications and consents of experts” below is materially interested in any contract or arrangement with our Group subsisting at the date of this prospectus which is unusual in its nature or conditions or which is significant in relation to the business of our Group;
- (e) none of the persons listed in the sub-section headed “Qualifications and consents of experts” below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (f) save as disclosed in the paragraph headed “C. Further Information about Our Directors and Substantial Shareholders—1. Particulars of Directors’ Service Contracts” in this section, none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and
- (g) so far as is known to our Directors, none of our Directors or their associates or any shareholder of our Company (which to the knowledge of our Directors owns 5% or more of the issued share capital of our Company) has any interest in any of the five largest customers of our Group.

D. PRE-IPO SHARE OPTION SCHEME

The following is a summary of the principal terms of the Pre-IPO Share Option Scheme conditionally approved and adopted by the written resolutions of our Shareholders of our Company passed on April 29, 2020.

(a) Purpose

The purpose of the Pre-IPO Share Option Scheme is to provide incentive or reward the Eligible Participants (as defined in sub-paragraph (b)) for their past and continuing contribution to our Group.

(b) Who may participate

The Board may at its discretion grant options to the following persons (the “**Eligible Participant(s)**”):

- (i) any director (including non-executive director and independent non-executive director) of any member of our Group or any associate company in which any member of the Group is a shareholder (“**Associate Company**”);
- (ii) any employee of any member of our Group or any Associate Company of any member of our Group;
- (iii) any customer, supplier, agent, partner, consultant, shareholder (including any director of such shareholder), or contractor of any member of our Group or any Associate Company of our Group;
- (iv) where the beneficiary of any trust or discretionary trust includes any director, employee, customer, supplier, agent, partner, consultant, shareholder, or contractor of any member of our Group or an Associate Company of any member of our Group, the trustee of such trust shall be an Eligible Participant; or
- (v) any company beneficially owned by any director, employee, customer, supplier, agent, partner, shareholder, consultant, or contractor of any member of our Group or an Associate Company of our Group.

To facilitate the Board’s assessment of whether any person is or (where applicable) continues to be an Eligible Participant, such person shall provide all information as required by the Board. The Board shall have absolute power in deciding whether to grant options to any Eligible Participant.

(c) Grant of options

Subject to the Pre-IPO Share Option Scheme and the Listing Rules, the Board shall have the authority but shall not be bound to grant options on any working day (but no later than the Latest Practicable Date) to any Eligible Participant selected at the Board’s absolute discretion.

Where the Board resolves to grant the options to the Eligible Participant(s) (the “**Grantee(s)**”), the Board shall make an offer in writing to the Grantee by letter in such forms as determined by the Board from time to time.

An offer shall be deemed to have been accepted when our Company receives the duplicate letter duly signed by the Grantee, together with a remittance of HK\$1.00 in favor of our Company.

If the offer is not accepted before the date of acceptance, it will be deemed to have been irrevocably declined.

(d) Maximum number of Shares available for subscription

The maximum number of Shares subject to the Pre-IPO Share Option Scheme is 45,000,000, representing approximately 3.75% of the total issued Shares immediately upon completion of the Global Offering (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, the Pre-IPO Share Options and the Post-IPO Share Options).

The maximum number of Shares issued and to be issued upon exercise of the options granted to any individual Grantee shall not exceed 1.0% of the total issued Shares immediately upon completion of the Global Offering (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, the Pre-IPO Share Options and the Post-IPO Share Options), unless approved by the shareholders of our Company.

(e) Exercise price

The exercise price is HK\$0.62 per Share (that is, the foreign exchange price of RMB0.55 on December 31, 2018).

(f) Exercise of options

An option may be exercised according to the terms of the Pre-IPO Share Option Scheme in whole or in part by the Grantee after vesting but before the expiry of five years after the vesting date (the “**Exercisable Period**”) by giving notice in writing to our Company stating that the option is to be exercised and the number of Shares in respect of which it is exercised, provided that the number of Shares shall be equal to the size of a board lot for dealing in Shares on the Stock Exchange or an integral number thereof. The Grantee shall also fully pay to our Company the exercise price in Hong Kong dollars in immediately available funds.

(g) Vesting

Subject to the terms of Pre-IPO Share Option Scheme and unless otherwise determined by our Board, the options granted should be subject to the following vesting conditions:

- (i) the relevant Grantee has achieved the annual performance appraisal target set by our Group for the relevant financial year;
- (ii) the options granted to the Grantees will be vested in the Grantee based on the following rates, provided that the vesting conditions in paragraph (g)(i) above are satisfied in the relevant financial year:
 - 30% of the total number of the options will be vested six months immediately following the Listing Date;
 - 30% of the total number of the options will be vested 12 months immediately following the Listing Date; and
 - 40% of the total number of the options will be vested 24 months immediately following the Listing Date.

- (iii) if the vesting conditions in paragraph (g)(i) above have not been fulfilled during the relevant financial year, the corresponding percentage of the options granted will lapse;
- (iv) The Grantee may exercise the option at any time during the Exercisable Period after the vesting date for such options except for the following circumstances:
- **Rights on a general offer:** if a general offer by way of voluntary offer or takeover, schemes of arrangement or otherwise is made to all the Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional, our Company shall forthwith notify all the Grantees and any Grantee (or his personal representatives) may within 14 days after such offer becoming or being declared unconditional, notify our Company in writing to exercise the option to its full extent or to extent specified in such notice;
 - **Rights on compromise, arrangement or amalgamation:** in the event of a compromise or arrangement between our Company and its members and/or creditors proposed for the purposes of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies, our Company shall give notice thereof to all Grantees on the same day as it first gives notice of the meeting to its members and/or creditors to consider such a scheme or arrangement and the Grantee may at any time thereafter but any time before noon 12:00 pm (HKT), three business days prior the meeting. In the event of more than one meeting convened, the date of the first meeting shall prevail, exercise the option to its full extent or to the extent specified in the notice; and
 - **Rights on winding-up:** where a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all Grantees and thereupon, each Grantee (or his personal representatives) shall be entitled to exercise all or any of his options at any time not later than three business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate exercise price for the Shares upon the receipt of such notice, our Company shall as soon as possible and, in any event, no later than one business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

(h) *Transfer of options*

An option is personal to the Grantee and shall not be assignable nor transferable. No Grantee shall sell, transfer, charge, mortgage, pledge, encumber over or in relation to any option granted under the Pre-IPO Share Option Scheme. Any breach of the foregoing by a Grantee shall entitle our Company to cancel any option granted to such Grantee to the extent not already exercised.

(i) *Ranking of the Shares*

Our Shares to be issued upon the exercise of an option will not carry voting rights until completion of the registration of the Grantee (or such other person nominated by the Grantee) as the

holder thereof. Subject to the aforesaid, Shares issued on the exercise of options will rank pari passu in all respects with and shall have the same voting, dividend, transfer and other rights including those arising on liquidation of our Company as attached to the other fully-paid Shares in issue on the date of issue, except that they will not rank for any rights for dividend or other distribution declared or recommended or resolved to be paid or made by reference to a record date falling on or before the date of allotment.

(j) Lapse of options

An option shall lapse automatically and not be exercisable, to the extent not already exercised, on the earliest of:

- (i) the date of lapse referred to in sub-paragraph (g)(iii) above;
- (ii) the expiry of the Exercisable Period in respect of any vested but unexercised option;
- (iii) the expiry of each of the periods referred to in sub-paragraph (g)(iv) above (in respect of any unexercised options);
- (iv) the date of the commencement of the winding-up of our Company;
- (v) the date of termination of employment (which should be the last actual working day at any member of our Group, and no matter whether the payment in lieu of notice has been made), if the Grantee is a director or an employee of our Group who for any reason ceases to be employed by our Group, or for any reason changes, demotes or downgrades his/her current positions (except for transfer of senior management positions within our Group) unless our Controlling Shareholders and our Remuneration Committee decide, at their absolute discretion, such Grantee may retain the options granted;
- (vi) the date on which the Grantee commits a breach of the terms of the Pre-IPO Share Option Scheme; or
- (vii) the date on which our Board, at its discretion cancels any options granted but not yet exercised by the Grantee who has breached any contract with any member of our Group as determined at the absolute discretion of the Board, has become bankrupt or insolvent.

(k) Restriction on disposal of Shares

The Grantees' right to dispose of the Shares allotted and issued to him pursuant to the exercise of the options is subject to the consent of our Company and our Controlling Shareholders' right of first refusal to purchase such Shares. The Grantee is required to inform our Company of his intention to dispose of such Shares. After our Company receives such notification, our Controlling Shareholders shall, within 30 days, (i) decide whether to exercise the right of first refusal to purchase such Shares from the Grantee and (ii) inform such decision to the Grantee in writing. In the event our Controlling Shareholders elect not to exercise the right to purchase such Shares from the Grantee, the Grantee may dispose such Shares. In the event our Controlling Shareholders elect to exercise the right to purchase such Shares from the Grantee, the price shall be based on the closing price of our Shares as quoted on the Stock Exchange on the date on which our Company receives the notification from the Grantee.

(l) Cancellation of options

Our Board may cancel the options granted but not exercised at its absolute discretion.

(m) Effect of alterations in share capital

In the event of any alteration in the capital structure of our Company including a capitalization issue, rights issue, subdivision, or consolidation or reduction of the share capital of our Company (other than in relation to the Global Offering (including the Over-allotment Option)), such corresponding adjustments (if any) shall be made to:

- (i) the number of Shares subject to any unexercised option; and/or
- (ii) the exercise price; and/or
- (iii) any combination of the above.

The auditors or the independent financial advisor engaged by our Company shall certify in writing to the Board that such adjustments are in their opinion fair and reasonable.

(n) Alteration of the Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme may be altered in any respect by resolution of our Board provided that no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration.

(o) Termination of the Pre-IPO Share Option Scheme

Our Company, by resolution in general meeting of our Shareholders, may at any time terminate the Pre-IPO Share Option Scheme and in such event no further option will be offered but in all other respects the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Pre-IPO Share Option Scheme.

(p) Conditions of the Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme shall take effect on the date when all of the following conditions are fulfilled:

- (i) the approval and adoption of the Pre-IPO Share Option Scheme by the resolution of the Shareholders of our Company;
- (ii) the Listing Committee granting approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any options granted; and
- (iii) the commencement of dealings in the Shares on the Stock Exchange.

Outstanding options granted under the Pre-IPO Share Options

As at the date of this prospectus, options to subscribe for 45,000,000 Shares (representing 3.75% of the issued share capital immediately after completion of the Global Offering) have been conditionally granted by our Company to 19 Grantees under the Pre-IPO Share Option Scheme. All the Pre-IPO Share Option Scheme were granted on or before January 10, 2019 and no further Pre-IPO Share Options will be granted prior to the Listing Date. Details of the Grantees under the Pre-IPO Share Option Scheme are set out below:

Grantee and position	Residential address	Date of Grant	Number of Shares subject to the option	Percentage of issued share capital of our Company immediately after completion of the Global Offering (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, the Pre-IPO Share Options and the Post-IPO Share Options)
Directors				
Min Huidong (閔慧東) (<i>Non-executive Director</i>)	Apartment 12, Block 42, 88 Jianye Road, Jinshui district, Zhengzhou, Henan	January 3, 2019	4,500,000	0.38%
		January 10, 2019	1,800,000	0.15%
			Subtotal: 6,300,000	Subtotal: 0.53%
Cai Bin (蔡斌) (<i>Executive Director and chief operating officer</i>)	20-1-402, Phase One Greenland Old Street Zhengdong New District Zhengzhou Henan	January 3, 2019	4,950,000	0.41%
Senior management				
Ma Nan (馬楠) (<i>Chief financial officer</i>)	Flat A 11/F, 279 Shanghai Street, Yau Ma Tei, Kln, HK	January 3, 2019	2,700,000	0.23%
		January 10, 2019	1,350,000	0.11%
			Subtotal: 4,050,000	Subtotal: 0.34%
Zhang Hu (張虎) (<i>Vice president</i>)	West, 1st Floor, Unit 1, Block 3 No. 119, Changjiang Road Zhengzhou Henan	January 3, 2019	3,150,000	0.26%
		January 10, 2019	675,000	0.06%
			Subtotal: 3,825,000	Subtotal: 0.32%
Zhang Shoukai (張守凱) (<i>Vice president</i>)	5-1-7-4, District Three Tiantongyuan Changping District Beijing	January 3, 2019	3,150,000	0.26%
		January 10, 2019	1,125,000	0.09%
			Subtotal: 4,275,000	Subtotal: 0.36%

<u>Grantee and position</u>	<u>Residential address</u>	<u>Date of Grant</u>	<u>Number of Shares subject to the option</u>	<u>Percentage of issued share capital of our Company immediately after completion of the Global Offering (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, the Pre-IPO Share Options and the Post-IPO Share Options)</u>
Wang Weiqing (汪維清) <i>(Vice president)</i>	304, Block 1, Jianye Fenglin Shangyuan, No. 88 Culture North Road, Jinshui district, Zhengzhou, Henan	January 3, 2019	900,000	0.08%
Fan Junping (樊俊平) <i>(General manager of finance)</i>	7-802, 8/F, Unit 1, Block 7, Jianye Fenglin Shangyuan, No. 88 Culture North Road, Jinshui district, Zhengzhou, Henan	January 3, 2019	900,000	0.08%
		January 10, 2019	900,000	0.08%
			Subtotal: 1,800,000	Subtotal: 0.15%
Zhang Lihui (張禮輝) <i>(Deputy general manager of Central China Property Management)</i>	No. 7, Unit 3, Block 37, No. 1369 Hanghai East Road, Economic Development Zone, Zhengzhou, Henan	January 3, 2019	1,350,000	0.11%
		January 10, 2019	900,000	0.08%
			Subtotal: 2,250,000	Subtotal: 0.19%
Zhang Penghua (張鵬華) <i>(Vice president)</i>	Room 401, Unit 2, Block 1, No. 36 Maofang Road, Haidian District, Beijing	January 3, 2019	1,350,000	0.11%
		January 10, 2019	1,350,000	0.11%
			Subtotal: 2,700,000	Subtotal: 0.23%
Other employees of our Group				
Du Pengtao (杜鵬濤) <i>(General manager of strategic investment department)</i>	Room 6-2-402, Courtyard 12, Taihong Jianye International City, Erqi District, Zhengzhou, Henan	January 3, 2019	1,350,000	0.11%
		January 10, 2019	450,000	0.04%
			Subtotal: 1,800,000	Subtotal: 0.15%
Cui Youzhi (崔有智) <i>(General manager of information technology department)</i>	1304, Building 215 Huixinli Chaoyang District Beijing	January 3, 2019	900,000	0.08%
		January 10, 2019	450,000	0.04%

<u>Grantee and position</u>	<u>Residential address</u>	<u>Date of Grant</u>	<u>Number of Shares subject to the option</u>	<u>Percentage of issued share capital of our Company immediately after completion of the Global Offering (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, the Pre-IPO Share Options and the Post-IPO Share Options)</u>
			Subtotal: 1,350,000	Subtotal: 0.11%
Zhu Lin (朱琳) <i>(Deputy secretary general of Central China Consumers Club)</i>	1508, Unit 2, Block 1 Sky Mansion Kangning Street Dongfeng South Road Zhengzhou Henan	January 3, 2019	1,350,000	0.11%
		January 10, 2019	900,000	0.08%
			Subtotal: 2,250,000	Subtotal: 0.19%
Lu Feng (盧峰) <i>(General manager of Aiou Electronic)</i>	801, East Unit, Courtyard No. 108, Future Road, Jinshui District Zhengzhou Henan	January 3, 2019	1,350,000	0.11%
		January 10, 2019	450,000	0.04%
			Subtotal: 1,800,000	Subtotal: 0.15%
Xiao Nianfei (肖念飛) <i>(General manager of Zhizun Housing Agency)</i>	Room 3002, Sky Mansion Serviced Apartment Kangning Street, Dongfeng South Road Guancheng Hui District Zhengzhou Henan	January 3, 2019	1,350,000	0.11%
		January 10, 2019	450,000	0.04%
			Subtotal: 1,800,000	Subtotal: 0.15%
Guo Liyuan (郭立圓) <i>(Assistant general manager)</i>	Room 2502, Unit 1, Building 23 Haiyi Mingmen, Commercial Inner Ring Zhengdong New District Zhengzhou Henan	January 10, 2019	675,000	0.06%
Qin Qin (覃勤) <i>(Director of investor relations)</i>	No. 1202, Unit 1, Building 5 Sky Mansion Serviced Apartment Kangning Street, Dongfeng South Road Guancheng Huizu District Zhengzhou Henan	January 10, 2019	675,000	0.06%
Wu Yuzhen (吳玉臻) <i>(Deputy general manager of One Family Network)</i>	No. 7, Building 4 301 Longhai East Road Guancheng Hui District Zhengzhou Henan	January 3, 2019	900,000	0.08%
		January 10, 2019	450,000	0.04%
			Subtotal: 1,350,000	Subtotal: 0.11%
Guo Yongming (郭永明) <i>(Deputy general manager of strategic investment department)</i>	Annex 1, Building 3 12 Weisheng Road Jinshui District Zhengzhou Henan	January 3, 2019	630,000	0.05%

<u>Grantee and position</u>	<u>Residential address</u>	<u>Date of Grant</u>	<u>Number of Shares subject to the option</u>	<u>Percentage of issued share capital of our Company immediately after completion of the Global Offering (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, the Pre-IPO Share Options and the Post-IPO Share Options)</u>
		January 10, 2019	270,000	0.02%
			Subtotal: 900,000	Subtotal: 0.08%
He Defang (何德芳) (Chief technology officer of technology division)	Room 103, Unit 1, Building 3 Changyang Guanghezuoyong Changyang Town Fangshan District Beijing	January 3, 2019	900,000	0.08%
		January 10, 2019	450,000	0.04%
			Subtotal: 1,350,000	Subtotal: 0.11%
			Total: 45,000,000	3.75%

In addition, we are required to recognise share-based compensation as expenses. We estimate that the share-based compensation expenses will be RMB20.8 million and recognized in two years upon Listing.

E. POST-IPO SHARE OPTION SCHEME

A summary of the principal terms of the Post-IPO Share Option Scheme conditionally approved and adopted in compliance with Chapter 17 of the Listing Rules by written resolutions of our Shareholders on April 29, 2020 is as follows. The following summary does not form, nor is intended to be, part of the Post-IPO Share Option Scheme nor should it be taken as affective the interpretation of the rules of the Post-IPO Share Option Scheme.

(a) Purpose

The purpose of the Post-IPO Share Option Scheme is to motivate Eligible Persons (as set out in paragraph (b) below) to optimize their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives, to enable our Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

(b) Eligible Persons

Our Board may, at its sole discretion, invite any director or proposed director (including an independent non-executive director) of any member of our Group, any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in, any member of our Group (an “**Employee**”), any proposed Employee, any full-time or part-time Employee, or a person for the time being seconded to work full-time or part-time for any member of our Group (an “**Executive**”), a consultant, business or joint venture partner, franchisee, contractor, agent or

representative of any member of our Group, a person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of our Group, or an Associate (as defined under the Listing Rules) of any of the foregoing persons (together, the “**Eligible Persons**” and each an “**Eligible Person**”).

(c) Conditions and administration

The Post-IPO Share Option Scheme shall come into effect on the Listing Date, subject to:

- (i) the Listing Approval being granted in respect of the Shares to be issued upon the exercise of the options which may be granted under the Post-IPO Share Option Scheme; and
- (ii) the commencement of dealings in the Shares on the Main Board of the Stock Exchange. The Post-IPO Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the Post-IPO Share Option Scheme or its interpretation or effect shall (except as otherwise provided in the rules of Post-IPO Share Option Scheme) be final and binding on all parties thereto. Our Board may delegate any or all of its powers in relation to the Post-IPO Share Option Scheme to any of its committees.

(d) Determination of eligibility

- (i) Our Board may, at its absolute discretion, offer to grant to any Eligible Person (a “**Grantee**”) an option to subscribe for Shares under the Post-IPO Share Option Scheme.
- (ii) The basis of eligibility of any Eligible Person to the grant of any options shall be determined by our Directors from time to time on the basis of their contributions to the development and growth of our Group.
- (iii) For the avoidance of doubt, the grant of any options by our Company for the subscription of Shares to any person who falls within the definition of Eligible Persons shall not, by itself, unless the Directors otherwise determine, be construed as a grant of options under the Post-IPO Share Option Scheme.
- (iv) An Eligible Person or Grantee shall provide our Board such information and supporting evidence as our Board may in its absolute discretion request from time to time (including, without limitation, before the offer of a grant of option, at the time of acceptance of a grant of option, and at the time of exercise of an option) for the purpose of assessing and/or determining his eligibility or continuing eligibility as an Eligible Person and/or Grantee or that of his Associates or for purposes in connection with the terms of an option (and the exercise thereof) or the Post-IPO Share Option Scheme and the administration thereof.

(e) Duration

The Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Listing Date. However, our Shareholders in general meeting may by resolution at any time terminate the Post-IPO Share Option Scheme. Upon the expiry or termination of the Post-IPO Share Option Scheme as aforesaid, no further options shall be offered but in all other respects the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect. All options granted prior to such expiry or termination (as the case may be) and not then exercised shall continue to be valid and exercisable subject to and in accordance with the terms of the Post-IPO Share Option Scheme.

(f) Grant of options

On and subject to the terms of the Post-IPO Share Option Scheme, our Board shall be entitled at any time within a period of 10 years commencing on the Listing Date to offer the grant of any option to any Eligible Person as the Board may in its absolute discretion select, and on acceptance of the offer, grant such part of the option as accepted to the Eligible Person.

Subject to the provisions of the Post-IPO Share Option Scheme, our Board may in its absolute discretion when offering the grant of an option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Post-IPO Share Option Scheme as our Board may think fit (to be stated in the letter containing the offer of the grant of the option) including (without prejudice to the generality of the foregoing) continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by the Company and/or the Grantee, the satisfactory performance or maintenance by the Grantee of certain conditions or obligations or the time or period when the right to exercise the option in respect of all or some of the Shares which the option relates shall vest.

An offer of the grant of an option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the option duly signed by the Grantee together with a remittance in favor of our Company of HK\$1 by way of consideration for the grant thereof is received by our Company within the period specified in the letter containing the offer of the grant of the option. Once such acceptance is made, the option shall be deemed to have been granted and to have taken effect from the offer date.

(g) Subscription price of Shares

The subscription price in respect of any particular option shall be such price as our Board may in its absolute discretion determine at the time of grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but the subscription price shall not be less than whichever is the highest of:

- (i) the nominal value of Share;
- (ii) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the offer date; and
- (iii) the average of the closing prices of Shares as stated in the Stock Exchange's daily quotations sheet for the five Business Days immediately preceding the offer date.

The subscription price shall also be subject to adjustment in accordance with paragraph (m) of this section.

(h) Exercise of options

- (i) An option shall be exercised in whole or in part by the Grantee according to the procedures for the exercise of options established by our Company from time to time. Every exercise of an option must be accompanied by a remittance for the full amount of the subscription price for the Shares to be issued upon exercise of such option.
- (ii) An option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any third party over or in relation to any option or purport to do so. Any breach of the

foregoing shall entitle our Company to cancel, revoke or terminate any outstanding option or part thereof granted to such Grantee without any compensation.

- (iii) Subject to paragraph (h)(nn) and any conditions, restrictions or limitations imposed in relation to the particular option pursuant to the provisions of paragraphs (f), (j) or (k) and subject as hereinafter provided, an option may be exercised at any time during the option period, provided that:
- (aa) if the Grantee (being an individual) dies or becomes permanently disabled before exercising an option (or exercising it in full), he (or his legal representative(s)) may exercise the option up to the Grantee's entitlement (to the extent not already exercised) within a period of 12 months following his death or permanent disability or such longer period as our Board may determine;
 - (bb) in the event of the Grantee ceasing to be an Executive by reason of his retirement pursuant to such retirement scheme applicable to our Group at the relevant time, his option (to the extent not exercised) shall be exercisable until the expiry of the relevant Option Period;
 - (cc) in the event of the Grantee ceasing to be an Executive by reason of his transfer of employment to an affiliate company of our Company, his option (to the extent not exercised) shall be exercisable until the expiry of the relevant Option Period unless our Board in its absolute discretion otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as our Board has determined;
 - (dd) in the event of the Grantee ceasing to be an Executive for any reason (including his employing company ceasing to be a member of our Group) other than his death, permanent disability, retirement pursuant to such retirement scheme applicable to our Group at the relevant time, transfer of employment to an affiliate company or the termination of his employment with the relevant member of our Group by resignation or culpable termination, the option (to the extent not already exercised) shall lapse on the date of cessation of such employment and not be exercisable unless our Board otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such cessation;
 - (ee) in the event of the Grantee ceasing to be an Executive by reason of the termination of his employment by resignation or culpable termination, the option (to the extent not already exercised) shall lapse on the date on which the notice of termination is served (in the case of resignation) or the date on which the Grantee is notified of the termination of his employment (in the case of culpable termination) and not be exercisable unless our Board otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such service or notification. A resolution of our Board resolving that the Executive's option has lapsed pursuant to this sub-paragraph shall be final and conclusive;
 - (ff) (1) if a Grantee being an executive director ceases to be an Executive but remains a non-executive director, his option (to the extent not already exercised) shall be exercisable until the expiry of the relevant option period unless our Board in its

absolute discretion otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as our Board has determined; or (2) if a Grantee being a non-executive director of our Company ceases to be a director (aa) by reason of non-executive director retirement, his option (to the extent not exercised) shall be exercisable until the expiry of the relevant option period unless our Board in its absolute discretion otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as the Board has determined; or (ab) for reasons other than non-executive director retirement, the option (to the extent not already exercised) shall lapse on the date of cessation of such appointment and not be exercisable unless our Board otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such cessation;

- (gg) if (1) our Board in its absolute discretion at any time determines that a Grantee has ceased to be an Eligible Person; or (2) a Grantee has failed to or no longer satisfies or complies with such criteria or terms and conditions that may be attached to the grant of the option or which were the basis on which the option was granted, the option (to the extent not already exercised) shall lapse on the date on which the Grantee is notified thereof (in the case of (1)) or on the date on which the Grantee has failed to or no longer satisfies or complies with such criteria or terms and conditions as aforesaid (in the case of (2)) and not be exercisable unless our Board otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such notification or the date of such failure/non-satisfaction/noncompliance. In the case of (1), a resolution of our Board resolving that the Grantee's option has lapsed pursuant to this sub-paragraph shall be final and conclusive;
- (hh) if a Grantee (being a corporation) (1) has a liquidator, provisional liquidator, receiver or any person carrying out any similar function appointed anywhere in the world in respect of the whole or any part of the assets or undertaking of the Grantee; or (2) has suspended or ceased or threatened to suspend or cease business; or (3) is unable to pay its debts (within the meaning of section 178 of the Companies Ordinance or any similar provisions under the Cayman Islands Companies Law, as amended from time to time); or (4) otherwise becomes insolvent; or (5) suffers a change in its constitution, directors, shareholding or management which in the opinion of our Board is material; or (6) commits a breach of any contract entered into between the Grantee or his Associate and any member of our Group, the option (to the extent not already exercised) shall lapse on the date of appointment of the liquidator or receiver or other similar person or on the date of suspension or cessation of business or on the date when the Grantee is deemed to be unable to pay its debts as aforesaid or on the date of notification by our Company that the said change in constitution, directors, shareholding or management is material or on the date of the said breach of contract (as the case may be) and not be exercisable unless the Board otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such occurrence. A resolution of our

Board resolving that the Grantee's option has lapsed pursuant to this sub-paragraph by reason of a breach of contract as aforesaid shall be final and conclusive;

- (ii) if a Grantee (being an individual) (1) is unable or has no reasonable prospects of being able to pay his debts within the meaning of the Bankruptcy Ordinance or any other applicable law or has otherwise become insolvent; or (2) has made any arrangements or compositions with his creditors generally; or (3) has been convicted of any criminal offense involving his integrity or honesty; or (4) commits a breach of any contract entered into between the Grantee or his Associate and any member of our Group, the option (to the extent not already exercised) shall lapse on the date on which he is deemed unable or to have no reasonable prospects of being able to pay his debts as aforesaid or on the date on which a petition for bankruptcy has been presented in any jurisdiction or on the date on which he enters into the said arrangement or composition with his creditors or on the date of his conviction or on the date of the said breach of contract (as the case may be) and not be exercisable unless our Board otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such occurrence. A resolution of our Board resolving that the Grantee's option has lapsed pursuant to this sub-paragraph by reason of a breach of contract as aforesaid shall be final and conclusive;
- (jj) if a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional (in the case of a takeover offer) or is approved by the requisite majorities at the relevant meetings of our Shareholders (in the case of a scheme of arrangement), the Grantee shall be entitled to exercise the option (to the extent not already exercised) at any time (in the case of a takeover offer) within one month after the date on which the offer becomes or is declared unconditional or (in the case of a scheme of arrangement) prior to such time and date as shall be notified by our Company;
- (kk) in the event of a notice being given by our Company to our Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, other than for the purposes of a reconstruction, amalgamation or scheme of arrangement, our Company shall on the same date as or soon after it despatches such notice to convene the general meeting, give notice thereof to all Grantees and thereupon, the Grantees (or their respective personal representative(s)) may, subject to the provisions of all applicable laws, by notice in writing to our Company (such notice to be received by our Company not later than 2 business days prior to the proposed general meeting of our Company) exercise the Post-IPO Share Option (to the extent that it has become exercisable and has not already been exercised) either to its full extent or to the extent specified in such notice, such notice to be accompanied by a payment for the full amount of the aggregate Subscription Price for our Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting

- referred to above, allot and issue the relevant Shares to the Grantee credited as fully paid;
- (ll) if a compromise or arrangement between our Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company, our Company shall give notice thereof to the Grantees who have unexercised options at the same time as it despatches notices to all members or creditors of our Company summoning the meeting to consider such a compromise or arrangement and thereupon each Grantee (or his legal representatives or receiver) may until the expiry of the earlier of: (1) the option period; (2) the period of two months from the date of such notice; and (3) the date on which such compromise or arrangement is sanctioned by the court, exercise in whole or in part his option. Except insofar as exercised in accordance with this paragraph (h)(iii)(ll), all options outstanding at the expiry of the relevant period referred to in this paragraph (h)(iii)(ll) shall lapse. Our Company may thereafter require each Grantee to transfer or otherwise deal with the Shares issued on exercise of the option to place the Grantee in the same position as would have been the case had such Shares been the subject of such compromise or arrangement, provided that in determining the entitlement of any Grantee to exercise an option at any particular date, our Board may in its absolute discretion relax or waive, in whole or in part, conditionally or unconditionally, any additional conditions, restrictions or limitations imposed in relation to the particular option pursuant to the provisions of paragraph 6 and/or deem the right to exercise the option in respect of the Shares the subject thereof to have been exercisable notwithstanding that according to the terms of the particular option such right shall not have then vested;
- (mm) the Shares to be allotted upon the exercise of an option shall be subject to all the provisions of our Memorandum and Articles of Association in force from time to time and shall rank *pari passu* in all respects with the then existing fully-paid Shares in issue on the allotment date, and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made on or after the allotment date, other than any dividend or other distributions previously declared or recommended or resolved to be paid or made if the record date therefore shall be before the allotment date. Subject as aforesaid, no Grantee shall enjoy any of the rights of a shareholder by virtue of the grant of an option pursuant to the Post-IPO Share Option Scheme;
- (nn) our Company is entitled to refuse any exercise of an option if such exercise is not in accordance with the terms of the Post-IPO Share Option Scheme or the procedures for exercise of options established by our Company from time to time or if such exercise may cause our Company to contravene or breach any laws, enactment or regulations for the time being in force in Hong Kong and the Cayman Islands or other jurisdiction where applicable or the Listing Rules or any rules governing the listing of the Shares on a Stock Exchange.

(i) Lapse of options

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of the occurrence of any of the following events unless otherwise relaxed or waived (conditionally or unconditionally) by our Board:

- (i) the expiry of the option period;
- (ii) the expiry of any of the periods referred to in paragraph 8(c);
- (iii) (subject to paragraph (h)(ii)(gg)) the date of the commencement of the winding-up of our Company;
- (iv) there is an unsatisfied judgement, order or award outstanding against the Grantee or our Board has reason to believe that the Grantee is unable to pay or to have no reasonable prospect of being able to pay his/its debts within the meaning of the Bankruptcy Ordinance;
- (v) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in paragraphs (h)(iii)(hh), (h)(iii)(ii) or paragraph (i)(iv); or
- (vi) a bankruptcy order has been made against any director or shareholder of the Grantee (being a corporation) in any jurisdiction.

No compensation shall be payable upon the lapse of any option, provided that our Board shall be entitled in its discretion to pay such compensation to the Grantee in such manner as it may consider appropriate in any particular case.

(j) Maximum number of shares available for subscription

The maximum number of Shares to be issued upon exercise of all options which may be granted under the Post-IPO Share Option Scheme (and under any other share option schemes) shall not in aggregate exceed 10% of the Shares in issue immediately after completion of the Capitalization Issue and Global Offering and as of the Listing Date (the “**Scheme Mandate Limit**”) (assuming the Over-allotment Option is not exercised, the maximum number of Shares upon exercise of all Post-IPO Share Options shall be 120,000,000 Shares), provided that our Company may at any time as our Board may think fit seek approval from our Shareholders to refresh the scheme mandate limit, except that the maximum number of Shares to be issued upon exercise of all options which may be granted under the Post-IPO Share Option Scheme (and under any other share option schemes of our Company) shall not exceed 10% of the Shares in issue as of the date of approval by our Shareholders in general meeting where such limit is refreshed. Options previously granted under the Post-IPO Share Option Scheme and any other share option schemes (including those outstanding, canceled, and lapsed in accordance with the terms of the Post-IPO Share Option Scheme or any other share option schemes or exercised options under the said schemes of the Company) shall not be counted for the purpose of calculating the limit as refreshed. Our Company shall send a circular containing the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules to our Shareholders. In addition, our Company may seek separate approval from our Shareholders in general meeting for granting options beyond the scheme mandate limit, provided that the options in excess of the Scheme Mandate Limit are granted only to the Eligible Persons specified by our Company before such approval is sought and for whom specific approval is obtained. Our Company shall issue a circular to our Shareholders containing the information required under Rule 17.03(3) of the Listing Rules.

Notwithstanding the preceding paragraph, the maximum number of Shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme (and under any other share option schemes of our Company) shall not exceed 30% of the Shares in issue from time to time.

The maximum number of Shares issued and to be issued upon exercise of the options granted to any one Eligible Person (including exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue from time to time. Where any further grant of options to such an Eligible Person would result in the Shares issued and to be issued upon exercise of all options granted and which may be granted to such Eligible Person (including exercised, canceled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant shall be separately approved by our Shareholders in general meeting with such Eligible Person and his Associates abstaining from voting. The applicable requirements of Rule 17.03(4) of the Listing Rules shall be complied with.

The maximum numbers set out in this paragraph 10 above shall be subject to adjustment in accordance with paragraph (k) but shall not in any event exceed the limits imposed by Chapter 17 of the Listing Rules.

(k) Maximum number of shares per grantee who is a core connected person

Each grant of options to a director, chief executive or substantial shareholder of our Group or any of their respective close associates under the Post-IPO Share Option Scheme shall be approved by Independent Non-executive Directors of the Company (excluding the Independent Non-executive Director of our Company who is the proposed Grantee of the option). Where any grant of options to a substantial shareholder or an independent non-executive director of our Group or any of their respective close associates would result in the securities issued and to be issued upon exercise of all options already granted and which may be granted (including options exercised, canceled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the Shares in issue; and
- (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options must be approved by our Shareholders.

Our Company shall send a circular to our Shareholders containing the information required under Rule 17.04 of the Listing Rules. All connected persons of our Company shall abstain from voting in favor at such general meeting and may be entitled to vote against the relevant resolution provided that his or her intention to do so has been stated in the circular to be sent to our Shareholders. Any vote taken at the meeting to approve the grant of such options must be taken on a poll.

(l) Cancellation of options

Our Board shall be entitled for the following causes to cancel any option in whole or in part by giving notice in writing to the Grantee stating that such option is thereby canceled with effect from the date specified in such notice (the “**Cancellation Date**”):

- (i) the Grantee commits or permits or attempts to commit or permit a breach of paragraphs (d)(iv) or (h)(ii) of the sub-section in this Appendix or any terms or conditions attached to the grant of the option;

- (ii) the Grantee makes a written request to our Board for, or agrees to, the option to be canceled; or
- (iii) if the Grantee has, in the opinion of our Board, conducted himself in any manner whatsoever to the detriment of or prejudicial to the interests of our Company or its subsidiary.

The option shall be deemed to have been canceled with effect from the Cancellation Date in respect of any part of the option which has not been exercised as of the Cancellation Date. No compensation shall be payable upon any such cancellation, provided that our Board shall be entitled in its discretion to pay such compensation to the Grantee in such manner as it may consider appropriate in any particular case. Where our Company cancels an option held by a Grantee and issues new options to the same Grantee, the issue of such new options may only be made under the Post-IPO Share Option Scheme with available unissued options (excluding the canceled option) within the limit approved by the Shareholders set out in paragraph (j) of this section (so long as our Company remains a Subsidiary of our Company) and, subject to the maximum number of Shares available for subscription referred to in paragraph 10 of this section.

(m) Reorganization of capital structure

In the event of any change in the capital structure of our Company while any option may become or remains exercisable, whether by way of a capitalization of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of our Company, our Board may, if it considers the same to be appropriate, direct that adjustments be made to:

- (i) the number of Shares subject to outstanding options;
- (ii) the subscription price of each outstanding option; and/or
- (iii) the number of Shares subject to the Post-IPO Share Option Scheme.

Where our Board determines that adjustments are appropriate (other than an adjustment arising from a capitalization issue), the auditors or the independent financial advisors (as our Board may select) shall certify in writing to our Board that any such adjustments to be in their opinion fair and reasonable and in compliance with Rule 17.03(13) of the Listing Rules (as amended from time to time) and the notes thereto and the supplementary guidance attached to the letter from the Stock Exchange dated September 5, 2005 to all issues relating to share option schemes, provided that:

- (i) the aggregate percentage of the issued share capital of our Company available for the grant of options shall remain as nearly as possible the same as it was before such change but shall not be greater than the maximum number prescribed by the Listing Rules from time to time;
- (ii) any such adjustments shall be made on the basis that the aggregate subscription price payable by a Grantee on the full exercise of any option shall remain as nearly as possible the same as (but shall not be greater than) it was before such event;
- (iii) no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and any such adjustments shall, as nearly as practicable, be made on the basis that the proportion of the issued share capital of our Company (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated September 5, 2005 to all issues relating to share

option schemes) for which any Grantee is entitled to subscribe pursuant to the options held by him shall remain the same as (but shall not be greater than) that to which he was previously entitled (as interpreted in accordance with the supplementary guidance as amended from time to time).

For the avoidance of doubt only, the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring an adjustment.

The capacity of the auditors or the independent financial advisors (as the case may be) in this paragraph (m) is that of experts and not of arbitrators and their certification or confirmation shall, in the absence of manifest error, be final, conclusive and binding on our Company and the Grantees. The costs of the auditors or the independent financial advisors (as the case may be) shall be borne by our Company.

(n) Distributions

Upon distribution by our Company to holders of the Shares of any cash or in specie of assets (other than dividends in the ordinary course) (the “**Distribution**”), may make a downward adjustment to the subscription price of any option granted but not exercised as of the date of such Distribution by an amount which our Board considers as reflecting the impact such Distribution will have or will likely to have on the trading price of the Shares provided that (a) our Board’s determination of any adjustments shall be final and binding on all Grantees; (b) the amount of adjustment shall not exceed the amount of such Distribution to be made to our Shareholders; (c) such adjustment shall take effect on or after the date of such Distribution by our Company; (d) any adjustment provided for in this paragraph (n) shall be cumulative to any other adjustments contemplated under paragraph (m) or approved by our Shareholders in general meeting; and (e) the adjusted Subscription Price shall not, in any case, be less than the nominal value of the Shares.

(o) Share Capital

The exercise of any option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorized share capital of our Company. Subject thereto, our Board shall make available sufficient authorized but unissued share capital of our Company to meet subsisting requirements on the exercise of options.

(p) Disputes

Any dispute arising in connection with the Post-IPO Share Option Scheme (whether as to the number of Shares, the subject of an option, the amount of the subscription price or otherwise) shall be referred to the auditors or the independent financial advisors (as the case may be) for decision, who shall act as experts and not as arbitrators and whose decision shall be final and binding.

(q) Alteration of the Post IPO-Share Option Scheme

The Post-IPO Share Option Scheme may be altered in any respect by a resolution of our Board except that the following shall not be carried out except with the prior sanction of an ordinary resolution of our Shareholders in general meeting:

- (i) any material alteration to its terms and conditions or any change to the terms of options granted (except where the alterations take effect under the existing terms of the Post-IPO Share Option Scheme);

- (ii) any alteration to the provisions of the Post-IPO Share Option Scheme in relation to the matters set out in Rule 17.03 of the Listing Rules;
- (iii) any change to the authority of our Directors in relation to any alteration to the terms of the scheme; and
- (iv) any alteration to this paragraph (q),

provided always that the amended terms of the Post-IPO Share Option Scheme shall comply with the applicable requirements of Chapter 17 of the Listing Rules.

(r) Termination

Our Company by resolution in general meeting may at any time terminate the operation of the Post-IPO Share Option Scheme. Upon the expiry or termination of the Post-IPO Share Option Scheme as aforesaid, no further options shall be offered but in all other respects the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect. All options granted prior to such expiry or termination (as the case may be) and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Post-IPO Share Option Scheme.

F. OTHER INFORMATION

1. Tax and other indemnities

The Controlling Shareholders have entered into the Deed of Indemnity with and in favor of our Company (for itself and on behalf of its subsidiaries) (being the contract referred to in paragraph (h) of “B. Further information about our business—1. Summary of material contracts” above) to provide indemnities on a joint and several basis in respect of, among other matters, taxation resulting from income, profits or gains earned, accrued or received as well as any property claim or estate duty to which any member of our Group may be subject and payable on or before the Listing Date and any expenses, costs, fines, penalties or other liabilities which any member of our Group may suffer.

2. Litigation

As of the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive an aggregate fee of US\$1.30 million for acting as the sponsor for the Listing.

The Sole Sponsor has made an application on our Company’s behalf to the Listing Committee for the listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, the Pre-IPO Share Options and the Post-IPO Share Options). All necessary arrangements have been made for the Shares to be admitted into CCASS.

4. Preliminary expenses

No material preliminary expenses were incurred in relation to the incorporation of our Company.

5. No material adverse change

Our Directors confirm that there has been no material adverse change in our Group's financial or trading position since December 31, 2019 (being the date on which the latest audited consolidated financial information of our Group was prepared).

6. Promoter

Our Company has no promoter. 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. Taxation of holders of Shares**(a) Hong Kong**

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfer of Shares.

(c) Consultation with professional advisors

Intending holders of the Shares are recommended to consult their professional advisors if they are in doubt as to the taxation implications of holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

8. Qualifications and consents of experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this prospectus:

Name	Qualifications
BNP Paribas Securities (Asia) Limited	A licensed corporation under the SFO to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities (as defined in the SFO), acting as the Sole Sponsor of the Listing
PricewaterhouseCoopers	Certified public accountants under the Professional Accountant Ordinance (Cap. 50) and Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Cap. 588)
Commerce & Finance Law Offices	PRC legal advisor to our Company
Conyers Dill & Pearman	Cayman Islands legal advisors
Shanghai iResearch Co., Ltd., China	Industry consultant
China Index Academy	Industry consultant

Each of the experts named above has given and has not withdrawn its written consent to the issue of this prospectus with copies of its reports, letters, opinions, summaries of opinions and/or references to its names included herein in the form and context in which they respectively appear.

9. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Miscellaneous Provisions) Ordinance so far as applicable.

10. 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). In case of any discrepancies between the English language version and Chinese language version of this prospectus, the English language version shall prevail.

11. Miscellaneous

- (a) Within the two years immediately preceding the date of this prospectus:
- (i) save as disclosed in the section headed “History, Reorganization and Corporate Structure”, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

- (iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries; and
 - (iv) no commission has been paid or payable subscribing, agreeing to subscribe or procuring subscription or agreeing to procure subscription for any shares in our Company or any of our subsidiaries;
- (b) no founder, management or deferred Shares nor any debenture in our Company or any of our subsidiaries have been issued or agreed to be issued;
- (c) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;
- (d) the principal register of members of our Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;
- (e) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (f) our Directors have been advised that under Cayman Companies Law the use of a Chinese name by our Company does not contravene the Cayman Companies Law;
- (g) our Company has no outstanding convertible debt securities or debentures;
- (h) none of the persons whose names are listed in the paragraph headed "8. Qualifications and consents of experts" under this Appendix IV:
 - (i) is interested beneficially or non-beneficially in any shares in any member of our Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group; and
- (i) there is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms;
- (b) the written consents referred to in the section headed “Appendix IV—F. Other Information—8. Qualifications and consents of experts” in this prospectus; and
- (c) a copy of each of the material contracts referred to in the section headed “Appendix IV—B. Further Information about our Business—1. Summary of material contracts” in this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Hogan Lovells at 11/F One Pacific Place, 88 Queensway, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and the Articles;
- (b) the Accountant’s Report on our Group for the years ended December 31, 2017, 2018 and 2019 issued by PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;
- (c) the report from PricewaterhouseCoopers on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;
- (d) the audited consolidated financial statements of our Group for the years ended December 31, 2017, 2018 and 2019;
- (e) the letter of advice issued by Conyers Dill & Pearman, our legal advisors as to Cayman Islands law, summarizing the constitution of our Company and certain aspects of Cayman company law referred to in Appendix III to this prospectus;
- (f) the legal opinion issued by Commerce & Finance Law Offices, our PRC Legal Advisors, in respect of general matters of our Group and summarizing certain laws and regulations in the PRC applicable to us as referred to in the section headed “Regulatory Overview” in this prospectus;
- (g) the industry report on commissioned by our Company and prepared by CIA, one of our industry consultants, for the purpose of this prospectus as referred to in the section headed “Industry Overview” in this prospectus;
- (h) the industry report on commissioned by our Company and prepared by iResearch, one of our industry consultants, for the purpose of this prospectus as referred to in the section headed “Industry Overview” in this prospectus;
- (i) the Cayman Islands Companies Law;
- (j) the written consents referred to in the section headed “Appendix IV—Statutory and General Information—F. Other Information—8. Qualifications and consents of experts” in this prospectus;

- (k) the material contracts referred to in the section headed “Appendix IV—Statutory and General Information— B. Further Information About Our Business—1. Summary of material contracts” in this prospectus;
- (l) the service agreements and letters of appointment referred to in the section headed “Appendix IV—Statutory and General Information—C. Further Information About Our Directors and Substantial Shareholders—1. Particulars of Directors’ service contracts and letters of appointment” in this prospectus;
- (m) the rules of the Pre-IPO Share Option Scheme;
- (n) the rules of the Post-IPO Share Option Scheme; and
- (o) this prospectus.



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